

# **Midas Commercial Developments Limited**

## **Report and Financial Statements**

30 April 2019

**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**

Lloyds Bank plc  
Canons House  
Canons Way  
Bristol BS1 5LL

**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 year ended 30 April 2019.

### Results and dividends

The company is a wholly owned subsidiary of Midas Group Limited.

Midas Commercial Developments Limited ('MCDL') engages in property development activities. In addition to completing its own projects, it also offers a service to its customers to assist in sourcing and securing funding for their projects.

The company reported a turnover of £1,851k for the year, the principal element of which related to the completion of a development of a 60,000sqft manufacturing facility forward sold to a Local Authority (2018 – £5,631k) with a profit before tax of £50k (2018 – £84k). The profit after tax was £41k (2018 – £68k) with net assets increasing to £557k.

MCDL had no external borrowings at year-end (2018 - £1,171,000) with positive cash balances of £975,000.

MCDL has consolidated its position with respect to a number of schemes in the year and the directors are confident that these schemes will translate into profitable trading activity in the next two years.

### Principal risks and uncertainties

The company refers to and uses key performance indicators (KPIs) in order to monitor business performance with reference to time, cost, quality and health and safety. Management also focuses strongly on additional internal KPIs, particularly with respect to financial targets and control. Risk management is also a priority and appropriate systems for the identification and control of risks are under continuous review.

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

#### Competitive risks

Labour market forces place pressure on the company to retain its people which are seen as its major asset. In order to retain staff, the company aims to offer competitive remuneration packages and structured career development opportunities, but is continually at risk of competitors attracting staff away.

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

#### Legislative Risks

Health and Safety is of paramount importance at Midas and the Accident Frequency Rate (AFR) is one of the principal KPIs which are focused on at board level. Any deterioration in AFR may cost time (through Health and Safety Executive (HSE) actions and management time) and money (through potential delays and/or HSE fines) on existing projects but also preclude the company from winning new work as customers continually look for excellent and improving Health and Safety records from their preferred contractors. The Group AFR is 0.25 which compares favourably with its peers within the industry and may help win new work from current or potential customers.

## Strategic report (continued)

### Principal risks and uncertainties (continued)

#### 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.

At a local level, capacity of suitable alternative property for rental or purchase will have a bearing on sales values achievable and hence development viability. Where supply is lacking, this mitigates the risk of speculative development.

By order of the Board



A E Hope  
Director  
24 July 2019

Registered No. 3912436

## Directors' report

The directors present their report for the year ended 30 April 2019.

### Directors

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

S L Hindley (Chairman)  
A E Hope  
D F Rogerson  
S N Russell

### Dividends

The directors do not recommend the payment of a final dividend (2018 - £nil).

### 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.

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



A E Hope  
Director  
24 July 2019

## 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 Midas Commercial Developments Limited

## Opinion

We have audited the financial statements of Midas Commercial Developments Limited for the year ended 30 April 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 14, 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".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30<sup>th</sup> April 2019 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 below. 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.

## Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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

# **Independent auditors' report (continued)**

## **to the members of Midas Commercial Developments Limited**

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

- adequate accounting records have not been kept 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, 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 on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# **Independent auditors' report (continued)**

**to the members of Midas Commercial Developments Limited**

## **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 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

John Howarth (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Bristol  
24 July 2019

1. The maintenance and integrity of the Midas Commercial 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 2019

	<i>Notes</i>	<i>2019</i> £000	<i>2018</i> £000
<b>Turnover</b>	2	1,851	5,631
Cost of sales		<u>(1,254)</u>	<u>(4,738)</u>
<b>Gross profit</b>		597	893
Administrative expenses		<u>(543)</u>	<u>(805)</u>
<b>Operating profit</b>	3	54	88
Interest payable and similar charges	6	<u>(4)</u>	<u>(4)</u>
<b>Profit before taxation</b>		50	84
Tax	7	<u>(9)</u>	<u>(16)</u>
<b>Profit for the financial year</b>		<u><u>41</u></u>	<u><u>68</u></u>

All amounts relate to continuing activities. There is no other comprehensive income for the year (2018: nil). Profit for the year represents total comprehensive income.

## Balance sheet

at 30 April 2019

	<i>Notes</i>	<i>2019</i> £000	<i>2018</i> £000
<b>Current assets</b>			
Debtors	8	380	3,273
Cash		975	–
		<u>1,355</u>	<u>3,273</u>
<b>Creditors: amounts falling due within one year</b>	9	798	2,757
<b>Net current assets</b>		<u>557</u>	<u>516</u>
<b>Net assets</b>		<u>557</u>	<u>516</u>
<b>Capital and reserves</b>			
Called up share capital	10	–	–
Profit and loss account		557	516
<b>Shareholders' funds</b>		<u>557</u>	<u>516</u>

The financial statements were approved and authorised for issue by the board on 24 July 2019 and signed on its behalf by:



S L Hindley  
Director



A E Hope  
Director

Registered No. 3912436

## Statement of changes in equity

at 30 April 2019

	<i>Called up share capital</i> £000	<i>Profit and loss account</i> £000	<i>Total Equity</i> £
At 1 May 2017	–	<b>448</b>	<b>448</b>
Profit for the year	–	68	68
Dividends paid	–	–	–
At 1 May 2018	–	<b>516</b>	<b>516</b>
Profit for the year	–	41	41
Dividends paid	–	–	–
<b>At 30 April 2019</b>	–	<b>557</b>	<b>557</b>

## Notes to the financial statements

at 30 April 2019

### 1. Accounting policies

#### **Statement of compliance**

Midas Commercial 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 2019.

#### **Basis of preparation**

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

The Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

#### **Statement of cash flows**

The company has taken advantage of the exemption from preparing a statement of cash flows as permitted by FRS 102, on the grounds that it is a wholly owned subsidiary undertaking of a company preparing publicly available group financial statements.

#### **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 2019

### 1. Accounting policies (continued)

#### *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.

#### *Pensions*

Retirement benefits for employees are provided by two schemes. The Midas Group Pension and Life Assurance Scheme, which was closed on 30 June 2004, is operated by the group and funded by contributions from the company and employees. It provides retirement and associated benefits based on a defined level of contributions, subject to a guaranteed minimum level of benefits. The parent undertaking of Midas Commercial Developments Limited, Midas Group Limited, has adopted FRS 102 effective from 1 May 2014 and is legally responsible for the defined benefit plan. Midas Commercial Developments Limited recognises a cost equal to its contribution payable for the period in its financial statements in accordance with the provisions of FRS 102.

Under the Midas Group Personal Pension Plan, a defined contribution scheme, contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Retirement benefits for certain directors of group companies are provided by a self-administered scheme which does not provide guaranteed benefits and which is funded by contributions from the group and employees. Contributions from the group are charged against profits of the year in which they are paid.

#### *Basic financial instruments*

Financial assets and liabilities are recognised/(derecognised) when the Group becomes/(ceases to be) party to the contractual provisions of the instrument. The Group 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.

### 2. Turnover

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

## Notes to the financial statements

at 30 April 2019

### 3. Operating profit

This is stated after charging:

	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Contract hire of vehicles	<u>6</u>	<u>10</u>

Auditor's remuneration in the current and prior year has been borne by Midas Group Limited, the parent undertaking of Midas Commercial Developments Limited.

### 4. Directors' remuneration

	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Remuneration	<u>101</u>	<u>107</u>
Company contributions paid to defined contribution pension schemes	<u>35</u>	<u>37</u>

Retirement benefits are not accruing to any directors under a money purchase scheme (2018 – none).

### 5. Staff costs

	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Wages and salaries	90	97
Social security costs	11	12
Other pension costs	<u>35</u>	<u>34</u>
	<u>136</u>	<u>143</u>

The average monthly number of employees during the year was made up as follows:

	<i>No.</i>	<i>No.</i>
Administration	<u>1</u>	<u>1</u>

### 6. Interest payable and similar charges

	<i>2019</i>	<i>2018</i>
	<i>£000</i>	<i>£000</i>
Group interest	<u>4</u>	<u>4</u>

## Notes to the financial statements

at 30 April 2019

### 7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2019	2018
	£000	£000
<b>Current tax:</b>		
UK corporation tax on the profit for the year	9	16
Tax on profit on ordinary activities (note 7(b))	<u>9</u>	<u>16</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 19% (2018 – 19%). The differences are explained below:

	2019	2018
	£000	£000
Profit on ordinary activities before tax	<u>50</u>	<u>84</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19%)	9	16
Tax charge for the year (note 7(a))	<u>9</u>	<u>16</u>

### 8. Debtors

	2019	2018
	£000	£000
Trade debtors	94	614
Amount due from fellow subsidiary undertakings	4	2,173
Amounts recoverable on contracts	282	486
	<u>380</u>	<u>3,273</u>

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

	2019	2018
	£000	£000
Bank loans and overdrafts	–	1,171
Trade creditors	76	122
Amount due to parent undertaking	288	665
Amount due to fellow subsidiaries	–	6
Other taxes and social security costs	198	234
Corporation tax	30	10
Accruals and deferred income	206	549
	<u>798</u>	<u>2,757</u>

## Notes to the financial statements

at 30 April 2019

### 9. Creditors: amounts falling due within one year (continued)

Following a rationalisation of inter-group funding and entry into a group pooling arrangement for bank accounts, the company has external borrowings of £nil (2018: £1,171,000). Amounts due to parent undertaking are repayable on demand and non - interest bearing.

### 10. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2019</i>		<i>2018</i>	
		<i>£000</i>	<i>No.</i>	<i>£000</i>	<i>£000</i>
Ordinary shares of £1 each	2	–	2	–	–
LTIP shares of 1p each (classified as a liability under FRS 102)	–	–	–	–	–
		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

At 30 April 2019, there were no LTIP shares in issue

### 11. Capital commitments

At 30 April 2019 the company had committed to spend £nil (2018 – £nil) on fixed assets.

### 12. Pensions

As explained in the accounting policies the group operates two pension schemes.

#### **Defined contribution scheme**

Under the Midas Group Personal Pension Plan, a defined contribution scheme, assets are held separately from those of the company in an independently administered trust. The contributions outstanding at the year-end included in creditors (note 9) are £nil (2018 – £nil). The pension cost for the year was £nil (2018 – £nil).

#### **Midas Group Pension and Life Assurance Scheme**

The Midas Group Pension and Life Assurance Scheme was closed with effect from 30 June 2004. Preserved benefits will be funded by way of future special employer contributions. The contributions will be determined at each triennial actuarial valuation; however it is estimated that they will be approximately £356,000 per annum for the Midas group.

The scheme provides retirement and associated benefits based on a defined level of contributions, subject to a guaranteed minimum level of benefits. The parent undertaking of Midas Commercial Developments Limited, Midas Group Limited, has adopted FRS 102 effective from 1 May 2014 and is legally responsible for the defined benefit plan. Midas Commercial Developments Limited recognises a cost equal to its contribution payable for the period in its financial statements in accordance with the provisions of section 28 FRS 102.

Pension costs for the company charged in the year represent contributions payable in the year and amounted to £nil (2018 – £nil). At 30 April 2019, there was £nil (2018 – £nil) of outstanding contributions included in creditors.

The valuation of the Midas Group Pension and Life Assurance Scheme as at 30 April 2019 under the requirements of FRS 102 showed a deficit of £3,768,000 before deferred tax of £639,000 (2018 – deficit of £3,622,000 before deferred tax of £615,000) with assets of £9,575,000 (2018 – £8,850,000) and liabilities of £13,343,000 (2018 – £12,472,000).

The full disclosures required under FRS 102 relating to the Midas Group Pension and Life Assurance Scheme are included in the financial statements of Midas Group Limited, the parent undertaking of Midas Commercial Developments Limited.

## Notes to the financial statements

at 30 April 2019

### 12. Pensions (continued)

The last valuation of the scheme for funding purposes was carried out as at 5 April 2018 by a qualified independent actuary using the projected unit method. The assumptions which had the most significant effect on the results of the valuation were the low returns on long-term gilts which would extend liabilities beyond those previously estimated.

### 13. Related party transactions

The company has taken advantage of the exemption in section 33 FRS 102 for wholly-owned subsidiary undertakings from disclosing transactions with related parties that are wholly owned by the Midas group.

### 14. Ultimate parent undertaking and controlling party

The company's immediate and ultimate parent undertaking is Midas Group Limited. It has included the company in its group financial statements, copies of which are available from its registered office: Midas House, Pynes Hill, and Exeter, EX2 5WS.