

COMPANY REGISTRATION NUMBER: 04538848

**Pocket Living Limited**  
**Financial Statements**  
**31 December 2018**



**KING & KING**  
Chartered accountant & statutory auditor  
First Floor Roxburghe House  
273-287 Regent Street  
London  
W1B 2HA

**Pocket Living Limited**  
**Financial Statements**  
**Year ended 31 December 2018**

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**Pocket Living Limited**  
**Officers and Professional Advisers**

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**The board of directors**

Mr P Harbard  
Mr M Vlessing  
Mr D Partridge  
Mr K Wong

**Registered office**

Tower House  
10 Southampton Street  
London  
WC2E 7HA

**Auditor**

King & King  
Chartered accountant & statutory auditor  
First Floor Roxburghe House  
273-287 Regent Street  
London  
W1B 2HA

# Pocket Living Limited

## Strategic Report

Year ended 31 December 2018

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The directors present their strategic report for the year ended 31st December 2018.

The principal activity of the group continued to be that of property development.

### **Fair review of the company business:**

Despite strong growth in revenues of 23.0% total comprehensive income fell by 50.0%. The fall in profitability was largely due to squeezed margins in tougher economic conditions. The net asset/ liability position of the group improved to a positive position of £715,267 due to another year of profits.

### **Description of the principal risks and uncertainties of the company:**

The group's operations expose it to a variety of financial risks that include changes in liquidity risk and interest rate risk.

#### **Exchange rate risk**

The group currently operates entirely in the United Kingdom and in £ sterling, therefore it is not exposed to currency rate risk.

#### **Interest rate cash flow risk**

The group has various interest bearing loans. The interest rate risk is managed by having a mixture of fixed and floating interest rates on these loans.

#### **Liquidity risk**

The Board actively manages cash, bank and overdraft balances to ensure that the company has sufficient funds for operations and any planned expansion.

### **Analysis of the development and performance of the company over the year:**

The group's principal focus during the financial year was to increase sales whilst maintaining the gross profit margin on those sales.

### **Position of the company's business at the year end:**

The group finished the year having increased revenues and profit in an expanding trading environment.

The group continues manage its pipeline of future developments in order to achieve its strategic goals.

### **Key Performance Indicators:**

The directors have identified the following Key Performance Indicators to help and understand and measure the performance of the company:

	2018 £'000	2017 £'000
Revenue	57,022	46,345
Gross profit	9,885	11,259
Gross profit margin (%)	17.3%	24.3%
Operating profit	4,382	5,123
Operating margin (%)	7.7%	11.1%

# Pocket Living Limited

## Strategic Report *(continued)*

**Year ended 31 December 2018**

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This report was approved by the board of directors on 25 March 2019 and signed on behalf of the board by:



Mr P Harbard  
Director

Registered office:  
Tower House  
10 Southampton Street  
London  
WC2E 7HA

**Pocket Living Limited**  
**Directors' Report**  
**Year ended 31 December 2018**

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The directors present their report and the financial statements of the group for the year ended 31 December 2018.

**Directors**

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

Mr P Harbard  
Mr M Vlessing  
Mr D Partridge  
Mr K Wong

**Dividends**

The directors do not recommend the payment of a dividend.

**Disclosure of information in the strategic report**

The company has chosen to set out the company's future development details in the strategic report.

**Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' 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 group and the company and 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 judgments 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.

# Pocket Living Limited

## Directors' Report *(continued)*

Year ended 31 December 2018

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### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 25 March 2019 and signed on behalf of the board by:



Mr P Harbard  
Director

Registered office:  
Tower House  
10 Southampton Street  
London  
WC2E 7HA

# Pocket Living Limited

## Independent Auditor's Report to the Members of Pocket Living Limited

Year ended 31 December 2018

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### Opinion

We have audited the financial statements of Pocket Living Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



# Pocket Living Limited

## Independent Auditor's Report to the Members of Pocket Living Limited *(continued)*

Year ended 31 December 2018

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### 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 our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### 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 the 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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the 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 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.

# Pocket Living Limited

## Independent Auditor's Report to the Members of Pocket Living Limited *(continued)*

Year ended 31 December 2018

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### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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.

### 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
  - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
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## Pocket Living Limited

### Independent Auditor's Report to the Members of Pocket Living Limited *(continued)*

Year ended 31 December 2018

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Milankumar Patel (Senior Statutory Auditor)

For and on behalf of  
King & King  
Chartered accountant & statutory auditor  
First Floor Roxburghe House  
273-287 Regent Street  
London  
W1B 2HA

25 March 2019

**Pocket Living Limited**  
**Consolidated Statement of Comprehensive Income**  
**Year ended 31 December 2018**

	Note	2018 £	2017 £
<b>Turnover</b>	4	57,021,578	46,344,808
Cost of sales		<u>47,137,031</u>	<u>35,085,459</u>
<b>Gross profit</b>		9,884,547	11,259,349
Administrative expenses		5,641,703	6,163,803
Other operating income	5	<u>139,115</u>	<u>27,740</u>
<b>Operating profit</b>	6	4,381,959	5,123,286
Other interest receivable and similar income	10	4,607	–
Interest payable and similar expenses	11	<u>2,150,545</u>	<u>856,773</u>
<b>Profit before taxation</b>		2,236,021	4,266,513
Tax on profit	12	<u>186,485</u>	<u>–</u>
<b>Profit for the financial year</b>		<u>2,049,536</u>	<u>4,266,513</u>
Revaluation of Assets		<u>83,292</u>	<u>–</u>
<b>Total comprehensive income for the year</b>		<u>2,132,828</u>	<u>4,266,513</u>
Profit for the financial year attributable to:			
The owners of the parent company		2,047,557	4,266,321
Non-controlling interests		<u>1,979</u>	<u>192</u>
		<u>2,049,536</u>	<u>4,266,513</u>
Total comprehensive income for the year attributable to:			
The owners of the parent company		2,130,849	4,266,321
Non-controlling interests		<u>1,979</u>	<u>192</u>
		<u>2,132,828</u>	<u>4,266,513</u>

All the activities of the group are from continuing operations.

The notes on pages 16 to 28 form part of these financial statements.

**Pocket Living Limited**  
**Consolidated Statement of Financial Position**  
**31 December 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	13	1,084,609	21,476
<b>Current assets</b>			
Stocks	15	131,556,303	85,893,139
Debtors	16	2,495,371	871,334
Cash at bank and in hand		9,653,281	6,588,585
		<u>143,704,955</u>	<u>93,353,058</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>61,449,274</u>	<u>59,689,813</u>
<b>Net current assets</b>		<u>82,255,681</u>	<u>33,663,245</u>
<b>Total assets less current liabilities</b>		<u>83,340,290</u>	<u>33,684,721</u>
<b>Creditors: amounts falling due after more than one year</b>	18	82,606,237	35,102,282
<b>Provisions</b>	19	<u>18,786</u>	<u>-</u>
<b>Net assets/(liabilities)</b>		<u>715,267</u>	<u>(1,417,561)</u>
<b>Capital and reserves</b>			
Called up share capital	22	1,002	1,002
Share premium account	23	4,998	4,998
Profit and loss account	23	<u>707,096</u>	<u>(1,423,753)</u>
<b>Equity attributable to the owners of the parent company</b>		<u>713,096</u>	<u>(1,417,753)</u>
<b>Non-controlling interests</b>		<u>2,171</u>	<u>192</u>
		<u>715,267</u>	<u>(1,417,561)</u>

These financial statements were approved by the board of directors and authorised for issue on 25 March 2019, and are signed on behalf of the board by:



Mr P Harbard  
 Director

Company registration number: 04538848

The notes on pages 16 to 28 form part of these financial statements.

**Pocket Living Limited**  
**Company Statement of Financial Position**  
**31 December 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	13	1,084,609	21,476
Investments	14	6,972,802	6,972,804
		<u>8,057,411</u>	<u>6,994,280</u>
<b>Current assets</b>			
Debtors	16	26,250,453	8,038,898
Cash at bank and in hand		4,661,306	3,643,438
		<u>30,911,759</u>	<u>11,682,336</u>
<b>Creditors: amounts falling due within one year</b>	17	38,317,635	18,169,798
<b>Net current liabilities</b>		<u>7,405,876</u>	<u>6,487,462</u>
<b>Total assets less current liabilities</b>		651,535	506,818
<b>Creditors: amounts falling due after more than one year</b>	18	2,491,500	2,491,500
<b>Provisions</b>	19	18,786	-
<b>Net liabilities</b>		<u>(1,858,751)</u>	<u>(1,984,682)</u>
<b>Capital and reserves</b>			
Called up share capital	22	1,002	1,002
Share premium account	23	4,998	4,998
Other reserves, including the fair value reserve	23	6,860,000	6,860,000
Profit and loss account	23	(8,724,751)	(8,850,682)
<b>Shareholders deficit</b>		<u>(1,858,751)</u>	<u>(1,984,682)</u>

The profit for the financial year of the parent company was £27,056 (2017: £4,924,561 loss).

These financial statements were approved by the board of directors and authorised for issue on 25 March 2019, and are signed on behalf of the board by:



Mr P Harbard  
 Director

Company registration number: 04538848

The notes on pages 16 to 28 form part of these financial statements.

**Pocket Living Limited**  
**Consolidated Statement of Changes in Equity**  
**Year ended 31 December 2018**

	Called up share capital £	Share premium account £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non- controlling interests £	Total £
<b>At 1 January 2017</b>	1,000	–	(5,690,074)	(5,689,074)	–	(5,689,074)
Profit for the year	–	–	4,266,321	4,266,321	192	4,266,513
<b>Total comprehensive income for the year</b>	–	–	4,266,321	4,266,321	192	4,266,513
Issue of shares	2	4,998	–	5,000	–	5,000
<b>Total investments by and distributions to owners</b>	2	4,998	–	5,000	–	5,000
<b>At 31 December 2017</b>	1,002	4,998	(1,423,753)	(1,417,753)	192	(1,417,561)
Profit for the year	–	–	2,047,557	2,047,557	1,979	2,049,536
Other comprehensive income for the year:						
Revaluation of Assets	–	–	83,292	83,292	–	83,292
<b>Total comprehensive income for the year</b>	–	–	2,130,849	2,130,849	1,979	2,132,828
<b>At 31 December 2018</b>	1,002	4,998	707,096	713,096	2,171	715,267

The notes on pages 16 to 28 form part of these financial statements.

**Pocket Living Limited**  
**Company Statement of Changes in Equity**  
**Year ended 31 December 2018**

	Called up share capital £	Share premium account £	Other reserves, including the fair value reserve £	Profit and loss account £	<b>Total £</b>
<b>At 1 January 2017</b>	1,000	-	6,860,000	(3,926,121)	2,934,879
Loss for the year	-	-	-	(4,924,561)	(4,924,561)
<b>Total comprehensive income for the year</b>	-	-	-	(4,924,561)	(4,924,561)
Issue of shares	2	4,998	-	-	5,000
<b>Total investments by and distributions to owners</b>	2	4,998	-	-	5,000
<b>At 31 December 2017</b>	1,002	4,998	6,860,000	(8,850,682)	<b>(1,984,682)</b>
Profit for the year	-	-	-	27,056	<b>27,056</b>
Other comprehensive income for the year:					
Revaluation of Assets	-	-	-	98,875	<b>98,875</b>
<b>Total comprehensive income for the year</b>	-	-	-	125,931	<b>125,931</b>
<b>At 31 December 2018</b>	<b>1,002</b>	<b>4,998</b>	<b>6,860,000</b>	<b>(8,724,751)</b>	<b>(1,858,751)</b>

The notes on pages 16 to 28 form part of these financial statements.



**Pocket Living Limited**  
**Consolidated Statement of Cash Flows**  
**Year ended 31 December 2018**

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,049,536	4,266,513
<i>Adjustments for:</i>		
Depreciation of tangible assets	15,629	21,062
Other interest receivable and similar income	(4,607)	–
Interest payable and similar expenses	2,150,545	856,773
Tax on profit/(loss)	186,485	–
Accrued expenses	1,307,108	1,252,574
<i>Changes in:</i>		
Stocks	(39,174,205)	(30,342,216)
Trade and other debtors	(5,730,778)	(176,174)
Trade and other creditors	10,292,459	6,887,481
Cash generated from operations	<u>(28,907,827)</u>	<u>(17,233,987)</u>
Interest paid	(1,417,669)	(856,773)
Interest received	4,607	–
Net cash from operating activities	<u>(30,320,889)</u>	<u>(18,090,760)</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(995,470)	(10,464)
Net cash used in investing activities	<u>(995,470)</u>	<u>(10,464)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	–	5,000
Proceeds from borrowings	98,779,950	64,409,347
Repayments of borrowings	(64,398,895)	(48,360,625)
Net cash used in financing activities	<u>34,381,055</u>	<u>16,053,722</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,064,696</b>	<b>(2,047,502)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>6,588,585</b>	<b>8,636,087</b>
<b>Cash and cash equivalents at end of year</b>	<b><u>9,653,281</u></b>	<b><u>6,588,585</u></b>

The notes on pages 16 to 28 form part of these financial statements.

**Pocket Living Limited**  
**Notes to the Financial Statements**  
**Year ended 31 December 2018**

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**1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Tower House, 10 Southampton Street, London, WC2E 7HA.

**2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

**3. Accounting policies**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

**Disclosure exemptions**

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

**Consolidation**

The financial statements consolidate the financial statements of Pocket Living Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

**Non-controlling interests**

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

**Pocket Living Limited**  
**Notes to the Financial Statements** *(continued)*  
**Year ended 31 December 2018**

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**3. Accounting policies** *(continued)*

**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. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Revenue recognition**

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from sale of residential properties is recognised on date of completion. Deposits are also recognised on completion.

**Income tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

**Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

# Pocket Living Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

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### 3. Accounting policies *(continued)*

#### Depreciation

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

Leasehold Property	-	Straight line over the life of the lease
Fixtures & Fittings	-	3 years straight line
Equipment	-	3 years straight line

Assets are first depreciated in the year after acquisition.

#### Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

#### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

#### Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

#### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

# Pocket Living Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

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### 3. Accounting policies *(continued)*

#### Provisions *(continued)*

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

# Pocket Living Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

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### 3. Accounting policies *(continued)*

#### Defined contribution plans *(continued)*

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

### 4. Turnover

Turnover arises from:

	2018	2017
	£	£
Sale of residential properties	<u>57,021,578</u>	<u>46,344,808</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

### 5. Other operating income

	2018	2017
	£	£
Other operating income	<u>139,115</u>	<u>27,740</u>

### 6. Operating profit

Operating profit or loss is stated after charging:

	2018	2017
	£	£
Depreciation of tangible assets	<u>15,629</u>	<u>21,062</u>

### 7. Auditor's remuneration

	2018	2017
	£	£
Fees payable for the audit of the financial statements	<u>65,850</u>	<u>60,000</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>32,000</u>	<u>36,500</u>

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# Pocket Living Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2018 No.	2017 No.
Administrative staff	39	29
Management staff	2	4
	<u>41</u>	<u>33</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018 £	2017 £
Wages and salaries	3,243,195	2,923,579
Social security costs	407,396	352,691
Other pension costs	100,841	66,645
	<u>3,751,432</u>	<u>3,342,915</u>

### 9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2018 £	2017 £
Remuneration	<u>480,670</u>	<u>565,104</u>

Remuneration of the highest paid director in respect of qualifying services:

	2018 £	2017 £
Aggregate remuneration	<u>239,594</u>	<u>270,085</u>

### 10. Other interest receivable and similar income

	2018 £	2017 £
Interest on cash and cash equivalents	<u>4,607</u>	<u>-</u>

### 11. Interest payable and similar expenses

	2018 £	2017 £
Interest on banks loans and overdrafts	<u>2,150,545</u>	<u>856,773</u>

# Pocket Living Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 12. Tax on profit/(loss)

#### Major components of tax expense

	2018 £	2017 £
<b>Current tax:</b>		
UK current tax expense	295,110	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(108,625)	-
<b>Tax on profit/(loss)</b>	<u>186,485</u>	<u>-</u>

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19%).

	2018 £	2017 £
Profit on ordinary activities before taxation	2,236,021	4,266,513
Profit on ordinary activities by rate of tax	424,844	810,600
Effect of expenses not deductible for tax purposes	16,163	-
Effect of capital allowances and depreciation	(44,973)	-
Utilisation of tax losses	(209,549)	(810,600)
<b>Tax on profit/(loss)</b>	<u>186,485</u>	<u>-</u>

### 13. Tangible assets

#### Group

	Leasehold Improvements £	Fixtures and fittings £	Equipment £	Long leasehold property £	<b>Total £</b>
<b>Cost or valuation</b>					
At 1 January 2018	49,051	42,974	70,458	-	162,483
Additions	627,695	61,925	57,142	248,708	995,470
Revaluations	-	-	-	83,292	83,292
<b>At 31 December 2018</b>	<u>676,746</u>	<u>104,899</u>	<u>127,600</u>	<u>332,000</u>	<u>1,241,245</u>
<b>Depreciation</b>					
At 1 January 2018	41,807	40,652	58,548	-	141,007
Charge for the year	7,244	1,495	6,890	-	15,629
<b>At 31 December 2018</b>	<u>49,051</u>	<u>42,147</u>	<u>65,438</u>	<u>-</u>	<u>156,636</u>
<b>Carrying amount</b>					
<b>At 31 December 2018</b>	<u>627,695</u>	<u>62,752</u>	<u>62,162</u>	<u>332,000</u>	<u>1,084,609</u>
At 31 December 2017	7,244	2,322	11,910	-	21,476



# Pocket Living Limited

## Notes to the Financial Statements *(continued)*

### Year ended 31 December 2018

#### 13. Tangible assets *(continued)*

Company	Leasehold Improvements £	Fixtures and fittings £	Equipment £	Long leasehold property £	Total £
<b>Cost or valuation</b>					
At 1 Jan 2018	48,292	42,974	70,458	–	162,482
Additions	627,695	61,925	57,142	233,125	979,887
Revaluations	–	–	–	98,875	98,875
<b>At 31 Dec 2018</b>	<u>675,987</u>	<u>104,899</u>	<u>127,600</u>	<u>332,000</u>	<u>1,241,244</u>
<b>Depreciation</b>					
At 1 Jan 2018	41,048	40,652	58,548	–	141,006
Charge for the year	7,244	1,495	6,890	–	15,629
<b>At 31 Dec 2018</b>	<u>48,292</u>	<u>42,147</u>	<u>65,438</u>	<u>–</u>	<u>156,635</u>
<b>Carrying amount</b>					
<b>At 31 Dec 2018</b>	<u>627,695</u>	<u>62,752</u>	<u>62,162</u>	<u>332,000</u>	<u>1,084,609</u>
At 31 Dec 2017	<u>7,244</u>	<u>2,322</u>	<u>11,910</u>	<u>–</u>	<u>21,476</u>

#### 14. Investments

The group has no investments.

Company	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2018	6,972,804
Disposals	(2)
<b>At 31 December 2018</b>	<u>6,972,802</u>
<b>Impairment</b>	
At 1 January 2018 and 31 December 2018	–
<b>Carrying amount</b>	
<b>At 31 December 2018</b>	<u>6,972,802</u>
At 31 December 2017	<u>6,972,804</u>

#### Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

Subsidiary undertakings	Class of share	Percentage of shares held
Pocket Living (Holdings) II Limited	Ordinary	100
Pocket Money Limited	Ordinary	100

# Pocket Living Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

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### 14. Investments *(continued)*

	Class of share	Percentage of shares held
Pocket Living (Q1 2015) PLC	Ordinary	100
Pocket Living (2013) LLP	Ordinary	100
Pocket Living 2017 Holdco Ltd	Ordinary	100
Pocket Leigham Court Ltd	Ordinary	100
Pocket Living Rosina St Limited	Ordinary	90
Credon House Limited	Ordinary	100
Pocket Living KX Limited	Ordinary	100
Pocket Living Mapleton Limited	Ordinary	100
Pocket Living 2017 Ltd	Ordinary	100
Pocket Living Mezzanine Ltd	Ordinary	100
Pocket Living Mezzanine Holdings Ltd	Ordinary	100
Pocket Living Pledgeco Ltd	Ordinary	100
Pocket Living Pledgeco Holdings Ltd	Ordinary	100
Pocket Living (Addiscombe Grove) Limited	Ordinary	100
Pocket Living Gainsford Road Ltd	Ordinary	100
Pocket Living West Green Place Ltd	Ordinary	100
Pocket Living Osier Way Limited	Ordinary	100
Pocket Living Bollo Lane Ltd	Ordinary	100
Pocket Living Gardner Close Ltd	Ordinary	100
Pocket Living Varcoe Road Ltd	Ordinary	100
Pocket Living Whiting Avenue Ltd	Ordinary	100
Ossory Road Developments Ltd	Ordinary	100
Pocket Living Sudbury Ltd	Ordinary	100
Pocket Living Woodside Ltd	Ordinary	100
Pocket Living Kerswell Close Ltd	Ordinary	100
Pocket Living Forest Road Ltd	Ordinary	100
Pocket Living Ossory Road Ltd	Ordinary	100

# Pocket Living Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 15. Stocks

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Work in progress	<u>131,556,303</u>	<u>85,893,139</u>	<u>-</u>	<u>-</u>

### 16. Debtors

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	435,051	60,394	31,656	14,247
Amounts owed by group undertakings	-	-	19,549,524	7,775,913
Deferred tax asset	127,411	-	127,411	-
Prepayments and accrued income	243,146	80,462	6,162,599	80,462
Other debtors	1,689,763	730,478	379,263	168,276
	<u>2,495,371</u>	<u>871,334</u>	<u>26,250,453</u>	<u>8,038,898</u>

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

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and other loans	29,306,587	36,817,305	-	-
Trade creditors	4,052,854	3,298,932	264,152	518,373
Amounts owed to group undertakings	-	-	12,896,009	1,913,874
Accruals and deferred income	3,071,132	1,868,024	766,102	846,189
Corporation tax	295,110	-	295,110	-
Social security and other taxes	106,693	82,600	106,693	82,600
Director loan accounts	1,163,076	1,163,076	1,163,076	1,163,076
Other creditors	23,453,822	16,459,876	22,826,493	13,645,686
	<u>61,449,274</u>	<u>59,689,813</u>	<u>38,317,635</u>	<u>18,169,798</u>

Bank loans and other loans which are included in creditors due within one year are secured by way of fixed and floating charge over all the assets of the company.

### 18. Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Other creditors	<u>82,606,237</u>	<u>35,102,282</u>	<u>2,491,500</u>	<u>2,491,500</u>

Bank loans and other loans which are included in other creditors due after one year are secured by way of fixed and floating charge over all the assets of the company.

# Pocket Living Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 19. Provisions

Group and company	Deferred tax (note 20) £
At 1 January 2018	–
Additions	18,786
<b>At 31 December 2018</b>	<b>18,786</b>

### 20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Included in debtors (note 16)	127,411	–	127,411	–
Included in provisions (note 19)	(18,786)	–	(18,786)	–
	<u>108,625</u>	<u>–</u>	<u>108,625</u>	<u>–</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2018 £	2017 £	2018 £	2017 £
Other revaluations	18,786	–	18,786	–
Unused tax credits	(127,411)	–	(127,411)	–
	<u>(108,625)</u>	<u>–</u>	<u>(108,625)</u>	<u>–</u>

### 21. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £100,841 (2017: £66,645).

### 22. Called up share capital

#### Authorised share capital

	2018		2017	
	No.	£	No.	£
Deferred Shares shares of £0.01 each	1	–	1	–
Ordinary A1 Shares shares of £0.01 each	50,000	500	50,000	500
Ordinary A2 Shares shares of £0.01 each	50,000	500	50,000	500
B Ordinary Shares shares of £0.01 each	240	2	240	2
	<u>100,241</u>	<u>1,002</u>	<u>100,241</u>	<u>1,002</u>

# Pocket Living Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

### 22. Called up share capital *(continued)*

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Deferred Shares shares of £0.01 each	1	-	1	-
Ordinary A1 Shares shares of £0.01 each	50,000	500	50,000	500
Ordinary A2 Shares shares of £0.01 each	50,000	500	50,000	500
B Ordinary Shares shares of £0.01 each	240	2	240	2
	<u>100,241</u>	<u>1,002</u>	<u>100,241</u>	<u>1,002</u>

### 23. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

### 24. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Not later than 1 year	305,411	60,237	305,411	60,237
Later than 1 year and not later than 5 years	1,591,877	1,671,658	1,591,877	1,671,658
Later than 5 years	1,893,548	2,046,877	1,893,548	2,046,877
	<u>3,790,836</u>	<u>3,778,772</u>	<u>3,790,836</u>	<u>3,778,772</u>

### 25. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company and its subsidiary undertakings:

	Balance brought forward and outstanding	
	2018	2017
	£	£
Mr P Harbard	(581,538)	(581,538)
Mr M Vlessing	(581,538)	(581,538)
	<u>(1,163,076)</u>	<u>(1,163,076)</u>

### 26. Related party transactions

Group

No transaction other than the company transactions disclosed below.

# Pocket Living Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

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### 26. Related party transactions *(continued)*

#### Company

The Company has taken advantage of the exemption available in FRS102 S.33 1A, whereby it has not disclosed transactions with its wholly owned subsidiaries.

During the year, the company paid rent of £Nil (2017: £28,350) to Pocket Living (Holdings) Limited, a company in which P Harbard and M Vlessing are directors and shareholders. At the year end, the company owed an amount of £241,891 (2017: £241,000) to Pocket Living (Holdings) Limited. Loan is payable on demand and no interest is charged.

At the year end, the company owed shareholders loan of £Nil (2017: £722,500) to P Harbard and £Nil (2017: £722,500) to M Vlessing. Loans are repayable on demand and no interest is charged.

At the year end, the company owed an amount of £20,549,051 (2017: £11,574,611) to Related London Pocket Holdings Limited, 50% shareholder of the company. The loan is payable on demand and interest is charged at a rate of 15%.

### 27. Going concern

The Board has a reasonable expectation having reviewed budgets and cashflow forecasts, that the firm has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

### 28. Controlling party

The group is jointly controlled by its shareholders and no one shareholder has control.