

# **Falmouth Developments Limited**

## **Report and Financial Statements**

30 April 2016

**Directors**

S L Hindley  
A E Hope  
D F Rogerson  
S N Russell

**Secretary**

D F Rogerson

**Auditors**

Ernst & Young LLP  
The Paragon  
Counterslip  
Bristol BS1 6BX

**Bankers**

Royal Bank of Scotland plc  
3 Templeback East  
Bristol BS1 9BX

**Solicitors**

Michelmores LLP  
Woodwater House  
Pynes Hill  
Exeter EX2 5WR

**Registered Office**

Midas House  
Pynes Hill  
Exeter EX2 5WS

## Strategic report

The directors present their strategic report for the period ended 30 April 2016, the company's first period of activity.

### Results and dividends

Falmouth Developments Limited ('FDL') engages in property development activities in the South West of England.

The company reported a turnover of £753k for the period with a profit before tax of £nil. The profit after tax was £nil.

FDL has external borrowings of £897,000 which represents the funding for purchase of land on its first development.

FDL is in the process of securing grant funding to support the development of its first scheme that the directors are confident will translate into profitable trading activity in the next two years.

### Principal risks and uncertainties

The principal risks and uncertainties facing the company are broadly grouped as competitive and financial.

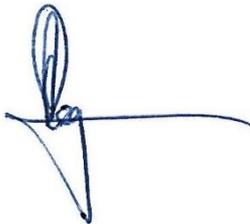
#### Competitive risks

The development of commercial units and their profitable onward sale is dependent on the general economy and suitable attractive yields being available to investors.

#### Financial risks

As a development company, the strength of the national and global economy has a direct impact on capital investment programmes in the private sector. Any downturn in the economy can restrict capital investment and, consequently, activity levels. Increases in interest rates make funding capital investment more expensive and therefore may reduce private sector appetite for investing in capital projects. Conversely, availability of grant funding in assisted areas encourages inward investment and stimulates construction and wider general economic activity.

By order of the Board



D F Rogerson  
Secretary  
27 July 2016

Registered No. 8401470

## Directors' report

The directors present their report for the period ended 30 April 2016.

### Directors

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

S L Hindley  
A E Hope  
D F Rogerson  
S N Russell

### Dividends

The directors do not recommend the payment of a final dividend.

### Going concern

Having completed their assessment the directors have concluded that there are no material uncertainties that cast significant doubt about the ability of the company to continue as a going concern.

The company's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report. The company has access to considerable financial resources in the form of support from Midas Group Limited, providing matched funding for grant-assisted development.

On the basis of their assessment of the group's financial position, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

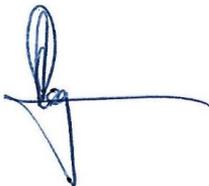
### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



D F Rogerson  
Secretary  
27 July 2016

## Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

# **Independent auditors' report**

## **to the members of Falmouth Developments Limited**

We have audited the financial statements of Falmouth Developments Limited for the year ended 30 April 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland".

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2016 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Independent auditors' report

to the members of Falmouth Developments Limited

## Matters on which we are required to report by exception

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, 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.

*Ernst & Young LLP*

Paul Mapleston (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Bristol  
27 July 2016

1. The maintenance and integrity of the Falmouth Developments Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Profit and loss account

for the year ended 30 April 2016

|   | <i>Notes</i> | <i>2016</i><br>£000 | <i>2015</i><br>£000 |
|---|--------------|---------------------|---------------------|
| <b>Turnover</b>   | 2            | 753                 | –                   |
| Cost of sales   |              | (753)               | –                   |
| <b>Gross profit/(loss)</b>                                  |              | –                   | –                   |
| Administrative expense                                      |              | –                   | –                   |
| <b>Operating profit/(loss)</b>                              | 3            | –                   | –                   |
| Interest payable and similar charges                        |              | –                   | –                   |
| <b>Profit/(loss) on ordinary activities before taxation</b> |              | –                   | –                   |
| Tax   | 6            | –                   | –                   |
| <b>Profit/(loss) for the financial year</b>                 |              | –                   | –                   |

All amounts relate to continuing activities. There is no other comprehensive income for the year (2015: nil). Profit for the year represents total comprehensive income.

## Balance sheet

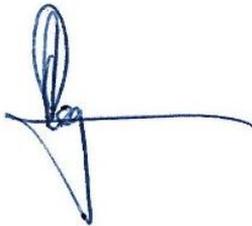
at 30 April 2016

|   | <i>Notes</i> | <i>2016</i><br>£000 | <i>2015</i><br>£000 |
|---|--------------|---------------------|---------------------|
| <b>Current assets</b>                                 |              |                     |                     |
| Stocks  | 7            | –                   | –                   |
| Debtors   | 8            | 897                 | –                   |
| Cash  |              | 1                   | 1                   |
|   |              | <u>898</u>          | <u>–</u>            |
| <b>Creditors:</b> amounts falling due within one year | 9            | 897                 | –                   |
|   |              | <u>1</u>            | <u>1</u>            |
| <b>Net current assets</b>                             |              | <u>1</u>            | <u>1</u>            |
| <b>Net assets</b>                                     |              | <u>1</u>            | <u>1</u>            |
| <b>Capital and reserves</b>                           |              |                     |                     |
| Called up share capital                               | 10           | 1                   | 1                   |
| Profit and loss account                               |              | –                   | –                   |
|   |              | <u>1</u>            | <u>1</u>            |
| <b>Shareholders' funds</b>                            |              | <u>1</u>            | <u>1</u>            |

The financial statements were approved and authorised for issue by the board on 27 July 2016 and signed on its behalf by:



S L Hindley  
Director



D F Rogerson  
Director

Registered No. 8401470

## Statement of changes in equity

at 30 April 2016

|                         | <i>Called up<br/>share capital</i><br>£000 | <i>Profit and<br/>loss account</i><br>£000 | <i>Total Equity</i><br>£ |
|-------------------------|--|--|--------------------------|
| At 1 May 2014           | 1  | –  | 1                        |
| Profit for the year     | –  | –  | –                        |
| <b>At 30 April 2015</b> | <b>1</b>                                   | <b>–</b>                                   | <b>1</b>                 |
| Profit for the year     | –  | –  | –                        |
| <b>At 30 April 2016</b> | <b>1</b>                                   | <b>–</b>                                   | <b>1</b>                 |

## Notes to the financial statements

at 30 April 2016

### 1. Accounting policies

#### ***Statement of compliance***

Falmouth Developments Limited is a private company limited by share capital incorporated in England and Wales. The registered office is Midas House, Pynes Hill, Exeter, EX2 5WS.

The company's financial statements have been prepared in compliance with FRS102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland, as it applies to the financial statements of the company for the year ended 30 April 2016.

The company has adopted FRS102 and transferred from previously extant UK GAAP to FRS102 as at 1 May 2014. Comparatives have been restated, and an explanation of how transition to FRS102 has affected the reported financial position and financial performance is given in note 13. There are no material departures from FRS102.

#### ***Basis of preparation***

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### ***Critical accounting 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 for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However the nature of estimation means the actual outcomes could differ from those involving estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- Amounts recoverable on contracts are recognised by reference to the proportion of work carried out and the profit included is calculated on a prudent basis which involves management judgement.

#### ***Revenue recognition***

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

#### ***Long-term contracts***

Revenue on long-term contracts is recognised by reference to the state of completion. Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs (labour, materials and other direct costs) as contract activity progresses. Turnover is calculated by independent valuation. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

#### ***Interest income***

Revenue is recognised as interest accrues using the effective interest method.

## Notes to the financial statements

at 30 April 2016

### 1. Accounting policies (continued)

#### **Stocks**

Stock is measured at the lower of cost and estimated selling price less costs to complete and sell.

#### **Government grants**

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate. Grants already received will be released to the profit and loss account over the next five years.

#### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Unrelieved tax losses and other deferred tax assets are recognised only 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 recognised when the tax allowances for the cost of a fixed asset are received before or after the depreciation of the fixed asset is recognised in profit and loss. If and when all conditions for retaining the tax allowances have been met, the deferred tax is reversed.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Operating leases**

Rentals paid under operating leases and vehicle hire contracts are charged to profit and loss account on a straight-line basis over the term of the lease.

## Notes to the financial statements

at 30 April 2016

### 1. Accounting policies (continued)

#### *Basic financial instruments*

Financial assets and liabilities are recognised/(derecognised) when the company becomes/(ceases to be) party to the contractual provisions of the instrument. The company holds the following financial assets and liabilities:

- *Cash*
- *Short-term trade and other debtors and creditors*

Cash in the balance sheet comprises cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account before operating profit.

#### *Classification of shares as debt or equity*

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- (ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the company exchanging a fixed amount of cash or other assets for a fixed number of the company's own equity instruments.

When shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity instrument is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

### 2. Turnover

Turnover, excluding VAT, represents amounts derived from the provision of goods and services on Falmouth Development projects in the South West of the United Kingdom.

### 3. Operating profit/(loss)

Auditor's remuneration in the current year has been borne by Midas Group Limited.

### 4. Directors' remuneration

No directors were remunerated by Falmouth Developments Limited during 2015 and 2016. They were remunerated by other entities.

## Notes to the financial statements

at 30 April 2016

### 5. Staff costs

There were no staff costs in 2015 and 2016.

### 6. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

|  | <i>2016</i> | <i>2015</i> |
|--|-------------|-------------|
|  | <i>£000</i> | <i>£000</i> |
| <b>Current tax:</b>                              |             |             |
| UK corporation tax on the profit for the year    | –           | –           |
| Group relief payable                             | –           | –           |
| Tax on profit on ordinary activities (note 7(b)) | <u>–</u>    | <u>–</u>    |

(b) Factors affecting total tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 – 20.92%). The differences are explained below:

|  | <i>2016</i> | <i>2015</i> |
|--|-------------|-------------|
|  | <i>£000</i> | <i>£000</i> |
| Profit/(loss) on ordinary activities before tax  | <u>–</u>    | <u>–</u>    |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.92%) | –           | –           |
| Tax for the year (note 7(a))   | <u>–</u>    | <u>–</u>    |

### 7. Stocks

|   | <i>2016</i> | <i>2015</i> |
|---|-------------|-------------|
|   | <i>£000</i> | <i>£000</i> |
| Long-term contract balances:              |             |             |
| Development and contract work in progress | <u>–</u>    | <u>–</u>    |

## Notes to the financial statements

at 30 April 2016

### 8. Debtors

|                                  | 2016       | 2015     |
|----------------------------------|------------|----------|
|                                  | £000       | £000     |
| Trade debtors                    | 39         | –        |
| Other debtors                    | 138        | –        |
| Amounts recoverable on contracts | 720        | –        |
|                                  | <u>897</u> | <u>–</u> |

### 9. Creditors: amounts falling due within one year

|             | 2016       | 2015     |
|-------------|------------|----------|
|             | £000       | £000     |
| Other loans | 897        | –        |
|             | <u>897</u> | <u>–</u> |

### 10. Issued share capital

| <i>Allotted, called up and fully paid</i> | <i>No.</i> | <i>2016</i> |            | <i>2015</i> |            |
|---|------------|-------------|------------|-------------|------------|
|   |            | <i>£000</i> | <i>No.</i> | <i>£000</i> | <i>No.</i> |
| Ordinary shares of £1 each                | 1000       | 1           | 1000       | 1           |            |
|   |            | <u>–</u>    |            | <u>–</u>    |            |

### 11. Capital commitments

At 30 April 2016 the company had committed to spend £nil (2015 – £nil) on fixed assets.

### 12. Related party transactions

D F Rogerson is a director and shareholder of Falmouth Developments Limited and is also a director of Midas Group Limited. In the year Midas Group Limited provided a loan to Falmouth Developments Limited. The Facility provided is for a maximum of £3m for a period of 3 years at a commercial rate of interest. At 30 April 2016 the balance drawn down of this facility was £897k and this loan amount is outstanding with no interest accrued to date. During the year Falmouth Developments Limited purchased land for £720k from Midas Commercial Developments Limited, a subsidiary of Midas Group Limited.

## Notes to the financial statements

at 30 April 2016

### 13. Transition to FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 May 2014. These are the company's first full year financial statements prepared in accordance with FRS 102. The accounting policies, set out in note 1, have been applied in preparing the financial statements for the year ended 30 April 2016 and the comparative year ended 30 April 2015.

There were no changes to the previously stated equity as at 30 April 2015 or on the profit for the year ended 30 April 2015 as a result of the transition to FRS102.

The impact from the transition to FRS 102 is as follows:

#### **Inventory and long term contracts**

The definition of inventory under FRS 102 does not include long term contract balances. On transition, inventory balances related to long term contracts have been reclassified to amounts recoverable on contracts in debtors, deferred income and accruals within creditors.

#### **Tax**

On transition to FRS 102, Falmouth Developments Limited has disclosed a reconciliation of the tax charge/ (credit) included in profit or loss and the profit or loss on ordinary activities before tax multiplied by the applicable tax rate. Under previous UK GAAP, a reconciliation of only current tax was disclosed.