

Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31st December 2017
for
Salmon Developments Limited

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Salmon Developments Limited

Contents of the Consolidated Financial Statements
for the Year Ended 31st December 2017

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	5
Consolidated Statement of Comprehensive Income	7
Consolidated Balance Sheet	8
Company Balance Sheet	9
Consolidated Statement of Changes in Equity	10
Company Statement of Changes in Equity	11
Consolidated Cash Flow Statement	12
Notes to the Consolidated Financial Statements	13
Company Trading and Profit and Loss Account	28

Salmon Developments Limited
Company Information
for the Year Ended 31st December 2017

DIRECTORS:

D J Stewart
R G F Henderson
D Mapp
D F Sheehan
P E Mahoney

SECRETARY:

D F Sheehan

REGISTERED OFFICE:

2nd Floor
Prince Frederick House
35-39 Maddox Street
London
W1S 2PP

REGISTERED NUMBER:

02424275 (England and Wales)

AUDITORS:

Meyer Williams
Chartered Accountants
& Statutory Auditors
Stag House
Old London Road
Hertford
Hertfordshire
SG13 7LA

Salmon Developments Limited
Group Strategic Report
for the Year Ended 31st December 2017

The directors present their strategic report of the company and the group for the year ended 31st December 2017.

PRINCIPLE ACTIVITY

The principle activity of the group in the year under review was that of a property developer and manager.

REVIEW OF BUSINESS

	2017	2016	2015
Turnover increase/(decrease)	(£6.3m)	(£1.6m)	£8.2m
Gross profit %	73%	89%	36%
Net profit before tax %	1207%	121%	67%
Liquidity ratio	20.8:1	6.5:1	5.1:1

The directors are pleased with the performance of the group, which continued to maintain a healthy gross and net profit before tax.

Turnover has historically varied significantly year on year due to the timing of the various development projects, and the directors are confident that recent purchases in Maresfield, Ashdown and Havant will produce significant turnover and profits in the coming years.

The group continues to maintain high cash reserves to provide it with a competitive advantage through its ability to facilitate rapid funding of acquisition and development opportunities as they arise in a very competitive marketplace. Concerted effort continues to be made to identify development opportunities and the Directors expect a significant increase in bid success rate in 2018 and beyond. These reserves, coupled with a lower than average VAT and Corporation tax liability at the year end have significantly increased the liquidity ratio of the group for 2017.

PRINCIPAL RISKS AND UNCERTAINTIES

Business Risk

The directors consider that the company's principal business risks are:

- Failing to win new contracts which will generate sufficient profits - this is not considered to be a major concern as the company has always had a good record of success from its tendering process.
- Market conditions impacting on project profitability - as far as possible the company implements strategies to mitigate market risks from project profitability.

The company also faces the normal risks which exist for property development companies, such as site health and safety. These risks are not judged to be of a material nature as the company has good health and safety procedures and is adequately insured.

Liquidity Risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Credit Risk

The company places its cash with creditworthy institutions and performs ongoing credit evaluations of its debtors' financial position. New customers who wish to enter into contracts with the company and group are subject to credit verification procedures and relevant guarantees and undertakings are sought where appropriate. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

The carrying amount of cash and debtors represent the maximum credit risk to which the company is exposed.

Salmon Developments Limited

Group Strategic Report
for the Year Ended 31st December 2017

Treasury Operations and Financial Instruments

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability (or equity instrument) in another entity. The company's principal financial instruments include various financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

Financial instruments are not entered into for speculative purposes.

ON BEHALF OF THE BOARD:



.....
D F Sheehan - Director

Date: 25.4.18

Salmon Developments Limited
Report of the Directors
for the Year Ended 31st December 2017

The directors present their report with the financial statements of the company and the group for the year ended 31st December 2017.

DIVIDENDS

During the year, dividends on ordinary shares for the year ended 31st December 2016 amounted to £250,000. A fixed cumulative preferential dividend totalling £120,000 is proposed to be paid to the holders of participating preferred ordinary shares.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2017 to the date of this report.

D J Stewart
D Mapp
P E Mahoney

R G F Henderson
D F Sheehan

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Meyer Williams, will be proposed for re-appointment at the forthcoming General Meeting.

ON BEHALF OF THE BOARD:


.....
D F Sheehan - Director

Date: 25.4.18.
.....

Report of the Independent Auditors to the Members of
Salmon Developments Limited

Opinion

We have audited the financial statements of Salmon Developments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st December 2017 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31st December 2017 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's 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 directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Report of the Independent Auditors to the Members of
Salmon Developments Limited

Opinion 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Directors 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 Group Strategic Report or the Report of the Directors.

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 directors

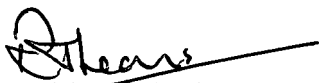
As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.



Ralph Sears (Senior Statutory Auditor)
for and on behalf of Meyer Williams
Chartered Accountants & Statutory Auditors
Stag House
Old London Road
Hertford
Hertfordshire
SG13 7LA

Date: 17 May 2018

Salmon Developments Limited

Consolidated Statement of Comprehensive Income
for the Year Ended 31st December 2017

	Notes	31.12.17 £	31.12.16 £
TURNOVER		299,743	6,607,916
Cost of sales		<u>80,337</u>	<u>702,933</u>
GROSS PROFIT		219,406	5,904,983
Administrative expenses		<u>1,397,255</u>	<u>1,216,940</u>
		(1,177,849)	4,688,043
Other operating income		<u>1,408,104</u>	<u>1,407,499</u>
OPERATING PROFIT	4	230,255	6,095,542
Share of operating profit in associate		3,310,876	1,870,103
Interest receivable and similar income;			
Group		61,314	53,545
Associate		<u>30,275</u>	<u>31,506</u>
		<u>91,589</u>	<u>85,051</u>
		3,632,720	8,050,696
Interest payable and similar expenses	5	<u>(9,244)</u>	<u>(51,807)</u>
PROFIT BEFORE TAXATION		3,623,476	7,998,889
Tax on profit	6	<u>940,998</u>	<u>1,732,728</u>
PROFIT FOR THE FINANCIAL YEAR		<u>2,682,478</u>	<u>6,266,161</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,682,478</u>	<u>6,266,161</u>

All profit and comprehensive income is attributable to the owners of the parent.

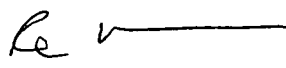
The notes form part of these financial statements

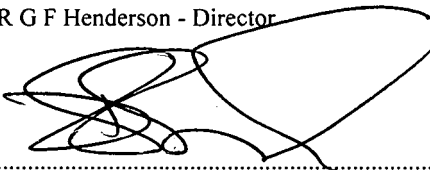
Salmon Developments Limited (Registered number: 02424275)

Consolidated Balance Sheet
31st December 2017

	Notes	31.12.17		31.12.16	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		20,723		18,386
Investments	10				
Interest in associate			<u>3,320,396</u>		<u>3,008,385</u>
			3,341,119		3,026,771
 CURRENT ASSETS					
Stocks	11	1,905,469		-	
Debtors	12	2,811,365		1,327,390	
Cash at bank		<u>12,308,152</u>		<u>15,461,060</u>	
		17,024,986		16,788,450	
 CREDITORS					
Amounts falling due within one year	13	<u>819,994</u>		<u>2,581,588</u>	
 NET CURRENT ASSETS			<u>16,204,992</u>		<u>14,206,862</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES			<u>19,546,111</u>		<u>17,233,633</u>
 CAPITAL AND RESERVES					
Called up share capital	16		11,833		11,833
Capital redemption reserve	17		41,980		41,980
Retained earnings	17		<u>19,492,298</u>		<u>17,179,820</u>
 SHAREHOLDERS' FUNDS			<u>19,546,111</u>		<u>17,233,633</u>

The financial statements were approved and authorised for issue by the Board of Directors on **25.4.18**
and were signed on its behalf by:


.....
R G F Henderson - Director


.....
D J Stewart - Director

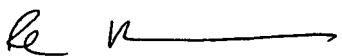
The notes form part of these financial statements


Salmon Developments Limited (Registered number: 02424275)

Company Balance Sheet
31st December 2017

	Notes	31.12.17		31.12.16	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		20,723		18,386
Investments	10		<u>2,000,001</u>		<u>2,000,001</u>
			2,020,724		2,018,387
CURRENT ASSETS					
Stocks	11	1,852,719		-	
Debtors	12	2,855,865		1,327,390	
Cash at bank		<u>12,283,965</u>		<u>14,459,958</u>	
		16,992,549		15,787,348	
CREDITORS					
Amounts falling due within one year	13	<u>799,293</u>		<u>2,219,209</u>	
NET CURRENT ASSETS			<u>16,193,256</u>		<u>13,568,139</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>18,213,980</u>		<u>15,586,526</u>
CAPITAL AND RESERVES					
Called up share capital	16		11,833		11,833
Capital redemption reserve	17		41,980		41,980
Retained earnings	17		<u>18,160,167</u>		<u>15,532,713</u>
SHAREHOLDERS' FUNDS			<u>18,213,980</u>		<u>15,586,526</u>
Company's profit for the financial year			<u>2,997,454</u>		<u>6,057,009</u>

The financial statements were approved and authorised for issue by the Board of Directors on 25.4.18
and were signed on its behalf by:


.....
R G F Henderson - Director


.....
D J Stewart - Director

The notes form part of these financial statements

Salmon Developments Limited

Consolidated Statement of Changes in Equity
for the Year Ended 31st December 2017

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1st January 2016	11,833	11,506,059	41,980	11,559,872
Changes in equity				
Dividends	-	(592,400)	-	(592,400)
Total comprehensive income	-	<u>6,266,161</u>	-	<u>6,266,161</u>
Balance at 31st December 2016	<u>11,833</u>	<u>17,179,820</u>	<u>41,980</u>	<u>17,233,633</u>
Changes in equity				
Dividends	-	(370,000)	-	(370,000)
Total comprehensive income	-	<u>2,682,478</u>	-	<u>2,682,478</u>
Balance at 31st December 2017	<u><u>11,833</u></u>	<u><u>19,492,298</u></u>	<u><u>41,980</u></u>	<u><u>19,546,111</u></u>

The notes form part of these financial statements

Salmon Developments Limited

Company Statement of Changes in Equity
for the Year Ended 31st December 2017

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1st January 2016	11,833	10,068,104	41,980	10,121,917
Changes in equity				
Dividends	-	(592,400)	-	(592,400)
Total comprehensive income	-	<u>6,057,009</u>	-	<u>6,057,009</u>
Balance at 31st December 2016	<u>11,833</u>	<u>15,532,713</u>	<u>41,980</u>	<u>15,586,526</u>
Changes in equity				
Dividends	-	(370,000)	-	(370,000)
Total comprehensive income	-	<u>2,997,454</u>	-	<u>2,997,454</u>
Balance at 31st December 2017	<u><u>11,833</u></u>	<u><u>18,160,167</u></u>	<u><u>41,980</u></u>	<u><u>18,213,980</u></u>

The notes form part of these financial statements

Salmon Developments Limited

Consolidated Cash Flow Statement
for the Year Ended 31st December 2017

	Notes	31.12.17 £	31.12.16 £
Cash flows from operating activities			
Cash generated from operations	19	(3,109,708)	6,650,602
Interest paid		(799)	-
Tax paid		<u>(1,479,571)</u>	<u>(1,623,756)</u>
Net cash from operating activities		<u>(4,590,078)</u>	<u>5,026,846</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(9,841)	(4,079)
Interest received		55,409	69,929
Amounts received from associate		<u>1,641,602</u>	<u>2,180,352</u>
Net cash from investing activities		<u>1,687,170</u>	<u>2,246,202</u>
Cash flows from financing activities			
Equity dividends paid		<u>(250,000)</u>	<u>(472,400)</u>
Net cash from financing activities		<u>(250,000)</u>	<u>(472,400)</u>
		<hr/>	<hr/>
(Decrease)/increase in cash and cash equivalents		(3,152,908)	6,800,648
Cash and cash equivalents at beginning of year	20	15,461,060	8,660,412
		<hr/>	<hr/>
Cash and cash equivalents at end of year	20	<u>12,308,152</u>	<u>15,461,060</u>

The notes form part of these financial statements

Salmon Developments Limited

Notes to the Consolidated Financial Statements
for the Year Ended 31st December 2017

1. **STATUTORY INFORMATION**

Salmon Developments Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

Company information

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and with the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in Pound Sterling which is the functional currency of the company.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the group has the adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

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 revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had a significant effect on amounts recognised in the financial statements:

The directors make estimates of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, the factors considered include the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Turnover

Revenue is measured at the fair value of the consideration received or receivable from the sale of goods and from the rendering of services in the year including the value of long-term contract work completed, and is stated net of discounts and value added tax.

The company recognises revenue when the risks and rewards of ownership have transferred to the buyer, usually on the completion of a contract, when the amount of revenue can be measured reliably and it is probable that economic benefits associated to the transaction will flow to the entity.

Rental income is charged to the profit and loss account in the period to which it relates. Rent free periods granted as individual lease incentives are spread evenly over the period of the lease on a straight-line basis from the rent commencement date to the lease end.

Revenue received in respect of management fees is recognised annually when conditions outlined in an asset management agreement have been met.

Salmon Developments Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2017

2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Office equipment	- 25% on reducing balance
Computer equipment	- 33% on reducing balance
Improvements to property	- 12.5% on reducing balance

Investments

Investments in group undertakings, associates and participating interests are recognised at cost less accumulated impairment losses.

Debtors

Short term debtors are measured at transition price, less any impairment. Loans received are measured initially at fair value, net of transition costs, and are measured subsequently at amortised cost using effective interest method, less any impairment.

Cash and cash equivalents

For the purposes of the cash flow statement, cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk to changes in value.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Stocks

Work in progress is valued at direct cost less amounts transferred to the profit and loss account in respect of work carried out, less foreseeable losses and payments on account. Where the outcome of a long term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion. Where the outcome of a long term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Salmon Developments Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2017

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

The directors periodically evaluate the position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. They establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in the periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing differences.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings up to 31 December each year.

Associated undertakings and joint ventures are included in the group financial statements on the equity accounting basis. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals applicable to operating leases where substantially all of the benefits of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the term of the lease.

Salmon Developments Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2017

2. **ACCOUNTING POLICIES - continued**

Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade debtors, trade creditors and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments like loans and other accounts receivable and payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method; Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

3. **EMPLOYEES AND DIRECTORS**

	31.12.17	31.12.16
	£	£
Wages and salaries	757,018	627,369
Social security costs	98,695	83,440
Other pension costs	<u>61,015</u>	<u>20,963</u>
	<u>916,728</u>	<u>731,772</u>

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

	31.12.17	31.12.16
Directors	5	5
Administration	<u>4</u>	<u>4</u>
	<u>9</u>	<u>9</u>

Salmon Developments Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2017

3. **EMPLOYEES AND DIRECTORS - continued**

	31.12.17	31.12.16
	£	£
Directors' remuneration	474,875	473,118
Directors' pension contributions to money purchase schemes	<u>60,000</u>	<u>20,000</u>

Information regarding the highest paid director is as follows:

	31.12.17	31.12.16
	£	£
Emoluments etc	<u>126,000</u>	<u>170,000</u>

4. **OPERATING PROFIT**

The operating profit is stated after charging:

	31.12.17	31.12.16
	£	£
Auditors' remuneration	19,375	19,300
Other operating lease costs	<u>168,970</u>	<u>188,931</u>

5. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	31.12.17	31.12.16
	£	£
Interest on dividends	8,445	51,807
Interest on corporation tax	<u>799</u>	<u>-</u>
	<u>9,244</u>	<u>51,807</u>

6. **TAXATION**

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.12.17	31.12.16
	£	£
Current tax:		
UK corporation tax	930,463	1,732,728
Adjustments to previous year	<u>10,535</u>	<u>-</u>
Tax on profit	<u>940,998</u>	<u>1,732,728</u>

Salmon Developments Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2017

6. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.17	31.12.16
	£	£
Profit before tax	<u>3,623,476</u>	<u>7,998,889</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	697,519	1,599,778
Effects of:		
Expenses not deductible for tax purposes	8,116	6,912
Income not taxable	(79,002)	(109,017)
Capital allowances in excess of depreciation	(699)	-
Depreciation in excess of capital allowances	-	123
Adjustment in respect of associated undertaking	298,133	234,944
Differences in group tax rates	<u>16,931</u>	<u>(12)</u>
Total tax charge	<u>940,998</u>	<u>1,732,728</u>

7. **INDIVIDUAL INCOME STATEMENT**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

Salmon Developments Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2017

8. **DIVIDENDS**

	31.12.17 £	31.12.16 £
Participating preference shares of £1 each		
Final dividend	<u>120,000</u>	<u>120,000</u>
	31.12.17 £	31.12.16 £
Equity dividends on ordinary shares		
Final dividend from previous year	-	352,000
Interim dividend	<u>250,000</u>	<u>120,400</u>
	<u>250,000</u>	<u>472,400</u>

All dividends are payable to directors of the parent company.

9. **TANGIBLE FIXED ASSETS**

Group

	Improvements to property £	Office equipment £	Computer equipment £	Totals £
COST				
At 1st January 2017	7,830	63,606	22,838	94,274
Additions	<u>-</u>	<u>3,310</u>	<u>6,531</u>	<u>9,841</u>
At 31st December 2017	<u>7,830</u>	<u>66,916</u>	<u>29,369</u>	<u>104,115</u>
DEPRECIATION				
At 1st January 2017	2,225	58,132	15,531	75,888
Charge for year	<u>700</u>	<u>2,196</u>	<u>4,608</u>	<u>7,504</u>
At 31st December 2017	<u>2,925</u>	<u>60,328</u>	<u>20,139</u>	<u>83,392</u>
NET BOOK VALUE				
At 31st December 2017	<u>4,905</u>	<u>6,588</u>	<u>9,230</u>	<u>20,723</u>
At 31st December 2016	<u>5,605</u>	<u>5,474</u>	<u>7,307</u>	<u>18,386</u>

Salmon Developments Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2017

9. **TANGIBLE FIXED ASSETS - continued**

Company	Improvements to property £	Office equipment £	Computer equipment £	Totals £
COST				
At 1st January 2017	7,830	63,606	22,838	94,274
Additions	<u>-</u>	<u>3,310</u>	<u>6,531</u>	<u>9,841</u>
At 31st December 2017	<u>7,830</u>	<u>66,916</u>	<u>29,369</u>	<u>104,115</u>
DEPRECIATION				
At 1st January 2017	2,225	58,132	15,531	75,888
Charge for year	<u>700</u>	<u>2,196</u>	<u>4,608</u>	<u>7,504</u>
At 31st December 2017	<u>2,925</u>	<u>60,328</u>	<u>20,139</u>	<u>83,392</u>
NET BOOK VALUE				
At 31st December 2017	<u>4,905</u>	<u>6,588</u>	<u>9,230</u>	<u>20,723</u>
At 31st December 2016	<u>5,605</u>	<u>5,474</u>	<u>7,307</u>	<u>18,386</u>

10. **FIXED ASSET INVESTMENTS**

Group	Interest in associate £
COST	
At 1st January 2017	3,008,385
Share of profit	<u>312,011</u>
At 31st December 2017	<u>3,320,396</u>
NET BOOK VALUE	
At 31st December 2017	<u>3,320,396</u>
At 31st December 2016	<u>3,008,385</u>

Salmon Developments Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2017

Group

Interest in associates

The group's aggregate share of the associates at the year end is as follows:

	31.12.17	31.12.16
	£	£
Profit before tax	2,257,534	1,286,009
Taxation	(451,507)	(260,008)
Profit after tax	<u>1,806,027</u>	<u>1,026,001</u>
Share of assets		
Fixed assets	750,172	750,172
Current assets	19,777,726	28,032,443
Share of liabilities		
Share of liabilities due within one year	(17,929,918)	(26,184,634)
Share of net assets	<u>2,597,980</u>	<u>2,597,981</u>

Company

	Shares in group undertakings £	Interest in associate £	Totals £
COST			
At 1st January 2017 and 31st December 2017	<u>1</u>	<u>2,000,000</u>	<u>2,000,001</u>
NET BOOK VALUE			
At 31st December 2017	<u>1</u>	<u>2,000,000</u>	<u>2,000,001</u>
At 31st December 2016	<u>1</u>	<u>2,000,000</u>	<u>2,000,001</u>

Salmon Developments Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2017

10. **FIXED ASSET INVESTMENTS - continued**

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

Salmon Properties Ltd

Registered office:

Nature of business: Property development

	%		
Class of shares:	holding	31.12.17	31.12.16
Ordinary	100.00		
		£	£
Aggregate capital and reserves		11,735	638,723
Profit for the year		<u>11,734</u>	<u>1,343,788</u>

Associated company

Salmon Harvester Properties Limited

Registered office:

Nature of business: Property development

	%		
Class of shares:	holding	31.12.17	31.12.16
'B' Ordinary	50.00		
		£	£
Aggregate capital and reserves		5,195,618	5,195,618
Profit for the year		<u>3,612,055</u>	<u>2,052,001</u>

'B' Ordinary shares entitle the company to 50% of the associated undertaking's voting rights and 20% of the distributable profits.

11. **STOCKS**

	Group		Company	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Work-in-progress	<u>1,905,469</u>	<u>-</u>	<u>1,852,719</u>	<u>-</u>

Salmon Developments Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2017

12. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Trade debtors	222,321	-	222,321	-
Amounts owed by group undertakings	-	-	44,500	-
Amounts owed by associates	2,167,233	1,231,201	2,167,233	1,231,201
Other debtors	145,121	4,192	145,121	4,192
Corporation tax recoverable	198,677	-	198,677	-
Prepayments and accrued income	<u>78,013</u>	<u>91,997</u>	<u>78,013</u>	<u>91,997</u>
	<u>2,811,365</u>	<u>1,327,390</u>	<u>2,855,865</u>	<u>1,327,390</u>

13. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.12.17	31.12.16	31.12.17	31.12.16
	£	£	£	£
Trade creditors	15,959	1,721	3,660	1,721
Corporation tax	2,935	794,338	-	621,290
Social security and other taxes	29,334	1,160,599	28,764	976,166
Dividends payable	360,000	240,000	360,000	240,000
Other creditors	151	-	151	-
Accruals and deferred income	<u>411,615</u>	<u>384,930</u>	<u>406,718</u>	<u>380,032</u>
	<u>819,994</u>	<u>2,581,588</u>	<u>799,293</u>	<u>2,219,209</u>

Salmon Developments Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2017

14. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

At 31st December 2017 the company had commitments to pay the following amounts under non-cancellable operating leases for the following periods:

Group and the company	Operating leases	
	31.12.17	31.12.16
	£	£
Within one year	37,863	173,160
Between one and five years	<u>-</u>	<u>37,863</u>
	<u><u>37,863</u></u>	<u><u>211,023</u></u>

At 31st December 2017 the company had commitments to receive the following amounts under non-cancellable operating leases for the following periods:

Group and the company	Operating leases	
	31.12.17	31.12.16
	£	£
Within one year	167,220	167,220
Between one and five years	<u>29,850</u>	<u>29,850</u>
	<u><u>197,070</u></u>	<u><u>197,070</u></u>

Salmon Developments Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2017

15. **FINANCIAL INSTRUMENTS**

Group	31.12.17	31.12.16
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	12,308,152	15,461,060
Financial assets that are debt instruments measured at amortised cost	<u>2,395,276</u>	<u>1,235,393</u>
	<u>14,703,428</u>	<u>16,696,453</u>
 Financial liabilities		
Financial liabilities measured at amortised cost	<u>(787,725)</u>	<u>(626,651)</u>
	<u>(787,725)</u>	<u>(626,651)</u>
 Company		
	31.12.17	31.12.16
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	12,283,965	14,459,958
Financial assets that are debt instruments measured at amortised cost	<u>2,439,776</u>	<u>1,235,393</u>
	<u>14,723,741</u>	<u>15,695,351</u>
 Financial liabilities		
Financial liabilities measured at amortised cost	<u>(770,529)</u>	<u>(621,753)</u>
	<u>(770,529)</u>	<u>(621,753)</u>

16. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	
			31.12.17 31.12.16
			£ £
270	Participating preference shares	£1	<u>270</u> <u>270</u>
Allotted and issued:			
Number:	Class:	Nominal value:	
			31.12.17 31.12.16
			£ £
46,250	Ordinary shares	£1	<u>11,563</u> <u>11,563</u>

25 pence on each allotted share has been paid up.

Salmon Developments Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2017

16. **CALLED UP SHARE CAPITAL - continued**

The rights of the participating preferred shareholders include the entitlement to receive a dividend of £120,000 in respect of each financial year to be distributed amongst the shareholders. The dividend is payable in priority to any payment of a dividend to the holders of all other shares in the capital of the company and is subject to the approval of the directors.

On a return of capital on a winding up or otherwise the assets of the company available for distribution to its members shall be applied in making payments to the holders of participating preferred shares, in priority to any payment to the holders of all other shares in the capital of the company, of firstly, a sum equal to all arrears of the preferred dividend and secondly, the sum of £2,000,000. The participating preferred shares do not carry an entitlement to vote at a general meeting.

17. **RESERVES**

Group

	Retained earnings £	Capital redemption reserve £	Totals £
At 1st January 2017	17,179,820	41,980	17,221,800
Profit for the year	2,682,478		2,682,478
Dividends	<u>(370,000)</u>		<u>(370,000)</u>
At 31st December 2017	<u>19,492,298</u>	<u>41,980</u>	<u>19,534,278</u>

Company

	Retained earnings £	Capital redemption reserve £	Totals £
At 1st January 2017	15,532,713	41,980	15,574,693
Profit for the year	2,997,454		2,997,454
Dividends	<u>(370,000)</u>		<u>(370,000)</u>
At 31st December 2017	<u>18,160,167</u>	<u>41,980</u>	<u>18,202,147</u>

18. **RELATED PARTY DISCLOSURES**

At the year end, interest included in accruals on the participating preference dividends outstanding amounted to £272,534 (2016: £264,090) and was payable to the directors.

During the year a director, provided consultancy services to the parent company to the value of £32,701 (2016: £30,149).

Salmon Developments Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31st December 2017

18. **RELATED PARTY DISCLOSURES - continued**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

	31.12.17	31.12.16
	£	£
Companies over which the entity has control, joint control or significant influence:		
Included in the profit and loss account		
Management fee	2,167,233	1,231,201
Contribution to management costs	1,189,548	1,189,548
Dividend receivable	410,400	545,087
Salary contributions receivable	38,784	37,407
Rental income	35,000	35,000
Included within debtors		
Amounts owed from associated undertaking	2,167,233	1,231,201

19. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.12.17	31.12.16
	£	£
Profit before taxation	3,623,476	7,998,889
Depreciation charges	7,505	6,274
Share of profit in associates	(3,310,876)	(1,870,103)
Finance costs	9,244	51,807
Finance income	<u>(91,589)</u>	<u>(85,051)</u>
	237,760	6,101,816
(Increase) in stocks	(1,905,469)	-
(Increase)/decrease in trade and other debtors	(343,364)	31,360
(Decrease)/increase in trade and other creditors	<u>(1,098,635)</u>	<u>517,426</u>
Cash generated from operations	<u>(3,109,708)</u>	<u>6,650,602</u>

20. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>12,308,152</u>	<u>15,461,060</u>

Year ended 31st December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	<u>15,461,060</u>	<u>8,660,412</u>