

Company Registration No. 04971023 (England and Wales)

**Stubbings Group Limited**

**Annual report and  
group financial statements  
for the year ended 31 December 2017**

**Saffery Champness**

CHARTERED ACCOUNTANTS



## Stubbings Group Limited

### Company information

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<b>Directors</b>	Dudley Good Janine Good Oliver Good
<b>Secretary</b>	Oliver Good
<b>Company number</b>	04971023
<b>Registered office</b>	Stubbings House Henley Road Maidenhead Berkshire SL6 6QL
<b>Independent auditor</b>	Saffery Champness LLP St John's Court Easton Street High Wycombe HP11 1JX
<b>Business address</b>	Stubbings House Henley Road Maidenhead Berkshire SL6 6QL

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## **Stubbings Group Limited**

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

**Fair review of the business**

Group turnover increased through 2017, and margin performance still remains a key focus of attention.

A softening of demand for farm building construction from 2016 into 2017 caused significant downward pressure on margins at Scorpion Engineering Construction Ltd (Scorpion). However a number of larger, turnkey projects during the year assisted to improve business performance against the previous year.

The steel fabrication unit Core Steel Ltd performed better in 2017 achieving a small profit at the end of the second year of trading from new premises in Hereford.

Scorpion's overall performance in 2017 showed strong improvements on the 2016 figures, following restructuring and modernisation programmes.

Stubbings Nursery Ltd, the retail plant nursery and café operation, saw a reduction in turnover as consumer confidence and retail spending softened. Encouragingly this did not affect our busy December seasonal sales.

The serviced office lettings continued to perform well with near 100% occupancy across all units.

Total Group net income for 2017 was down on 2016 largely due to sale of land in 2016.

**Risk and uncertainties**

The directors do not perceive there to be any major risks and uncertainties other than those applicable to the construction and retail nursery industry as a whole in the current economic climate.

The ongoing uncertainties around Brexit will still be a concern into the future as the full economic impact to the UK remains unclear. Improvements in the outlook within the construction business is a key highlight albeit that growth will require careful management and the farming sector may well experience most uncertainty through the Brexit process.

Much like retail as a whole, the gardening and leisure retail sector remains volatile with significant changes in the closure/sale of some major 'high street' brands in the first half of 2018. However as a small independent business, with a loyal core customer base, we remain flexible to adapt to the changing retail landscape.

**Key performance indicators**

Across the Group businesses the KPI's are:-

	2017	2016
Turnover	£10.1m	£7.3m
Gross profit	£2.1m	£1.38m
Margin %	20.00%	19.00%

Turnover

The uplift in 2017 was largely caused by the growth in sales within Scorpion.

Gross margin

Off the back of a 6% uplift in gross margin during 2016 we have been able to further improve this by 1% in the tough economic climate of 2017.

**Future plans**

The Group remains committed to improving its service delivery and continues to broaden its customer base.

Strengthening the management team at Scorpion is continuing into 2018 as we see the benefits of the restructuring exercise. The business is now better focused on pursuing growth opportunities through increased sales personnel, a broader client/product base, and improved financial control.

Stubbings Nursery experienced a quiet first quarter in 2018 largely due to poor weather. The season started later than usual and the fine weather in May has contributed to a sales recovery.

We continue to assess other opportunities for revenue generation through diversified activities on Stubbings Estate.

It will be the focus of all business units to continue to sustain growth and margin improvement through 2018.

**Development and performance**

Material factors which affect the Group's future development are set out above. The financial position of the Group is set out in the financial statements and the notes that follow.

When assessing the Group position no material uncertainties that cast significant doubts about its ability to continue as a going concern have been identified by the directors.

On behalf of the board



Oliver Good  
Director

21 September 2018

**Directors' report**

**For the year ended 31 December 2017**

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The directors present their annual report and financial statements for the year ended 31 December 2017.

**Principal activities**

The principal activity of the company is property management. The principal activities of the group in the year under review were construction and fabrication, retail and catering, horticulture and property management.

**Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dudley Good

Janine Good

Oliver Good

**Results and dividends**

The results for the year are set out on page 8.

**Financial risk management objectives and policies**

The main financial risks faced by the group are liquidity and customer credit risk. Further details of these risks are given below.

***Liquidity risk***

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

***Customer credit risk***

The group is at risk to the extent of a customer default. The risk is managed by regular monitoring and communication with customers.

**Auditor**

Saffery Champness have expressed their willingness to remain in office as auditors of the company.

**Directors' report (continued)**

**For the year ended 31 December 2017**

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**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



Oliver Good

**Director**

21 September 2018

**Opinion**

We have audited the financial statements of Stubbings Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.



**Independent auditor's report (continued)**  
**To the members of Stubbings Group Limited**

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**Other information**

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

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

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

**Independent auditor's report (continued)**  
**To the members of Stubbings Group Limited**

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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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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



**Karen Bartlett (Senior Statutory Auditor)**  
**for and on behalf of Saffery Champness LLP**

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**Chartered Accountants**  
**Statutory Auditors**

21.09.18

St John's Court  
Easton Street  
High Wycombe  
HP11 1JX

**Stubbings Group Limited**

**Group statement of comprehensive income  
For the year ended 31 December 2017**

	Notes	2017 £	2016 £
<b>Turnover</b>	<b>3</b>	10,082,884	7,349,020
Cost of sales		(8,024,110)	(5,970,041)
<b>Gross profit</b>		2,058,774	1,378,979
Administrative expenses		(2,200,331)	(1,725,933)
Other operating income		5,131	7,605
<b>Operating loss</b>	<b>5</b>	(136,426)	(339,349)
Interest receivable and similar income	<b>9</b>	231	1,124
Interest payable and similar expenses	<b>10</b>	(22,984)	(51,705)
Gain on sale of land		-	1,042,275
Company voluntary arrangement		-	292,264
<b>(Loss)/profit before taxation</b>		(159,179)	944,609
Tax on (loss)/profit	<b>11</b>	22,609	(117,412)
<b>(Loss)/profit for the financial year</b>		(136,570)	827,197
<b>Other comprehensive income</b>			
Revaluation of tangible fixed assets		147,629	-
Tax relating to other comprehensive income		(5,061)	-
<b>Total comprehensive income for the year</b>		5,998	827,197

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The Income Statement has been prepared on the basis that all operations are continuing operations.

**Stubbings Group Limited**

**Group statement of financial position  
As at 31 December 2017**

	Notes	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Goodwill	12		-		23,073
Tangible assets	13		1,669,063		1,427,138
Investment properties	14		3,579,300		3,579,300
			<u>5,248,363</u>		<u>5,029,511</u>
<b>Current assets</b>					
Stocks	18	175,807		189,683	
Debtors	19	2,392,633		1,470,502	
Cash at bank and in hand		385,526		681,929	
		<u>2,953,966</u>		<u>2,342,114</u>	
<b>Creditors: amounts falling due within one year</b>	20	(3,321,868)		(2,545,401)	
<b>Net current liabilities</b>			<u>(367,902)</u>		<u>(203,287)</u>
<b>Total assets less current liabilities</b>			4,880,461		4,826,224
<b>Creditors: amounts falling due after more than one year</b>	21		(65,787)		-
<b>Provisions for liabilities</b>	24		<u>(144,844)</u>		<u>(162,392)</u>
<b>Net assets</b>			<u>4,669,830</u>		<u>4,663,832</u>
<b>Capital and reserves</b>					
Called up share capital	26		4,204,361		4,204,361
Revaluation reserve			930,059		761,171
Profit and loss reserves			<u>(464,590)</u>		<u>(301,700)</u>
<b>Total equity</b>			<u>4,669,830</u>		<u>4,663,832</u>

The financial statements were approved by the board of directors and authorised for issue on 21 September 2018 and are signed on its behalf by:

  
Oliver Good  
Director

Stubbings Group Limited

Company statement of financial position  
As at 31 December 2017

	Notes	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	13		1,036,916		1,030,000
Investment properties	14		3,174,331		3,174,331
Investments	15		1,795,931		1,795,931
			<u>6,007,178</u>		<u>6,000,262</u>
<b>Current assets</b>					
Debtors	19	976,000		1,003,976	
Cash at bank and in hand		15,685		315,850	
		<u>991,685</u>		<u>1,319,826</u>	
<b>Creditors: amounts falling due within one year</b>	20	(486,507)		(819,635)	
<b>Net current assets</b>			<u>505,178</u>		<u>500,191</u>
<b>Total assets less current liabilities</b>			<u>6,512,356</u>		<u>6,500,453</u>
<b>Provisions for liabilities</b>	24		(119,348)		(145,668)
<b>Net assets</b>			<u><u>6,393,008</u></u>		<u><u>6,354,785</u></u>
<b>Capital and reserves</b>					
Called up share capital	26		4,204,361		4,204,361
Revaluation reserve			787,491		761,171
Profit and loss reserves			1,401,156		1,389,253
<b>Total equity</b>			<u><u>6,393,008</u></u>		<u><u>6,354,785</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £38,223 (2016: £553,401 profit).

The financial statements were approved by the board of directors and authorised for issue on 21 September 2018 and are signed on its behalf by:

  
Oliver Good  
Director

Company Registration No. 04971023

Stubbings Group Limited

Consolidated statement of changes in equity  
For the year ended 31 December 2017

	Share capital	Revaluation reserve	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
Notes	£	£	£	£	£	£
<b>Balance at 1 January 2016</b>	4,204,361	905,848	(1,212,507)	3,897,702	(61,067)	3,836,635
<b>Year ended 31 December 2016:</b>						
Profit and total comprehensive income for the year	-	-	827,197	827,197	-	827,197
Transfers	-	(144,677)	144,677	-	-	-
Acquisition of non-controlling interests	-	-	(61,067)	(61,067)	61,067	-
<b>Balance at 31 December 2016</b>	4,204,361	761,171	(301,700)	4,663,832	-	4,663,832
<b>Year ended 31 December 2017:</b>						
Loss for the year	-	-	(136,570)	(136,570)	-	(136,570)
Other comprehensive income:						
Revaluation of tangible fixed assets	-	147,629	-	147,629	-	147,629
Tax relating to other comprehensive income	-	(5,061)	-	(5,061)	-	(5,061)
Total comprehensive income for the year	-	142,568	(136,570)	5,998	-	5,998
Transfers	-	26,320	(26,320)	-	-	-
<b>Balance at 31 December 2017</b>	4,204,361	930,059	(464,590)	4,669,830	-	4,669,830

**Stubbings Group Limited**

**Company statement of changes in equity  
For the year ended 31 December 2017**

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 January 2016</b>	<u>4,204,361</u>	<u>905,848</u>	<u>691,175</u>	<u>5,801,384</u>
<b>Year ended 31 December 2016:</b>				
Profit and total comprehensive income for the year	-	-	553,401	553,401
Transfers	-	(144,677)	144,677	-
<b>Balance at 31 December 2016</b>	<u>4,204,361</u>	<u>761,171</u>	<u>1,389,253</u>	<u>6,354,785</u>
<b>Year ended 31 December 2017:</b>				
Profit and total comprehensive income for the year	-	-	38,223	38,223
Transfers	-	26,320	(26,320)	-
<b>Balance at 31 December 2017</b>	<u><u>4,204,361</u></u>	<u><u>787,491</u></u>	<u><u>1,401,156</u></u>	<u><u>6,393,008</u></u>

Stubbings Group Limited

Group statement of cash flows  
For the year ended 31 December 2017

	Notes	£	2017 £	£	2016 £
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	30		481,298		(687,519)
Interest paid			(22,984)		(51,705)
Income taxes paid			(150,445)		-
<b>Net cash inflow/(outflow) from operating activities</b>			307,869		(739,224)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(178,482)		(42,268)	
Proceeds on disposal of tangible fixed assets		25,442		1,274,275	
Interest received		231		1,124	
<b>Net cash (used in)/generated from investing activities</b>			(152,809)		1,233,131
<b>Financing activities</b>					
Repayment of bank loans		(550,000)		(600,000)	
Payment of finance leases obligations		98,537		(3,236)	
<b>Net cash used in financing activities</b>			(451,463)		(603,236)
<b>Net decrease in cash and cash equivalents</b>			(296,403)		(109,329)
Cash and cash equivalents at beginning of year			681,929		791,258
<b>Cash and cash equivalents at end of year</b>			385,526		681,929



## 1 Accounting policies

### Company information

Stubbings Group Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is Stubbings House, Henley Road, Maidenhead, Berkshire, SL6 6QL.

The group consists of Stubbings Group Limited and all of its subsidiaries.

### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available group financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the group financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

**1 Accounting policies (continued)**

**1.2 Basis of consolidation**

In the group company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The group financial statements incorporate those of Stubbings Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

**1.3 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.4 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

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**1 Accounting policies (continued)**

**1.5 Intangible fixed assets - goodwill**

Goodwill arising on the acquisition of subsidiary undertakings represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

**1.6 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Tangible fixed assets measured at valuation in the financial statements include properties owned and occupied by the company and its subsidiaries. These valuations are based on market valuations carried out by third party chartered surveyors. All other assets are measured at cost less depreciation.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land	Not depreciated
Freehold buildings	2 - 10% straight line
Plant and machinery	15 - 20% straight line
Fixtures, fittings & equipment	10 - 25% straight line
Motor vehicles	20 - 25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

**1.7 Investment properties**

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

**1 Accounting policies (continued)**

**1.8 Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.9 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

## 1 Accounting policies (continued)

### 1.10 Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting end date. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

### 1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

### 1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### ***Basic financial assets***

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

**1 Accounting policies (continued)**

***Other financial assets***

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**1 Accounting policies (continued)**

***Other financial liabilities***

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

**1.13 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

**1.14 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future. The deferred tax balance has not been discounted.

**1.15 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.16 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

## **1 Accounting policies (continued)**

### **1.17 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

### **1.18 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

## **2 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.



Notes to the financial statements (continued)  
For the year ended 31 December 2017

**3 Turnover and other revenue**

An analysis of the group's turnover is as follows:

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Contracting and fabrication	8,576,714	5,810,803
Retail and catering	1,234,275	1,267,936
Rental income	265,245	264,512
Agriculture income	6,650	5,769
	<u>10,082,884</u>	<u>7,349,020</u>

	2017 £	2016 £
<b>Other significant revenue</b>		
Interest income	231	1,124
	<u>231</u>	<u>1,124</u>

	2017 £	2016 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	<u>10,082,884</u>	<u>7,349,020</u>

**4 Company voluntary arrangement**

On 18 January 2016 the creditors and ultimate shareholders of Core Steel Limited, a wholly owned subsidiary of the group, approved a company voluntary arrangement ("CVA") proposed by the directors of the company. Following the approval of this arrangement, the Joint Supervisors established all claims and despatched payments in respect of valid claims at the rate set in the approved arrangement being 30 pence in the pound before administrators costs. The CVA was successfully completed on 8 September 2016.

Notes to the financial statements (continued)  
For the year ended 31 December 2017

**5 Operating loss**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	2,815	8,041
Depreciation of owned tangible fixed assets	60,311	63,823
Depreciation of tangible fixed assets held under finance leases	3,372	2,574
Profit on disposal of tangible fixed assets	(4,939)	(1,200)
Amortisation of intangible assets	23,073	67,407
Cost of stocks recognised as an expense	5,378,210	4,505,320
Operating lease charges	49,618	52,466
	<u>          </u>	<u>          </u>

**6 Auditor's remuneration**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	5,500	5,500
Audit of the financial statements of the company's subsidiaries	24,830	30,525
	<u>          </u>	<u>          </u>
	30,330	36,025
	<u>          </u>	<u>          </u>

**7 Employees**

The average monthly number of persons (including directors) employed by the group and company during the year was:

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Total	84	77
	<u>          </u>	<u>          </u>

Notes to the financial statements (continued)  
For the year ended 31 December 2017

**7 Employees (continued)**

Their aggregate remuneration comprised:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,778,183	1,655,027
Social security costs	138,183	106,742
Pension costs	31,722	28,139
	<u>1,948,088</u>	<u>1,789,908</u>

**8 Directors' remuneration**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	122,518	122,883
Company pension contributions to defined contribution schemes	5,263	4,400
	<u>127,781</u>	<u>127,283</u>

**9 Interest receivable and similar income**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	231	1,124
	<u>231</u>	<u>1,124</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	231	1,124
	<u>231</u>	<u>1,124</u>

**10 Interest payable and similar expenses**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	21,834	51,260
Interest on finance leases and hire purchase contracts	1,150	445
	<u>22,984</u>	<u>51,705</u>

Notes to the financial statements (continued)  
For the year ended 31 December 2017

11 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	150,445
<b>Deferred tax</b>		
Origination and reversal of timing differences	(22,609)	(33,033)
<b>Total tax (credit)/charge for the year</b>	<b>(22,609)</b>	<b>117,412</b>

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
(Loss)/profit before taxation	(159,179)	944,609
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(30,642)	188,922
Tax effect of expenses that are not deductible in determining taxable profit	1,001	3,094
Unutilised tax losses carried forward	35,604	-
Permanent capital allowances in excess of depreciation	(11,383)	3,269
Depreciation on assets not qualifying for tax allowances	978	1,003
Amortisation on assets not qualifying for tax allowances	4,442	13,481
Origination and reversal of timing differences	(22,609)	(33,033)
Company voluntary arrangement	-	(58,453)
Losses brought forward utilised	-	(871)
<b>Taxation (credit)/charge for the year</b>	<b>(22,609)</b>	<b>117,412</b>

Notes to the financial statements (continued)  
For the year ended 31 December 2017

**11 Taxation (continued)**

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2017 £	2016 £
Deferred tax arising on:		
Revaluation of property	5,061	-
	<u>5,061</u>	<u>-</u>

As at 31 December 2017, the group had tax losses of £1,354,645 (2016: £1,191,905) available to carry forward against future taxable profits. No deferred tax has been provided on these losses on the basis that it is not probable that they will be recovered against future foreseeable taxable profits.

**12 Intangible fixed assets**

Group	Goodwill £
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	633,564
<b>Amortisation and impairment</b>	
At 1 January 2017	610,491
Amortisation charged for the year	23,073
At 31 December 2017	633,564
<b>Carrying amount</b>	
At 31 December 2017	-
At 31 December 2016	23,073

Stubbings Group Limited

Notes to the financial statements (continued)  
For the year ended 31 December 2017

13 Tangible fixed assets

Group	Freehold land	Freehold buildings	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1 January 2017	1,030,000	384,176	312,942	150,243	164,166	2,041,527
Additions	6,916	-	171,566	-	-	178,482
Disposals	-	-	(91,634)	-	-	(91,634)
Revaluation	-	147,629	-	-	-	147,629
At 31 December 2017	1,036,916	531,805	392,874	150,243	164,166	2,276,004
<b>Depreciation and impairment</b>						
At 1 January 2017	-	126,725	310,657	83,618	93,389	614,389
Depreciation charged in the year	-	5,080	53,992	2,037	2,574	63,683
Eliminated in respect of disposals	-	-	(71,131)	-	-	(71,131)
At 31 December 2017	-	131,805	293,518	85,655	95,963	606,941
<b>Carrying amount</b>						
At 31 December 2017	1,036,916	400,000	99,356	64,588	68,203	1,669,063
At 31 December 2016	1,030,000	257,451	2,285	66,625	70,777	1,427,138

Notes to the financial statements (continued)  
For the year ended 31 December 2017

13 Tangible fixed assets (continued)

Company	Freehold land £	Fixtures, fittings & equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2017	1,030,000	31,305	1,061,305
Additions	6,916	-	6,916
At 31 December 2017	1,036,916	31,305	1,068,221
<b>Depreciation and impairment</b>			
At 1 January 2017 and 31 December 2017	-	31,305	31,305
<b>Carrying amount</b>			
At 31 December 2017	1,036,916	-	1,036,916
At 31 December 2016	1,030,000	-	1,030,000

The carrying value of land included in land and buildings:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Freehold	1,036,916	1,030,000	1,036,916	1,030,000

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Plant and machinery	97,793	4,719	-	-
Depreciation charge for the year in respect of leased assets	3,372	2,574	-	-

Notes to the financial statements (continued)  
For the year ended 31 December 2017

**13 Tangible fixed assets (continued)**

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cost	481,389	481,389	228,889	228,889
Accumulated depreciation	(48,937)	(44,887)	-	-
Carrying value	<u>432,452</u>	<u>436,502</u>	<u>228,889</u>	<u>228,889</u>

The fair value of land and buildings owned by the parent company has been arrived at on the basis of a valuation carried out at 20 November 2013 by Carter Jonas Chartered Surveyors, who are not connected with the company. In the directors opinion this valuation is still considered representative of fair value as at 31 December 2017.

The fair value of the land and buildings owned by the company's subsidiary, Scorpion Engineering Construction Limited, has been arrived at on the basis of a valuation carried out at 11 December 2017 by Haslams Chartered Surveyors, who are not connected with the company. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The previous accounting policy was to carry the freehold property at cost net of depreciation. The directors have now adopted the valuation model, as permitted by FRS 102, and will apply this model for future periods.

**14 Investment property**

	<b>Group</b>	<b>Company</b>
	<b>2017</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Fair value</b>		
At 1 January 2017 and 31 December 2017	<u>3,579,300</u>	<u>3,174,331</u>

Investment property comprises buildings let to third party tenants. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 20 November 2013 by Carter Jonas Chartered Surveyors, who are not connected with the company. In the directors opinion this valuation is still considered representative of fair value as at 31 December 2017. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.



Notes to the financial statements (continued)  
For the year ended 31 December 2017

15 Fixed asset investments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Unlisted investments	-	-	1,795,931	1,795,931

Movements in fixed asset investments

Company

Investments  
other than  
loans  
£

Cost or valuation

At 1 January 2017 and 31 December 2017

1,795,931

Carrying amount

At 31 December 2017

1,795,931

At 31 December 2016

1,795,931

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**16 Subsidiaries**

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Core Steel Limited (formerly known as D & D Construction (Ringmer) Limited)	Brunel Court, Elcot Lane, Marlborough, England, SN8 2AZ	Structural steel fabricators	Ordinary		100.00
Scorpion Engineering Construction Limited	Brunel Court, Elcot Lane, Marlborough, Wiltshire, SN8 2AZ	Structural engineers	Ordinary	100.00	
Stubbings Nursery Limited	Stubbings House, Henley Road, Maidenhead, Berkshire, SL6 6QL	Garden nursery and cafe	Ordinary	100.00	
D & D Construction Ringmer Limited	Brunel Court, Elcot Lane, Marlborough, England, SN8 2AZ	Specialised construction activities	Ordinary		100.00

**17 Financial instruments**

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	676,880	1,261,618	973,614	1,001,343
Equity instruments measured at cost less impairment	-	-	1,795,931	1,795,931
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	3,259,150	2,222,431	471,648	645,354
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Notes to the financial statements (continued)  
For the year ended 31 December 2017

18 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Raw materials	-	9,975	-	-
Goods for resale	175,807	179,708	-	-
	<u>175,807</u>	<u>189,683</u>	<u>-</u>	<u>-</u>

19 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
<b>Amounts falling due within one year:</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	753,895	793,010	21,967	19,494
Gross amounts due from contract customers	1,494,181	173,684	-	-
Amounts owed by group undertakings	2,211	-	951,647	541,069
Other debtors	84,268	474,113	-	440,780
Prepayments and accrued income	58,078	29,695	2,386	2,633
	<u>2,392,633</u>	<u>1,470,502</u>	<u>976,000</u>	<u>1,003,976</u>

20 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	22	-	550,000	-	-
Obligations under finance leases	23	36,257	3,507	-	-
Trade creditors		1,665,032	781,622	19,742	18,378
Amounts due to group undertakings		2,211	-	-	125,667
Corporation tax payable		-	150,445	-	150,445
Other taxation and social security		128,505	172,525	14,859	23,836
Other creditors		440,827	511,541	417,387	492,311
Accruals and deferred income		1,049,036	375,761	34,519	8,998
		<u>3,321,868</u>	<u>2,545,401</u>	<u>486,507</u>	<u>819,635</u>

Notes to the financial statements (continued)  
For the year ended 31 December 2017

**21 Creditors: amounts falling due after more than one year**

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Obligations under finance leases	23	65,787	-	-	-
		<u>65,787</u>	<u>-</u>	<u>-</u>	<u>-</u>

**22 Loans and overdrafts**

		Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans		-	550,000	-	-
		<u>-</u>	<u>550,000</u>	<u>-</u>	<u>-</u>
Payable within one year		-	550,000	-	-
		<u>-</u>	<u>550,000</u>	<u>-</u>	<u>-</u>

The bank loan was secured on land and property, Stubbings Estate. The loans bore interest at 3.25% above the bank's base rate. The capital balance was repaid in full on 21 September 2017.

**23 Finance lease obligations**

	Group 2017 £	2016 £	Company 2017 £	2016 £
Future minimum lease payments due under finance leases:				
Within one year	36,257	3,507	-	-
In two to five years	65,787	-	-	-
	<u>102,044</u>	<u>3,507</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the group for motor vehicles under hire purchase agreements. The liability is secured against the assets to which it relates.

Notes to the financial statements (continued)  
For the year ended 31 December 2017

**24 Deferred taxation**

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Liabilities 2017 £</b>	<b>Liabilities 2016 £</b>
<b>Group</b>		
Accelerated capital allowances	20,435	16,724
Revaluations	5,061	-
Investment property	119,348	145,668
	<u>144,844</u>	<u>162,392</u>
	<b>Liabilities 2017 £</b>	<b>Liabilities 2016 £</b>
<b>Company</b>		
Investment property	119,348	145,668
	<u>119,348</u>	<u>145,668</u>
	<b>Group 2017 £</b>	<b>Company 2017 £</b>
<b>Movements in the year:</b>		
Liability at 1 January 2017	162,392	145,668
Credit to profit and loss	(22,609)	(26,320)
Charge to other comprehensive income	5,061	-
	<u>144,844</u>	<u>119,348</u>
Liability at 31 December 2017	<u>144,844</u>	<u>119,348</u>

The rate at which deferred tax is calculated is 17.00% (2016: 20%).

No reversal is anticipated of accelerated capital allowances as the rate at which capital allowances arise exceeds the rate of depreciation that is applied to fixed assets.

Notes to the financial statements (continued)  
For the year ended 31 December 2017

**25 Retirement benefit schemes**

	2017	2016
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	31,722	28,139
	<u>31,722</u>	<u>28,139</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

**26 Share capital**

	Group and company	
	2017	2016
Ordinary share capital	£	£
Issued and fully paid		
4,204,361 ordinary shares of £1 each	4,204,361	4,204,361
	<u>4,204,361</u>	<u>4,204,361</u>

Each ordinary share entitles the holder to equal voting and dividend rights.

**27 Operating lease commitments**

**Lessee**

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	70,555	204,111	-	-
Between two and five years	144,313	267,936	-	-
	<u>214,868</u>	<u>472,047</u>	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)  
For the year ended 31 December 2017

**27 Operating lease commitments (continued)**

**Lessor**

The operating leases represent leases of commercial unit to a third party. The lease is negotiated over terms of 2 years and rentals are fixed for this period.

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Within one year	147,167	172,005	138,537	148,306
Between two and five years	55,952	128,063	55,952	123,131
	<u>203,119</u>	<u>300,068</u>	<u>194,489</u>	<u>271,437</u>

**28 Related party transactions**

**Remuneration of key management personnel**

The remuneration of key management personnel is as follows.

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Aggregate compensation	<u>122,518</u>	<u>122,883</u>

**28 Related party transactions (continued)**

**Transactions with related parties**

The company and the group have taken advantage of the exemption in FRS 102 Section 33.1A from the requirement to disclose transactions with wholly owned group companies.

Included within other creditors at the year end is an amount of £44,778 (2016 - £72,696) due to D J Good Trust. Dudley Good is a trustee of D J Good Trust and a director of Stubbings Group Limited. This balance arose in previous years when Stubbings Group Limited managed property on behalf of the trust.

Included within other creditors at the year end is an amount of £44,778 (2016 - £72,696) due to J R Good Trust. Janine Good is a trustee of J R Good Trust and a director of Stubbings Group Limited. This balance arose in previous years when Stubbings Group Limited managed property on behalf of the trust.

Stubbings Group Limited recharged costs of £9 (2016 - £nil) to a related company, Thames Valley Productions Limited. Included within other debtors at the year end is an amount of £40,789 (2016 - £40,780) due from Thames Valley Productions Limited.

Stubbings Nursery Limited recharged costs of £2,767 (2016 - £1,080) to a related company, Thames Valley Productions Limited. Included within other debtors at the year end is an amount of £21,733 (2016 - £18,966) due from Thames Valley Productions Limited.

The directors incurred costs of £nil (2016 - £nil) on behalf of Stubbings Nursery Limited, which was recharged through the directors' loan accounts. Included within other creditors at the year end is an amount of £721 (2016 - £721) due from the Stubbings Nursery Limited to the directors.

**29 Directors' transactions**

During the year Dudley Good, a director and shareholder of the company, provided an additional non-interest bearing loan of £100,000 to the company. The balance outstanding at the balance sheet date is £200,000 (2016: £100,000). The loan is unsecured and repayable on demand.

During the year the company partially repaid a loan from D J Good Trust, a trust in which Dudley and Janine Good are trustees. The balance outstanding on this loan at the year end is £116,250 (2016: £210,000). The loan is unsecured, repayable on demand and bears interest at a rate of 5%.



**Stubbings Group Limited**

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2017**

**30 Cash generated from group operations**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
(Loss)/profit for the year after tax	(136,570)	827,197
Adjustments for:		
Taxation (credited)/charged	(22,609)	117,412
Finance costs	22,984	51,705
Investment income	(231)	(1,124)
Gain on disposal of tangible fixed assets	(4,939)	(1,200)
Fair value gains and losses on foreign exchange contracts and investment properties	-	(1,042,275)
Amortisation and impairment of intangible assets	23,073	67,407
Depreciation and impairment of tangible fixed assets	63,683	66,397
Other gains and losses	-	100
Movements in working capital:		
Decrease in stocks	13,876	26,007
(Increase) in debtors	(922,129)	(36,775)
Increase/(decrease) in creditors	1,444,160	(762,370)
<b>Cash generated from/(absorbed by) operations</b>	<b>481,298</b>	<b>(687,519)</b>