

REGISTERED NUMBER: 02695040 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017
FOR
PURELAKE NEW HOMES LTD



CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Income Statement	7
Other Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Notes to the Cash Flow Statement	12
Notes to the Financial Statements	13

PURELAKE NEW HOMES LTD
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS: B J White
Mrs S A White
G A Dowd
N Convert
Mrs T A Wheelan

SECRETARY: Mrs S A White

REGISTERED OFFICE: Purelake House
7 Plaistow Lane
Bromley
Kent
BR1 4DS

REGISTERED NUMBER: 02695040 (England and Wales)

SENIOR STATUTORY AUDITOR: Stephen John Burrell

AUDITORS: Burrells Accountancy Limited (Statutory Auditor)
Jubilee House
Jubilee Court
Dersingham
King's Lynn
Norfolk
PE31 6HH

BANKERS: Barclays Bank plc
Maidstone Corporate Banking Centre
PO Box 427
Maidstone
Kent
ME14 1TW

BANKERS: Lloyds Bank plc
15 Blackheath Village
Blackheath
London
SE3 9LH

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their strategic report for the year ended 31 December 2017.

The company, which is based in Bromley in Kent, specialises in property development and operates throughout the South East. It undertakes both speculative developments and work under contracts with housing associations and other bodies / individuals.

The company's objective is to increase the size of its operation and to maximise shareholder wealth. This is achieved by the reinvestment of profits and the careful selection of projects to be undertaken.

REVIEW OF BUSINESS

There have been no significant changes in the company's principal activities in the year under review and the directors are not aware at the date of this report of any likely changes in the foreseeable future.

The company not only completed two housing association contracts during the year but also completed and sold a number of units on the speculative sites. The company has continued work on two further housing association contracts and commenced the development of two speculative sites. They have also purchased during the year a property which is to be redeveloped. The effect of these transactions is an increase in the work in progress at the year end.

The company achieved a profit after taxation for the year of £7,141,512 (2016 - £3,619,158).

The Balance Sheet shows that the company's financial position at the end of the year is, in net asset terms, strengthening in line with the company's objectives. Details of amounts owed by its parent and from other subsidiaries are shown in the notes to the financial statements.

The directors are unaware of any significant events since the Balance Sheet date that should be noted in the financial statements.

The company's key financial performance indicators are those that reflect the financial performance and strength of the company. These include turnover, gross profit percentage, profits after tax and shareholder funds. Turnover has increased during the year because the company had undertaken the development of speculative sites for which the sales commenced during the year together with the final sales of a speculative site completed in the prior year. The turnover is expected to decrease during the current year as fewer speculative sales are anticipated with the company continuing with property development work. The gross profit margin has slightly decreased as the speculative sites produced a smaller return. Work in progress has increased as a result of the purchase of a new speculative site during the year. As a result the overall shareholders funds have increased by the end of the year.

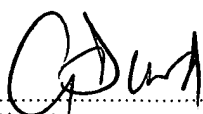
PRINCIPAL RISKS AND UNCERTAINTIES

The company is also subject to the uncertainty of the housing market. It has, however, previously been able to sell all developed properties, and it reduces risk by undertaking developments in the housing association market where the returns are lower but more certain.

OTHER CONSIDERATIONS

The company is committed to its employees, protecting human rights, the community and the environment. Investment in these areas by improving working conditions, equal opportunities, work tendering and working with the various local councils ensures the company operates with the upmost integrity.

ON BEHALF OF THE BOARD:



.....
G A Dowd - Director

Date: 17/9/2018

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the construction of new residential property.

DIVIDENDS

No interim dividends were paid during the year (2016 - £Nil). The directors do not recommend the payment of a final dividend (2016 - £Nil). After the payment of dividends a profit was transferred to reserves of £7,141,512 (2016 - £3,619,158).

DIRECTORS

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

B J White
Mrs S A White
G A Dowd
N Convert
Mrs T A Wheelan

PARENT COMPANY

The company is a subsidiary of Purelake Properties Limited which owns 71.6% of the Ordinary Share Capital (2016 - 71.6%).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

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 company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017

AUDITORS

The auditors, Burrells Accountancy Limited (Statutory Auditor), will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
G A Dowd - Director

Date: 17/3/2018

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PURELAKE NEW HOMES LTD**

Opinion

We have audited the financial statements of Purelake New Homes Ltd (the 'company') for the year ended 31 December 2017 on pages seven to nineteen. 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 company's affairs as at 31 December 2017 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the 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.

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 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 Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PURELAKE NEW HOMES LTD**

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 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, 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 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 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.

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.

Stephen John Burrell (Senior Statutory Auditor)
for and on behalf of Burrells Accountancy Limited (Statutory Auditor)
Jubilee House
Jubilee Court
Dersingham
King's Lynn
Norfolk
PE31 6HH

17 September 2018

PURELAKE NEW HOMES LTD (REGISTERED NUMBER: 02695040)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	31.12.17 £	31.12.16 £
TURNOVER		40,116,541	25,412,466
Cost of sales		28,896,670	18,172,756
GROSS PROFIT		11,219,871	7,239,710
Administrative expenses		2,971,924	3,090,710
		8,247,947	4,149,000
Other operating income		636,548	465,223
OPERATING PROFIT	4	8,884,495	4,614,223
Interest payable and similar expenses	5	34,116	82,083
PROFIT BEFORE TAXATION		8,850,379	4,532,140
Tax on profit	6	1,708,867	912,982
PROFIT FOR THE FINANCIAL YEAR		7,141,512	3,619,158

The notes form part of these financial statements

PURELAKE NEW HOMES LTD (REGISTERED NUMBER: 02695040)

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	31.12.17 £	31.12.16 £
PROFIT FOR THE YEAR		7,141,512	3,619,158
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>7,141,512</u>	<u>3,619,158</u>

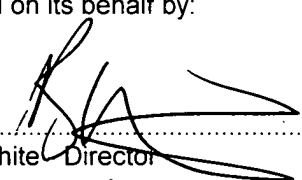
The notes form part of these financial statements

PURELAKE NEW HOMES LTD (REGISTERED NUMBER: 02695040)

BALANCE SHEET
31 DECEMBER 2017

	Notes	31.12.17		31.12.16	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		886,063		905,555
CURRENT ASSETS					
Stocks	10	13,771,497		13,012,692	
Debtors	11	28,925,896		18,383,791	
Cash in hand		1,126,895		3,028,991	
		<u>43,824,288</u>		<u>34,425,474</u>	
CREDITORS					
Amounts falling due within one year	12	6,094,575		3,855,575	
NET CURRENT ASSETS			<u>37,729,713</u>		<u>30,569,899</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>38,615,776</u>		<u>31,475,454</u>
PROVISIONS FOR LIABILITIES	15		<u>100,570</u>		<u>101,760</u>
NET ASSETS			<u><u>38,515,206</u></u>		<u><u>31,373,694</u></u>
CAPITAL AND RESERVES					
Called up share capital	16		10,618		10,618
Retained earnings	17		38,504,588		31,363,076
SHAREHOLDERS' FUNDS			<u><u>38,515,206</u></u>		<u><u>31,373,694</u></u>

The financial statements were approved by the Board of Directors on17/2/2018..... and were signed on its behalf by:


.....
B J White - Director


.....
G A Dowd - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	10,618	27,743,918	27,754,536
Changes in equity			
Total comprehensive income	-	3,619,158	3,619,158
Balance at 31 December 2016	<u>10,618</u>	<u>31,363,076</u>	<u>31,373,694</u>
Changes in equity			
Total comprehensive income	-	7,141,512	7,141,512
Balance at 31 December 2017	<u>10,618</u>	<u>38,504,588</u>	<u>38,515,206</u>

The notes form part of these financial statements

PURELAKE NEW HOMES LTD (REGISTERED NUMBER: 02695040)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	31.12.17 £	31.12.16 £
Cash flows from operating activities			
Cash generated from operations	1	(1,570,651)	7,728,821
Interest paid		(28,574)	(74,043)
Interest element of hire purchase payments paid		(5,542)	(8,040)
Tax paid		(733,319)	(1,530,639)
Net cash from operating activities		<u>(2,338,086)</u>	<u>6,116,099</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(163,913)	(316,464)
Sale of tangible fixed assets		16,000	-
Interest received		635,244	465,223
Net cash from investing activities		<u>487,331</u>	<u>148,759</u>
Cash flows from financing activities			
Loan repayments in year		-	(2,899,321)
HP capital repayments in year		(51,341)	(82,650)
Net cash from financing activities		<u>(51,341)</u>	<u>(2,981,971)</u>
(Decrease)/increase in cash and cash equivalents		<u>(1,902,096)</u>	<u>3,282,887</u>
Cash and cash equivalents at beginning of year	2	3,028,991	(253,896)
Cash and cash equivalents at end of year	2	<u>1,126,895</u>	<u>3,028,991</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	31.12.17	31.12.16
	£	£
Profit before taxation	8,850,379	4,532,140
Depreciation charges	167,405	235,430
Interest received	(635,244)	(465,223)
Finance costs	34,116	82,083
	<u>8,416,656</u>	<u>4,384,430</u>
Increase in stocks	(758,805)	(838,166)
(Increase)/decrease in trade and other debtors	(10,542,105)	3,983,627
Increase in trade and other creditors	1,313,603	198,930
	<u>(1,570,651)</u>	<u>7,728,821</u>

2. 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 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>1,126,895</u>	<u>3,028,991</u>

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	3,028,991	174,309
Bank overdrafts	-	(428,205)
	<u>3,028,991</u>	<u>(253,896)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. STATUTORY INFORMATION

Purelake New Homes Ltd 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 Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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 the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Landlords Property Improvement	- 4 % per annum of cost on buildings only
Equipment	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Office equipment	- 25% on reducing balance

Work in progress

- Long term contracts

Long-term contracts are valued at cost plus attributable profit less income received. Attributable profit is calculated with reference to the contract value and its level of completion. Any costs in excess of income are shown as amounts receivable on contracts within debtors. Any income on a contract in excess of costs is shown as a long term contracts balance within creditors.

- Speculative

All other work in progress is for direct sale and is costed at the lower of cost and net realisable value unless contracted for sale in which case the sale is accounted for in full with amounts receivable in debtors.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES - continued

Hire purchase commitments

Assets obtained under hire purchase contracts are capitalised in the Balance Sheet and depreciated over their useful lives. Interest is charged to the Profit and Loss Account over the period of the agreement.

Pension costs and other post-retirement benefits

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

3. EMPLOYEES AND DIRECTORS

	31.12.17	31.12.16
	£	£
Wages and salaries	3,173,618	3,068,364
Social security costs	390,819	378,702
Directors pension costs	122,321	118,080
Staff pension costs	46,504	43,471
	<u>3,733,262</u>	<u>3,608,617</u>

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

	31.12.17	31.12.16
Directors	5	5
Site managers and labourers	33	34
Office	11	11
	<u>49</u>	<u>50</u>

The aggregate emoluments of the directors, including the pension contributions, total £1,530,797 (2016 - £1,624,855).

The pension contributions for the directors for the year total £122,321 (2016 - £118,080).

Highest Paid Director

The emoluments for the highest paid director, including pension contributions, for the year total £432,324 (2016 - £489,072).

The pension contributions for the highest paid director total £Nil (2016 - £Nil).

PURELAKE NEW HOMES LTD (REGISTERED NUMBER: 02695040)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

4. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.17 £	31.12.16 £
Depreciation - owned assets	132,178	179,412
Depreciation - assets on hire purchase contracts	35,227	56,018
Auditors' remuneration	12,000	13,100
Auditors' remuneration - non audit services	<u>29,950</u>	<u>28,050</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.17 £	31.12.16 £
Bank overdraft and loan interest	-	67,329
Bank charges	28,555	2,818
Interest on other taxation	19	-
Interest on corporation tax	-	3,896
Hire purchase interest	5,542	8,040
	<u>34,116</u>	<u>82,083</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	1,710,057	911,797
Deferred tax: Movement for year	(1,190)	1,185
Tax on profit	<u>1,708,867</u>	<u>912,982</u>

UK corporation tax has been charged at 19.25% (2016 - 20%).

7. CONTROLLING PARTY

Mr and Mrs White, directors of the company, are the ultimate controlling party.

8. HOLDING COMPANY

The company is a subsidiary of Purelake Properties Limited, a company incorporated in England and Wales.

At 31 December 2017 the company was owed £964,971 by the holding company (2016 - £427,948) in respect of loan advances which are repayable on demand.

The company charged interest on the loan at the rate it would pay interest to its bankers. The interest for the year ended 31 December 2017 amounted to £24,174 (2016 - £10,881).

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. TANGIBLE FIXED ASSETS

	Landlords Property Improvement £	Equipment £	Motor vehicles £	Office equipment £	Totals £
COST					
At 1 January 2017	509,071	1,155,534	179,361	265,145	2,109,111
Additions	-	92,486	53,250	18,177	163,913
Disposals	-	-	(38,000)	-	(38,000)
At 31 December 2017	<u>509,071</u>	<u>1,248,020</u>	<u>194,611</u>	<u>283,322</u>	<u>2,235,024</u>
DEPRECIATION					
At 1 January 2017	120,480	744,614	116,569	221,893	1,203,556
Charge for year	20,363	111,391	21,455	14,196	167,405
Eliminated on disposal	-	-	(22,000)	-	(22,000)
At 31 December 2017	<u>140,843</u>	<u>856,005</u>	<u>116,024</u>	<u>236,089</u>	<u>1,348,961</u>
NET BOOK VALUE					
At 31 December 2017	<u>368,228</u>	<u>392,015</u>	<u>78,587</u>	<u>47,233</u>	<u>886,063</u>
At 31 December 2016	<u>388,591</u>	<u>410,920</u>	<u>62,792</u>	<u>43,252</u>	<u>905,555</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Equipment £
COST	
At 1 January 2017	333,950
Transfer to ownership	(333,950)
At 31 December 2017	<u>-</u>
DEPRECIATION	
At 1 January 2017	165,901
Charge for year	35,227
Transfer to ownership	(201,128)
At 31 December 2017	<u>-</u>
NET BOOK VALUE	
At 31 December 2017	<u>-</u>
At 31 December 2016	<u>168,049</u>

10. STOCKS

	31.12.17 £	31.12.16 £
Stocks and work in progress	<u>13,771,497</u>	<u>13,012,692</u>

PURELAKE NEW HOMES LTD (REGISTERED NUMBER: 02695040)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.17	31.12.16
	£	£
Trade debtors	188,505	273,197
Amounts owed by group undertakings	25,875,387	11,960,195
Amounts receivable on contracts	2,032,565	5,396,343
Taxation	305,524	123,371
Prepayments and accrued income	523,915	630,685
	<u>28,925,896</u>	<u>18,383,791</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.17	31.12.16
	£	£
Hire purchase contracts (see note 13)	-	51,341
Trade creditors	2,254,230	2,683,095
Corporation tax	1,255,057	278,319
Other taxes and social security costs	148,132	478,112
Long term contracts	2,356,745	268,095
Directors' current accounts	3,582	21,834
Accruals	76,829	74,779
	<u>6,094,575</u>	<u>3,855,575</u>

13. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	31.12.17	31.12.16
	£	£
Net obligations repayable:		
Within one year	<u>-</u>	<u>51,341</u>

PURELAKE NEW HOMES LTD (REGISTERED NUMBER: 02695040)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

14. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.17	31.12.16
	£	£
Hire purchase contracts	-	51,341
	<u> </u>	<u> </u>

There are cross guarantees in respect of all group companies in favour of Barclays Bank plc.

Borrowings from Barclays Bank plc by other group members were as follows: -

	31.12.17	31.12.16
	£	£
Purelake Investments Limited	3,900,000	9,500,000
	<u> </u>	<u> </u>

There are cross guarantees in respect of all group companies in favour of Lloyds Bank plc.

There are no borrowings from Lloyds Bank plc by any group member at 31 December 2017.

The hire purchase balances are secured on the asset to which they relate.

15. PROVISIONS FOR LIABILITIES

	31.12.17	31.12.16
	£	£
Deferred tax		
Provision for deferred tax	101,760	100,575
Capital allowances in advance of depreciation	(1,190)	1,185
	<u> </u>	<u> </u>
	100,570	101,760
	<u> </u>	<u> </u>
		Deferred tax £
Balance at 1 January 2017		101,760
Movement for year		(1,190)
		<u> </u>
Balance at 31 December 2017		100,570
		<u> </u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.17	31.12.16
			£	£
9,500	Ordinary	£1	9,500	9,500
500	A Ordinary	£1	618	618
618	B Ordinary	£1	500	500
			<u> </u>	<u> </u>
			10,618	10,618
			<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

16. CALLED UP SHARE CAPITAL - continued

All shares have the same rights with the exception to the right of capital repayment. The A Ordinary shares rank equally with the Ordinary Shares in respect of capital in excess of £9,000,000 and the B Ordinary Shares rank equally with the other shareholdings for capital in excess of £11,000,000.

17. RESERVES

	Retained earnings £
At 1 January 2017	31,363,076
Profit for the year	7,141,512
At 31 December 2017	<u>38,504,588</u>

18. TRANSACTIONS WITH RELATED PARTIES / COMPANIES

Purelake Investments Limited is a fellow subsidiary of Purelake New Homes Limited.

At 31 December 2017 the company was owed £24,910,416 (2016 - £11,532,247) by Purelake Investments Limited in respect of loan advances which are repayable on demand.

The company charged interest at the rate it would pay interest to its bankers. The interest for the year ended 31 December 2017 amounted to £609,141 (2016 - £453,879).

C C Bromley Limited is a subsidiary of Purelake Investments Limited.

The company undertook construction work for C C Bromley Limited during the year under commercial terms which amounted to £152,050 (2016 - £1,241,650). No amounts were outstanding at the year end (2016 - £Nil).

The company operates PNH Directors Pension Scheme.

The company pays rent at a commercial rate to the pension scheme during the year which amounted to £95,000 (2016 - £95,000).

No amounts were owed to or by the pension scheme as at 31 December 2017 (2016 - £Nil).