

Company Registration No. NI021732 (Northern Ireland)

HAGAN HOMES LIMITED CONSOLIDATED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018



WEDNESDAY THURSDAY



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HAGAN HOMES LIMITED CONSOLIDATED

COMPANY INFORMATION

Director	Mr James Hagan
Secretary	John Toner
Company number	NI021732
Registered office	181 Templepatrick Road Ballyclare Co Antrim BT39 0RA
Auditor	Falconer Stewart Chartered Accountants 248 Upper Newtownards Road Belfast BT4 3EU
Solicitors	J W McNinch & Son 16 Portland Avenue Glengormley Co Antrim N Ireland BT36 5EY Stewarts Solicitors 3 Regent Street Newtownards Co Down BT23 4AB

HAGAN HOMES LIMITED CONSOLIDATED

CONTENTS

	Page
Strategic report	1
Director's report	2
Director's responsibilities statement	3
Independent auditor's report	4 - 6
Profit and loss account	7
Statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Company statement of cash flows	14
Notes to the financial statements	15 - 30

HAGAN HOMES LIMITED CONSOLIDATED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The director presents the strategic report for the year ended 30 June 2018.

Fair review of the business

The directors are pleased with the results for the year despite a small decrease in turnover, due to the number of sites developed and made available for sale in the year. Gross profit and net profit after tax have both increased following an improvement in the housing market.

Principal risks and uncertainties

The company's performance is sensitive to changes in housing needs, demand for land banks, residential property values, interest rate, inflation, availability of mortgages and finance availability.

Development and performance

The group has invested in additional land banks to enable future development.

Key performance indicators

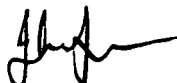
Key performance indicators are set out below:

Turnover £17,218,698 (2017 £18,690,570)

Gross Profit £4,734,980 (2017 £3,303,832)

Net Profit after taxation excluding amounts written of financial liabilities £3,248,338 (2017 £2,107,623)

By order of the board



.....
John Toner
Secretary

.....
26/03/19

HAGAN HOMES LIMITED CONSOLIDATED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The director presents his annual report and financial statements for the year ended 30 June 2018.

Principal activities

The principal activity of the company and group continued to be that of residential house builders.

Director

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

Mr James Hagan

Mr Jamesy Hagan

(Resigned 24 May 2018)

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The director does not recommend payment of a further dividend.

Auditor

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

Statement of disclosure to auditor

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

By order of the board



John Toner

Secretary

28/03/19

HAGAN HOMES LIMITED CONSOLIDATED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2018

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

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

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

HAGAN HOMES LIMITED CONSOLIDATED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HAGAN HOMES LIMITED CONSOLIDATED

Opinion

We have audited the financial statements of Hagan Homes Limited Consolidated (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 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; 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

Other information

The director is 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 this regard.

HAGAN HOMES LIMITED CONSOLIDATED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HAGAN HOMES LIMITED CONSOLIDATED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 and the director's report.

We have nothing to report in respect of the following matters where 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 director

As explained more fully in the director's responsibilities statement, the director is 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 director is 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 director 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

HAGAN HOMES LIMITED CONSOLIDATED

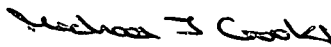
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HAGAN HOMES LIMITED CONSOLIDATED

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.

Michael J Crooks (Senior Statutory Auditor)
for and on behalf of Falconer Stewart

Chartered Accountants
Statutory Auditor


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28/03/2019.

248 Upper Newtownards Road
Belfast
BT4 3EU

HAGAN HOMES LIMITED CONSOLIDATED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 £	2017 £
Turnover	3	17,218,698	18,690,570
Cost of sales		(12,483,718)	(15,386,738)
Gross profit		4,734,980	3,303,832
Administrative expenses		(889,457)	(817,186)
Operating profit	4	3,845,523	2,486,646
Interest receivable and similar income	8	31,650	44,175
Interest payable and similar expenses	9	-	(2)
Profit before taxation		3,877,173	2,530,819
Taxation	10	(628,835)	(423,196)
Profit for the financial year		3,248,338	2,107,623

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

HAGAN HOMES LIMITED CONSOLIDATED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	2018 £	2017 £
Profit for the year	3,248,338	2,107,623
Other comprehensive income	-	-
Total comprehensive income for the year	<u>3,248,338</u>	<u>2,107,623</u>

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

HAGAN HOMES LIMITED CONSOLIDATED

GROUP BALANCE SHEET

AS AT 30 JUNE 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Goodwill	11		1,111,294		1,270,050
Tangible assets	12		429,319		431,644
			<u>1,540,613</u>		<u>1,701,694</u>
Current assets					
Stocks	16	16,436,134		12,732,828	
Debtors	17	3,753,102		1,689,834	
Cash at bank and in hand		3,539,502		6,309,289	
		<u>23,728,738</u>		<u>20,731,951</u>	
Creditors: amounts falling due within one year	18	(1,876,621)		(2,289,253)	
Net current assets			<u>21,852,117</u>		<u>18,442,698</u>
Total assets less current liabilities			<u><u>23,392,730</u></u>		<u><u>20,144,392</u></u>
Capital and reserves					
Called up share capital	21		13,500		13,500
Capital redemption reserve			1,500		1,500
Profit and loss reserves			23,377,730		20,129,392
Total equity			<u><u>23,392,730</u></u>		<u><u>20,144,392</u></u>

The financial statements were approved by the board of directors and authorised for issue on 26/03/19 and are signed on its behalf by:



Mr James Hagan
Director

HAGAN HOMES LIMITED CONSOLIDATED

COMPANY BALANCE SHEET

AS AT 30 JUNE 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	12	429,319		431,644	
Investments	13	865,356		865,356	
		<u>1,294,675</u>		<u>1,297,000</u>	
Current assets					
Stocks	16	15,323,637		11,535,706	
Debtors	17	4,349,121		2,935,566	
Cash at bank and in hand		3,305,893		6,264,461	
		<u>22,978,651</u>		<u>20,735,733</u>	
Creditors: amounts falling due within one year	18	<u>(1,854,151)</u>		<u>(2,280,509)</u>	
Net current assets		21,124,500		18,455,224	
Total assets less current liabilities		<u>22,419,175</u>		<u>19,752,224</u>	
Capital and reserves					
Called up share capital	21	13,500		13,500	
Capital redemption reserve		1,500		1,500	
Profit and loss reserves		22,404,175		19,737,224	
Total equity		<u>22,419,175</u>		<u>19,752,224</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £(2,666,951) (2017 - £(1,715,455) profit).

The financial statements were approved by the board of directors and authorised for issue on 26/03/19 and are signed on its behalf by:



Mr James Hagan
Director

Company Registration No. NI021732

HAGAN HOMES LIMITED CONSOLIDATED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2016	13,500	1,500	18,021,769	18,036,769
Year ended 30 June 2017:				
Profit and total comprehensive income for the year	-	-	2,107,623	2,107,623
Balance at 30 June 2017	13,500	1,500	20,129,392	20,144,392
Year ended 30 June 2018:				
Profit and total comprehensive income for the year	-	-	3,248,338	3,248,338
Balance at 30 June 2018	13,500	1,500	23,377,730	23,392,730

HAGAN HOMES LIMITED CONSOLIDATED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2016	13,500	1,500	18,021,769	18,036,769
Year ended 30 June 2017:				
Profit and total comprehensive income for the year	-	-	1,715,455	1,715,455
Balance at 30 June 2017	13,500	1,500	19,737,224	19,752,224
Year ended 30 June 2018:				
Profit and total comprehensive income for the year	-	-	2,666,951	2,666,951
Balance at 30 June 2018	13,500	1,500	22,404,175	22,419,175

HAGAN HOMES LIMITED CONSOLIDATED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	25		(2,135,540)		2,824,371
Interest paid			-		(2)
Income taxes paid			(673,397)		(379,214)
Net cash (outflow)/inflow from operating activities			(2,808,937)		2,445,155
Investing activities					
Proceeds on disposal of tangible fixed assets		7,500		-	
Interest received		31,650		44,175	
Net cash generated from investing activities			39,150		44,175
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(2,769,787)		2,489,330
Cash and cash equivalents at beginning of year			6,309,289		3,819,959
Cash and cash equivalents at end of year			3,539,502		6,309,289

HAGAN HOMES LIMITED CONSOLIDATED

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26		(2,324,321)		2,779,543
Interest paid			-		(2)
Income taxes paid			(673,397)		(379,214)
Net cash (outflow)/inflow from operating activities			(2,997,718)		2,400,327
Investing activities					
Proceeds on disposal of tangible fixed assets		7,500		-	
Interest received		31,650		44,175	
Net cash generated from investing activities			39,150		44,175
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(2,958,568)		2,444,502
Cash and cash equivalents at beginning of year			6,264,461		3,819,959
Cash and cash equivalents at end of year			<u>3,305,893</u>		<u>6,264,461</u>

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

Company information

Hagan Homes Limited Consolidated ("the company") is a limited company domiciled and incorporated in Northern Ireland. The registered office is 181 Templepatrick Road, Ballyclare, Antrim, BT39 0RA.

The group consists of Hagan Homes Limited Consolidated and all of its subsidiary.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £(2,666,951) (2017 - £(1,715,455) profit).

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Hagan Homes Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 June 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

(Continued)

Tolvin Contractors Limited has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Tolvin Contractors Limited for the period from its acquisition. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Going concern

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

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

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

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which will be nine years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Nil
Plant and equipment	25% per annum straight line
Motor vehicles	25% per annum straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

(Continued)

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

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

1.13 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

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

1.15 Retirement benefits

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

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

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

	2018	2017
	£	£
Turnover analysed by class of business		
Property sales and related income	17,218,698	18,690,570

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

3 Turnover and other revenue (Continued)

	2018 £	2017 £
Other significant revenue		
Interest income	31,650	44,175

	2018 £	2017 £
Turnover analysed by geographical market		
UK	17,218,698	18,690,570

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	2,325	5,472
Profit on disposal of tangible fixed assets	(7,500)	-
Amortisation of intangible assets	158,756	158,756
Cost of stocks recognised as an expense	12,483,718	15,386,738

5 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	17,250	14,700
Audit of the financial statements of the company's subsidiaries	3,000	-
	20,250	14,700

6 Employees

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

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Administrative	8	11	8	11

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

6 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	398,466	333,569	398,466	333,569
Social security costs	32,606	25,437	32,606	25,437
Pension costs	2,378	6,753	2,378	6,753
	<u>433,450</u>	<u>365,759</u>	<u>433,450</u>	<u>365,759</u>

7 Director's remuneration

	2018 £	2017 £
Remuneration for qualifying services	26,931	28,412
Company pension contributions to defined contribution schemes	-	6,753
	<u>26,931</u>	<u>35,165</u>

8 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	30,266	43,007
Other interest income	1,384	1,168
Total income	<u>31,650</u>	<u>44,175</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>30,266</u>	<u>43,007</u>
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9 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	<u>-</u>	<u>2</u>

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

10 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	625,669	423,196
Adjustments in respect of prior periods	3,166	-
Total current tax	<u>628,835</u>	<u>423,196</u>

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

	2018 £	2017 £
Profit before taxation	<u>3,877,173</u>	<u>2,530,819</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.75%)	736,663	499,837
Tax effect of expenses that are not deductible in determining taxable profit	-	31,354
Unutilised tax losses carried forward	(110,464)	(108,807)
Permanent capital allowances in excess of depreciation	(530)	-
Depreciation on assets not qualifying for tax allowances	-	812
Under/(over) provided in prior years	3,166	-
Tax expense for the year	<u>628,835</u>	<u>423,196</u>

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 July 2017 and 30 June 2018	<u>1,428,806</u>
Amortisation and impairment	
At 1 July 2017	158,756
Amortisation charged for the year	158,756
At 30 June 2018	<u>317,512</u>
Carrying amount	
At 30 June 2018	<u>1,111,294</u>
At 30 June 2017	<u>1,270,050</u>

The company had no intangible fixed assets at 30 June 2018 or 30 June 2017.

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

12 Tangible fixed assets

Group	Leasehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 July 2017	429,319	79,905	53,697	562,921
Disposals	-	-	(9,300)	(9,300)
At 30 June 2018	429,319	79,905	44,397	553,621
Depreciation and impairment				
At 1 July 2017	-	79,905	51,372	131,277
Depreciation charged in the year	-	-	2,325	2,325
Eliminated in respect of disposals	-	-	(9,300)	(9,300)
At 30 June 2018	-	79,905	44,397	124,302
Carrying amount				
At 30 June 2018	429,319	-	-	429,319
At 30 June 2017	429,319	-	2,325	431,644
Company				
	Leasehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 July 2017	429,319	79,905	53,697	562,921
Disposals	-	-	(9,300)	(9,300)
At 30 June 2018	429,319	79,905	44,397	553,621
Depreciation and impairment				
At 1 July 2017	-	79,905	51,372	131,277
Depreciation charged in the year	-	-	2,325	2,325
Eliminated in respect of disposals	-	-	(9,300)	(9,300)
At 30 June 2018	-	79,905	44,397	124,302
Carrying amount				
At 30 June 2018	429,319	-	-	429,319
At 30 June 2017	429,319	-	2,325	431,644

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

13 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	14	-	-	865,356	865,356

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 July 2017 and 30 June 2018	865,356
Carrying amount	
At 30 June 2018	865,356
At 30 June 2017	865,356

14 Subsidiaries

Details of the company's subsidiaries at 30 June 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Tolvin Contractors Limited	Northern Ireland	Construction of residential properties	Ordinary	100.00

15 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,139,698	1,457,470	3,738,783	2,707,272
Carrying amount of financial liabilities				
Measured at amortised cost	1,601,120	1,982,562	1,591,598	1,973,818

16 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Work in progress	16,436,134	12,732,828	15,323,637	11,535,706

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

17 Debtors

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	562,749	36,973	652,032	36,973
Other debtors	2,603,934	1,570,961	3,110,670	2,816,693
Prepayments and accrued income	586,419	81,900	586,419	81,900
	<u>3,753,102</u>	<u>1,689,834</u>	<u>4,349,121</u>	<u>2,935,566</u>

18 Creditors: amounts falling due within one year

	Notes	Group 2018	2017	Company 2018	2017
		£	£	£	£
Trade creditors		815,084	1,128,827	808,562	1,127,183
Corporation tax payable		252,466	297,028	252,466	297,028
Other taxation and social security		10,087	9,663	10,087	9,663
Deferred income	19	12,948	-	-	-
Other creditors		113,017	99,898	113,017	99,898
Accruals and deferred income		673,019	753,837	670,019	746,737
		<u>1,876,621</u>	<u>2,289,253</u>	<u>1,854,151</u>	<u>2,280,509</u>

19 Deferred income

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Other deferred income	<u>12,948</u>	<u>-</u>	<u>-</u>	<u>-</u>

20 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>-</u>	<u>6,753</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Share capital

	Group and company 2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
13,500 Ordinary of £1 each	<u>13,500</u>	<u>13,500</u>

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

21 Share capital

(Continued)

22 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sale of goods and services		Purchase of goods and services	
	2018	2017	2018	2017
	£	£	£	£
Group				
Entities over which the group has control, joint control or significant influence	10,723,603	8,826,985	63,550	140,400
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Company				
Entities over which the company has control, joint control or significant influence	12,569,440	9,815,689	63,550	592,350
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2018	2017
	£	£
Group		
Entities over which the group has control, joint control or significant influence	29,198	727,798
	<u> </u>	<u> </u>
Company		
Entities over which the company has control, joint control or significant influence	29,198	727,798
	<u> </u>	<u> </u>

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

22 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties 2018	Balance £
Group		
Entities over which the group has control, joint control or significant influence		3,286,955
Company		
Entities over which the company has control, joint control or significant influence		3,866,238

No guarantees have been given or received.

23 Directors' transactions

At the year end the director owed the company £32,628.

24 Controlling party

The controlling party is James Hagan.

HAGAN HOMES LIMITED CONSOLIDATED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

25 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	3,248,338	2,107,623
Adjustments for:		
Taxation charged	628,835	423,196
Finance costs	-	2
Investment income	(31,650)	(44,175)
Gain on disposal of tangible fixed assets	(7,500)	-
Amortisation and impairment of intangible assets	158,756	158,756
Depreciation and impairment of tangible fixed assets	2,325	5,472
Movements in working capital:		
(Increase) in stocks	(3,703,306)	(7,233)
(Increase)/decrease in debtors	(2,182,677)	244,763
(Decrease) in creditors	(261,609)	(64,033)
Increase in deferred income	12,948	-
Cash (absorbed by)/generated from operations	(2,135,540)	2,824,371

25 Cash generated from operations - company

	2018 £	2017 £
Profit for the year after tax	2,666,951	1,715,455
Adjustments for:		
Taxation charged	628,835	423,196
Finance costs	-	2
Investment income	(31,650)	(44,175)
Gain on disposal of tangible fixed assets	(7,500)	-
Depreciation and impairment of tangible fixed assets	2,325	5,472
Movements in working capital:		
(Increase) in stocks	(3,787,931)	(60,111)
(Increase)/decrease in debtors	(1,536,030)	811,069
(Decrease) in creditors	(259,321)	(71,365)
Cash (absorbed by)/generated from operations	(2,324,321)	2,779,543