

CH

REGISTERED NUMBER: 02695040 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**  
**FOR**  
**PURELAKE NEW HOMES LTD**



**CONTENTS OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

|   | <b>Page</b> |
|---|-------------|
| <b>Company Information</b>                | 1           |
| <b>Strategic Report</b>                   | 2           |
| <b>Report of the Directors</b>            | 4           |
| <b>Report of the Independent Auditors</b> | 6           |
| <b>Income Statement</b>                   | 8           |
| <b>Other Comprehensive Income</b>         | 9           |
| <b>Balance Sheet</b>                      | 10          |
| <b>Statement of Changes in Equity</b>     | 11          |
| <b>Cash Flow Statement</b>                | 12          |
| <b>Notes to the Cash Flow Statement</b>   | 13          |
| <b>Notes to the Financial Statements</b>  | 14          |

**PURELAKE NEW HOMES LTD**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**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:** Matthew Christopher Mallett

**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 2016**

The directors present their strategic report for the year ended 31 December 2016.

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 completed a housing association contract as well as selling a large number of units on the speculative sites during the year. The company has subsequently commenced work on three new housing association contracts and has continued the development of speculative sites. 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 £3,619,158 (2015 - £4,879,233).

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 to 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 decreased during the year because the company had undertaken the development of speculative sites for which the sales commenced towards the end of the year. The turnover is expected to decrease during the current year as there are fewer speculative sales expected. The gross profit margin has significantly increased as there were a large number of speculative sales in the year which give a higher margin than that enjoyed by the housing association contracts. Work in progress has decreased as a result of a reduction in work undertaken on speculative sites 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 financed by bank loans which is set at base rate plus. The company is, therefore, subject to interest rate uncertainties. Bank borrowings are, however, low for the type of business indicating the company's strength at a time when others have struggled.


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.

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**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: 26/9/17

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

**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 (2015 - £Nil). The directors do not recommend the payment of a final dividend (2015 - £Nil). After the payment of dividends a profit was transferred to reserves of £3,619,158 (2015 - £4,879,233).

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2016 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 (2015 - 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 2016**

**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: .....

26/9/17

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

We have audited the financial statements of Purelake New Homes Ltd for the year ended 31 December 2016 on pages eight to twenty. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement (set out on page 3), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

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

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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



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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Burrells*

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

Date: 28 SEPTEMBER 2017

**PURELAKE NEW HOMES LTD (REGISTERED NUMBER: 02695040)**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

|                                       | Notes | 31.12.16<br>£ | 31.12.15<br>£ |
|---------------------------------------|-------|---------------|---------------|
| <b>TURNOVER</b>                       |       | 25,412,466    | 31,375,758    |
| Cost of sales                         |       | 18,172,756    | 23,490,235    |
| <b>GROSS PROFIT</b>                   |       | 7,239,710     | 7,885,523     |
| Administrative expenses               |       | 3,090,710     | 2,039,062     |
|                                       |       | 4,149,000     | 5,846,461     |
| Other operating income                |       | 465,223       | 475,980       |
| <b>OPERATING PROFIT</b>               | 4     | 4,614,223     | 6,322,441     |
| Interest payable and similar expenses | 5     | 82,083        | 222,060       |
| <b>PROFIT BEFORE TAXATION</b>         |       | 4,532,140     | 6,100,381     |
| Tax on profit                         | 6     | 912,982       | 1,221,148     |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>  |       | 3,619,158     | 4,879,233     |

The notes form part of these financial statements

**PURELAKE NEW HOMES LTD (REGISTERED NUMBER: 02695040)**

**OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

|  | Notes | 31.12.16<br>£    | 31.12.15<br>£    |
|--|-------|------------------|------------------|
| <b>PROFIT FOR THE YEAR</b>                         |       | 3,619,158        | 4,879,233        |
| <b>OTHER COMPREHENSIVE INCOME</b>                  |       | -                | -                |
| <b>TOTAL COMPREHENSIVE INCOME<br/>FOR THE YEAR</b> |       | <u>3,619,158</u> | <u>4,879,233</u> |

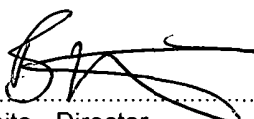
The notes form part of these financial statements

**PURELAKE NEW HOMES LTD (REGISTERED NUMBER: 02695040)**

**BALANCE SHEET**  
**31 DECEMBER 2016**

|  | Notes | 31.12.16                 | 31.12.15                 |
|--|-------|--------------------------|--------------------------|
|  |       | £                        | £                        |
| <b>FIXED ASSETS</b>                          |       |                          |                          |
| Tangible assets                              | 9     | 905,555                  | 824,521                  |
| <b>CURRENT ASSETS</b>                        |       |                          |                          |
| Stocks                                       | 10    | 13,012,692               | 12,174,526               |
| Debtors                                      | 11    | 18,383,791               | 22,367,418               |
| Cash in hand                                 |       | 3,028,991                | 174,309                  |
|  |       | <u>34,425,474</u>        | <u>34,716,253</u>        |
| <b>CREDITORS</b>                             |       |                          |                          |
| Amounts falling due within one year          | 12    | 3,855,575                | 7,634,322                |
| <b>NET CURRENT ASSETS</b>                    |       | <u>30,569,899</u>        | <u>27,081,931</u>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> |       | 31,475,454               | 27,906,452               |
| <b>CREDITORS</b>                             |       |                          |                          |
| Amounts falling due after more than one year | 13    | -                        | (51,341)                 |
| <b>PROVISIONS FOR LIABILITIES</b>            | 17    | (101,760)                | (100,575)                |
| <b>NET ASSETS</b>                            |       | <u><u>31,373,694</u></u> | <u><u>27,754,536</u></u> |
| <b>CAPITAL AND RESERVES</b>                  |       |                          |                          |
| Called up share capital                      | 18    | 10,618                   | 10,618                   |
| Retained earnings                            | 19    | 31,363,076               | 27,743,918               |
| <b>SHAREHOLDERS' FUNDS</b>                   |       | <u><u>31,373,694</u></u> | <u><u>27,754,536</u></u> |

The financial statements were approved by the Board of Directors on 26/1/17 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 2016**

|                                    | Called up<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Total<br>equity<br>£ |
|------------------------------------|------------------------------------|---------------------------|----------------------|
| <b>Balance at 1 January 2015</b>   | 10,618                             | 22,864,685                | 22,875,303           |
| <b>Changes in equity</b>           |                                    |                           |                      |
| Total comprehensive income         | -                                  | 4,879,233                 | 4,879,233            |
| <b>Balance at 31 December 2015</b> | <u>10,618</u>                      | <u>27,743,918</u>         | <u>27,754,536</u>    |
| <b>Changes in equity</b>           |                                    |                           |                      |
| Total comprehensive income         | -                                  | 3,619,158                 | 3,619,158            |
| <b>Balance at 31 December 2016</b> | <u>10,618</u>                      | <u>31,363,076</u>         | <u>31,373,694</u>    |

**PURELAKE NEW HOMES LTD (REGISTERED NUMBER: 02695040)**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

|   | Notes | 31.12.16<br>£           | 31.12.15<br>£           |
|---|-------|-------------------------|-------------------------|
| <b>Cash flows from operating activities</b>             |       |                         |                         |
| Cash generated from operations                          | 1     | 7,728,821               | (1,680,296)             |
| Interest paid   |       | (74,043)                | (213,595)               |
| Interest element of hire purchase payments paid         |       | (8,040)                 | (8,465)                 |
| Tax paid  |       | (1,530,639)             | (780,000)               |
| Net cash from operating activities                      |       | <u>6,116,099</u>        | <u>(2,682,356)</u>      |
| <b>Cash flows from investing activities</b>             |       |                         |                         |
| Purchase of tangible fixed assets                       |       | (316,464)               | (8,748)                 |
| Sale of tangible fixed assets                           |       | -                       | 8,600                   |
| Interest received                                       |       | 465,223                 | 456,980                 |
| Net cash from investing activities                      |       | <u>148,759</u>          | <u>456,832</u>          |
| <b>Cash flows from financing activities</b>             |       |                         |                         |
| New loans in year                                       |       | -                       | 1,778,369               |
| Loan repayments in year                                 |       | (2,899,321)             | -                       |
| HP capital repayments in year                           |       | (82,650)                | (86,087)                |
| Net cash from financing activities                      |       | <u>(2,981,971)</u>      | <u>1,692,282</u>        |
| <b>Increase/(decrease) in cash and cash equivalents</b> |       | <u>3,282,887</u>        | <u>(533,242)</u>        |
| <b>Cash and cash equivalents at beginning of year</b>   | 2     | (253,896)               | 279,346                 |
| <b>Cash and cash equivalents at end of year</b>         | 2     | <u><u>3,028,991</u></u> | <u><u>(253,896)</u></u> |

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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

|  | 31.12.16         | 31.12.15           |
|--|------------------|--------------------|
|  | £                | £                  |
| Profit before taxation                           | 4,532,140        | 6,100,381          |
| Depreciation charges                             | 235,430          | 156,823            |
| Interest received                                | (465,223)        | (456,980)          |
| Finance costs                                    | 82,083           | 222,060            |
|  | <hr/>            | <hr/>              |
|  | 4,384,430        | 6,022,284          |
| (Increase)/decrease in stocks                    | (838,166)        | 578,591            |
| Decrease/(increase) in trade and other debtors   | 3,983,627        | (8,105,767)        |
| Increase/(decrease) in trade and other creditors | 198,930          | (175,404)          |
|  | <hr/>            | <hr/>              |
| <b>Cash generated from operations</b>            | <b>7,728,821</b> | <b>(1,680,296)</b> |
|  | <hr/> <hr/>      | <hr/> <hr/>        |

**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 2016**

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

**Year ended 31 December 2015**

|                           | 31.12.15    | 1.1.15      |
|---------------------------|-------------|-------------|
|                           | £           | £           |
| Cash and cash equivalents | 174,309     | 279,346     |
| Bank overdrafts           | (428,205)   | -           |
|                           | <hr/>       | <hr/>       |
|                           | (253,896)   | 279,346     |
|                           | <hr/> <hr/> | <hr/> <hr/> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**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 2016**

**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**

|                         | 31.12.16<br>£    | 31.12.15<br>£    |
|-------------------------|------------------|------------------|
| Wages and salaries      | 3,068,364        | 2,441,837        |
| Social security costs   | 378,702          | 282,969          |
| Directors pension costs | 118,080          | 82,564           |
| Staff pension costs     | 43,471           | 36,891           |
|                         | <u>3,608,617</u> | <u>2,844,261</u> |

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

|                             | 31.12.16  | 31.12.15  |
|-----------------------------|-----------|-----------|
| Directors                   | 5         | 5         |
| Site managers and labourers | 34        | 33        |
| Office                      | 11        | 10        |
|                             | <u>50</u> | <u>48</u> |

The aggregate emoluments of the directors, including the pension contributions, total £1,624,855 (2015 - £825,152).

The pension contributions for the directors for the year total £118,080 (2015 - £82,564).

**Highest Paid Director**

The emoluments for the highest paid director, including pension contributions, for the year total £489,072 (2015 - £370,779).

The pension contributions for the highest paid director total £Nil (2015 - £50,000).

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**4. OPERATING PROFIT**

The operating profit is stated after charging:

|  | 31.12.16      | 31.12.15      |
|--|---------------|---------------|
|  | £             | £             |
| Depreciation - owned assets                      | 179,412       | 82,132        |
| Depreciation - assets on hire purchase contracts | 56,018        | 74,691        |
| Auditors' remuneration                           | 13,100        | 10,900        |
| Auditors' remuneration - non<br>audit services   | 28,050        | 28,050        |
|  | <u>28,050</u> | <u>28,050</u> |

**5. INTEREST PAYABLE AND SIMILAR EXPENSES**

|                                     | 31.12.16      | 31.12.15       |
|-------------------------------------|---------------|----------------|
|                                     | £             | £              |
| Bank overdraft and loan<br>interest | 67,329        | 158,599        |
| Bank charges                        | 2,818         | 52,631         |
| Interest on inter-company loan      | -             | 2,365          |
| Interest on corporation tax         | 3,896         | -              |
| Hire purchase interest              | 8,040         | 8,465          |
|                                     | <u>82,083</u> | <u>222,060</u> |

**6. TAXATION**

**Analysis of the tax charge**

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

|                                    | 31.12.16       | 31.12.15         |
|------------------------------------|----------------|------------------|
|                                    | £              | £                |
| Current tax:<br>UK corporation tax | 911,797        | 1,291,090        |
| Deferred tax:<br>Movement for year | 1,185          | (69,942)         |
| Tax on profit                      | <u>912,982</u> | <u>1,221,148</u> |

UK corporation tax has been charged at 20% (2015 - 20.25%).

**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 2016 the company was owed £427,948 by the holding company (2015 - £114,771) 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 2016 amounted to £10,881 (2015 - £2,365 paid to the holding company).

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**9. TANGIBLE FIXED ASSETS**

|                       | Landlords<br>Property<br>Improvement<br>£ | Equipment<br>£ | Motor<br>vehicles<br>£ | Office<br>equipment<br>£ | Totals<br>£ |
|-----------------------|---|----------------|------------------------|--------------------------|-------------|
| <b>COST</b>           |   |                |                        |                          |             |
| At 1 January 2016     | 509,071                                   | 863,783        | 157,961                | 261,832                  | 1,792,647   |
| Additions             | -   | 291,751        | 21,400                 | 3,313                    | 316,464     |
|                       | <hr/>                                     | <hr/>          | <hr/>                  | <hr/>                    | <hr/>       |
| At 31 December 2016   | 509,071                                   | 1,155,534      | 179,361                | 265,145                  | 2,109,111   |
|                       | <hr/>                                     | <hr/>          | <hr/>                  | <hr/>                    | <hr/>       |
| <b>DEPRECIATION</b>   |   |                |                        |                          |             |
| At 1 January 2016     | 100,117                                   | 558,670        | 100,987                | 208,352                  | 968,126     |
| Charge for year       | 20,363                                    | 185,944        | 15,582                 | 13,541                   | 235,430     |
|                       | <hr/>                                     | <hr/>          | <hr/>                  | <hr/>                    | <hr/>       |
| At 31 December 2016   | 120,480                                   | 744,614        | 116,569                | 221,893                  | 1,203,556   |
|                       | <hr/>                                     | <hr/>          | <hr/>                  | <hr/>                    | <hr/>       |
| <b>NET BOOK VALUE</b> |   |                |                        |                          |             |
| At 31 December 2016   | 388,591                                   | 410,920        | 62,792                 | 43,252                   | 905,555     |
|                       | <hr/>                                     | <hr/>          | <hr/>                  | <hr/>                    | <hr/>       |
| At 31 December 2015   | 408,954                                   | 305,113        | 56,974                 | 53,480                   | 824,521     |
|                       | <hr/>                                     | <hr/>          | <hr/>                  | <hr/>                    | <hr/>       |

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

|   | Equipment<br>£ |
|---|----------------|
| <b>COST</b>                               |                |
| At 1 January 2016<br>and 31 December 2016 | 333,950        |
|   | <hr/>          |
| <b>DÉPRECIATION</b>                       |                |
| At 1 January 2016                         | 109,883        |
| Charge for year                           | 56,018         |
|   | <hr/>          |
| At 31 December 2016                       | 165,901        |
|   | <hr/>          |
| <b>NET BOOK VALUE</b>                     |                |
| At 31 December 2016                       | 168,049        |
|   | <hr/>          |
| At 31 December 2015                       | 224,067        |
|   | <hr/>          |

**10. STOCKS**

|                             | 31.12.16<br>£ | 31.12.15<br>£ |
|-----------------------------|---------------|---------------|
| Stocks and work in progress | 13,012,692    | 12,174,526    |
|                             | <hr/>         | <hr/>         |

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

|                                    | 31.12.16<br>£ | 31.12.15<br>£ |
|------------------------------------|---------------|---------------|
| Trade debtors                      | 273,197       | 756,116       |
| Amounts owed by group undertakings | 11,960,195    | 20,031,947    |
| Amounts receivable on<br>contracts | 5,396,343     | 549,589       |
| Taxation                           | 123,371       | 203,496       |
| Prepayments and accrued income     | 630,685       | 826,270       |
|                                    | <hr/>         | <hr/>         |
|                                    | 18,383,791    | 22,367,418    |
|                                    | <hr/>         | <hr/>         |

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

|   | 31.12.16         | 31.12.15         |
|---|------------------|------------------|
|   | £                | £                |
| Bank loans and overdrafts (see note 14) | -                | 3,327,526        |
| Hire purchase contracts (see note 15)   | 51,341           | 82,650           |
| Trade creditors                         | 2,683,095        | 2,195,775        |
| Corporation tax                         | 278,319          | 897,161          |
| Other taxes and social security costs   | 478,112          | 225,132          |
| Long term contracts                     | 268,095          | 792,790          |
| Directors' current accounts             | 21,834           | -                |
| Accruals                                | 74,779           | 113,288          |
|   | <u>3,855,575</u> | <u>7,634,322</u> |

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                                       | 31.12.16 | 31.12.15      |
|---------------------------------------|----------|---------------|
|                                       | £        | £             |
| Hire purchase contracts (see note 15) | -        | 51,341        |
|                                       | <u>-</u> | <u>51,341</u> |

**14. LOANS**

An analysis of the maturity of loans is given below:

|   | 31.12.16 | 31.12.15         |
|---|----------|------------------|
|   | £        | £                |
| Amounts falling due within one year or on demand: |          |                  |
| Bank overdrafts                                   | -        | 428,205          |
| Bank loans  | -        | 2,899,321        |
|   | <u>-</u> | <u>3,327,526</u> |

**15. LEASING AGREEMENTS**

Minimum lease payments under hire purchase fall due as follows:

|                            | 31.12.16      | 31.12.15       |
|----------------------------|---------------|----------------|
|                            | £             | £              |
| Net obligations repayable: |               |                |
| Within one year            | 51,341        | 82,650         |
| Between one and five years | -             | 51,341         |
|                            | <u>51,341</u> | <u>133,991</u> |

**PURELAKE NEW HOMES LTD (REGISTERED NUMBER: 02695040)**

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**16. SECURED DEBTS**

The following secured debts are included within creditors:

|                         | 31.12.16      | 31.12.15         |
|-------------------------|---------------|------------------|
|                         | £             | £                |
| Bank loans              | -             | 2,899,321        |
| Hire purchase contracts | 51,341        | 133,991          |
|                         | <u>51,341</u> | <u>3,033,312</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: -

|                              | 31.12.16         | 31.12.15         |
|------------------------------|------------------|------------------|
|                              | £                | £                |
| Purelake Investments Limited | <u>9,500,000</u> | <u>9,000,000</u> |

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

**17. PROVISIONS FOR LIABILITIES**

|  | 31.12.16       | 31.12.15       |
|--|----------------|----------------|
|  | £              | £              |
| Deferred tax                                     |                |                |
| Provision for deferred tax                       | 100,575        | 170,517        |
| Capital allowances in advance<br>of depreciation | 1,185          | (42,565)       |
| FRS 102 adjustments                              | -              | (27,377)       |
|  | <u>101,760</u> | <u>100,575</u> |

|                             | Deferred<br>tax<br>£ |
|-----------------------------|----------------------|
| Balance at 1 January 2016   | 100,575              |
| Movement for year           | 1,185                |
| Balance at 31 December 2016 | <u>101,760</u>       |

**18. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

| Number: | Class:     | Nominal<br>value: | 31.12.16      | 31.12.15      |
|---------|------------|-------------------|---------------|---------------|
|         |            |                   | £             | £             |
| 9,500   | Ordinary   | £1                | 9,500         | 9,500         |
| 500     | A Ordinary | £1                | 618           | 618           |
| 618     | B Ordinary | £1                | 500           | 500           |
|         |            |                   | <u>10,618</u> | <u>10,618</u> |

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**19. RESERVES**

|                     | Retained<br>earnings<br>£ |
|---------------------|---------------------------|
| At 1 January 2016   | 27,743,918                |
| Profit for the year | 3,619,158                 |
|                     | <hr/>                     |
| At 31 December 2016 | <u>31,363,076</u>         |

**20. TRANSACTIONS WITH RELATED PARTIES / COMPANIES**

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

The company undertook construction work for Purelake Investments Limited during the year under commercial terms which amounted to £139,950 (2015 - £9,693,510).

At 31 December 2016 the company was owed £11,532,247 (2015 - £19,896,335) 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 2016 amounted to £453,879 (2015 - £454,876).

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 £1,241,650 (2015 - £2,168,000). No amounts were outstanding at the year end (2015 - £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 (2015 - £70,000).

No amounts were owed to or by the pension scheme as at 31 December 2016 (2015 - £Nil).