Davidsons Developments Limited

Annual Report and Financial Statements

for the year ended 31 December 2015

FRIDAY

A5A9ZBVL

A19 01/07/2016 #237

COMPANIES HOUSE

Davidsons Developments Limited

Annual Report and Financial Statements

for the year ended 31 December 2015

	Page
Officers and professional advisors	1
Strategic report for the year ended 31 December 2015	2
Directors' report for the year ended 31 December 2015	3
Independent auditors' report to the members of Davidsons Developments Ltd	6
Profit and loss account for the year ended 31 December 2015	8
Balance sheet as at 31 December 2015	9
Statement of changes in equity	10
Notes to the financial statements for the year ended 31 December 2015	11

Davidsons Developments Limited

Officers and professional advisors

Company registration number	4346861
Registered office	c/o Fishers Solicitors 4 - 8 Kilwardby Street Ashby de la Zouch Leicestershire LE65 2FU
Directors	DW Wilson JD Wilson GM Brown AG Silber GH Locke
Secretary	GM Brown
Bankers	Lloyds Bank PLC 7 High Street Leicester LE1 9FS
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Donington Court Pegasus Business Park Herald Way East Midlands DE74 2UZ
Solicitors	Fishers Solicitors 4 – 8 Kilwardby Street Ashby de la Zouch Leicestershire LE65 2FU

Strategic report for the year ended 31 December 2015

The directors present their strategic report and the audited financial statements of the Company for the year ended 31 December 2015.

Principal activities

The Company is a housing developer and commercial property developer and promotes strategic land for development nationally under the trading name of Davidsons Homes with a registered website of www.davidsonsgroup.co.uk .

Business review

The Company sold 280 new homes in the year to December 2015 (year to December 2014: 253 homes) including 42 social houses (year to December 2014: 49) and operated from 11 sites on average during the year (year to 31 December 2014: 9). The majority of these sites are in the East Midlands with the exception of one site in Peterborough. In addition, we operate on one commercial site at Northampton.

The Company continues to expand and has had success in the year with its strategic land portfolio. We continue to expand our physical area of activity further south from our Leicestershire base.

Principal risks and uncertainties

The principal risks faced by Davidsons Developments Limited are the availability of land, obtaining planning permissions, sourcing building materials and the availability of funding for house buyers.

Financial and non-financial key performance indicators

The business uses a variety of KPIs to help monitor performance. In particular it monitors the movement in the sales rate per site, construction activity, active sites, unsold plots, payroll, sales incentives and sales price per square foot. The company also monitors health and safety statistics and investigates any trends arising.

On behalf of the Board



J D Wilson
Director
20 April 2016

Directors' report for the year ended 31 December 2015

The directors present their report and the audited financial statements for the year ended 31 December 2015.

Results and dividends

The profit for the year amounted to £11,602,000 (year ended December 2014: £8,439,000). The directors approved an interim dividend of £4,222,000, equivalent to £0.51 per share (year ended 31 December 2014: £2,051,000 equivalent to £0.25 per share) which was paid 31 July 2015. The directors have not recommended a final dividend for year ending 31 December 2015 (year ended 31 December 2014: £nil).

Financial risk management

The Company uses various financial instruments to manage the financial risk in the Company. These include loans, cash, trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

Interest rate risk

The Company finances its operations through a mixture of retained profits, hire purchase and finance lease agreements and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Liquidity risk

The Company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet the foreseeable needs of the Company and to invest cash assets safely and profitably.

The Directors review the company's cash projections on a regular basis to ensure the business has adequate liquidity and working capital.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

D W Wilson (Chairman)
J D Wilson
G M Brown
A G Silber
G H Locke (appointed 1 January 2016)

Directors' and Officers' liability insurance has been maintained throughout the year in respect of the directors by the parent company.

Future Developments

A review of the business and an indication of likely future developments are included in the strategic report.

Directors' report for the year ended 31 December 2015 (continued)

Employees

The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status.

The group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. In the event of an employee becoming disabled every effort is made to ensure that their employment with the Company continues, that appropriate training is arranged and any reasonable adjustments are made to their working environment.

It is the policy of the Company that training, career development and promotion opportunities should be available to all employees.

The Company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Company.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- confirm that as far as they are aware, there is no relevant audit information of which the company's auditor is unaware.
- confirm they have taken all the steps they ought to take as a director to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors confirm they have complied with all the above requirements in preparing the financial statements.

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.

Directors' report for the year ended 31 December 2015 (continued)

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office, and will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies act 2006.

On behalf of the Board,



JD Wilson
Director
20 April 2016

Independent auditors' report to the members of Davidsons Developments Ltd

Our opinion

In our opinion, Davidsons Developments Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2015;
- the Profit and loss account for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Davidsons Developments Ltd (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4 and 5, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements 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.



Paul Norbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

27 April 2016

Financial statements for the year ended 31 December 2015

Profit and loss account

	Note	Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
Turnover	5	**86,642**	59,777
Cost of sales		**(64,235)**	(42,765)
Gross profit		**22,407**	17,012
Administrative expenses		**(7,292)**	(5,824)
Operating profit	6	**15,115**	11,188
Interest receivable and similar income		**9**	8
Interest payable and similar charges	8	**(549)**	(416)
Profit on ordinary activities before tax		**14,575**	10,780
Tax on profit on ordinary activities	9	**(2,973)**	(2,341)
Profit for the year		**11,602**	8,439

All of the activities of the Company are classed as continuing for both years.

There are no material differences between the profit on ordinary activities before tax and the profit for the year as state above and their historical cost equivalents.

The company has no recognised gains or losses other than the results of the financial years as set out above.

There are no separate items that would be reported under a Statement of Comprehensive Income and so no statement of Comprehensive Income has been included in these financial statements.

The accompanying notes on pages 11 and 30 form part of these financial statements.

Balance sheet

	Note	As at 31 December 2015 £000	As at 31 December 2014 £000
Fixed assets			
Intangible assets	10	**21**	16
Tangible assets	11	**2,234**	2,216
Investments	12	**-**	-
		2,255	2,232
Current Assets			
Stock	13	**102,475**	69,439
Debtors: amounts falling due within one year	14	**21,368**	12,839
Debtors: amounts falling due after more than one year	14	**700**	20,758
Cash at bank and in hand		**6,127**	3,598
		130,670	106,634
Creditors: amounts falling due within one year	15	**(25,206)**	(19,780)
Net current assets		**105,464**	86,854
Total assets less current liabilities		**107,719**	89,086
Creditors: amounts falling due after one year	15	**(11,254)**	-
Net assets		**96,465**	89,086
Capital and reserves			
Called-up share capital	20	**73,500**	73,500
Profit and loss account	21	**22,965**	15,586
Total shareholders' funds		**96,465**	89,086

These financial statements were approved by the directors on 20 April 2016 and are signed on their behalf by: -



J D Wilson

The accompanying notes on pages 11 to 30 form part of these financial statements.

Statement of changes in equity

	Called up share capital	Retained earnings	Total Equity
	£000	£000	£000
Balance as at 1 January 2014	**73,500**	**9,197**	**82,697**
Profit for the year	-	8,439	8,439
Dividends	-	(2,051)	(2,051)
Balance as at 31 December 2014	**73,500**	**15,585**	**89,085**
Profit for the year	-	11,602	11,602
Dividends	-	(4,222)	(4,222)
Balance as at 31 December 2015	**73,500**	**22,965**	**96,465**

Notes to the financial statements for the year ended 31 December 2015

1. General information

Davidsons Developments Ltd develop residential and commercial property in the Midlands and promotes strategic land nationally.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 4-8 Kilwardby Street, Ashby de la Zouch, Leicestershire.

2. Statement of Compliance

The individual financial statements of Davidsons Developments Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 25.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by certain financial assets and liabilities measured at fair value through profit and loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going Concern

The company meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty over (a) the level of demand for the company's products; and (b) the availability of bank finance for the foreseeable future. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

Notes to the financial statements for the year ended 31 December 2015 (continued)

3. Summary of significant accounting policies (continued)

Consolidated financial statements

The Company is a wholly-owned subsidiary of Beacon Hill Group 2010 Limited. It is included in the consolidated financial statements of Beacon Hill Group 2010 Limited which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

Statement of cash flows

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Beacon Hill Group 2010 Limited, includes the company's cash flows in its own consolidated financial statements.

Turnover recognition

The company recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control of the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that the future economic benefits will flow to the entity.

Turnover on residential properties, commercial properties and land is recognised at completion when legal title is transferred. Turnover on residential properties excludes the sale of properties accepted in part exchange, whereby the net profits or losses arising on the sale of part exchange properties are dealt with in cost of sales.

Turnover arising from shared equity contracts is recognised on completion; the element relating to deferred equity is recorded on the balance sheet discounted at an appropriate cost of capital over the term of the contract and is repayable at the earlier subsequent sale of the property or on the 10th anniversary of the sale.

Turnover on construction contracts is recognised by reference to the stage of completion of the contract activity at the end of the reporting period.

Intangible Assets

Computer software is stated at cost less accumulated amortisation. Software is amortised over its useful life of three years on a straight line basis.

Tangible assets

Tangible assets are stated at historic purchase cost less accumulated depreciation.

Notes to the financial statements for the year ended 31 December 2015 (continued)

3. Summary of significant accounting policies (continued)

Depreciation

Land is not depreciated. Depreciation on all other assets is calculated, using the straight line method, to allocate the cost to their residual values over their estimated useful lives, as follows:

Freehold buildings	-	50 years
Freehold improvements	-	5-10 years
Plant & Machinery	-	4 years
Fixtures & Fittings	-	4 years
Motor Vehicles	-	4 years
Computers	-	3 years

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less any appropriate provision for impairment.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related turnover is recognised.

At the end of each reporting period stocks are assessed for impairment. If an item of stock is impaired, it is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity and is valued at the lower of cost and net realisable value. Provision is made for any foreseeable losses where appropriate.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessors are charged against profits on a straight line basis over the period of the lease.

Pension costs

The Company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the Company in independently administered funds. The annual contributions payable are charged to the profit and loss account, amounts not paid are shown in other taxation and social security in the balance sheet.

Notes to the financial statements for the year ended 31 December 2015 (continued)

3. Summary of significant accounting policies (continued)

Tax

UK corporation tax is provided at amounts expected to be paid using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are only recognised when it is considered more likely than not that there will be sufficient taxable profits from which the future reversal of underlying timing differences can be deducted.

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument those financial instruments are classed as financial liabilities.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to profit and loss reserves.

Land Creditors

Land creditors on extended terms are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs.

Notes to the financial statements for the year ended 31 December 2015 (continued)

4. Critical accounting judgements and estimation uncertainty

Critical judgements in applying the entity's accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Useful economic lives of tangible assets
The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values as re-assessed annually. See note 11 for the carrying amount of property, plant and equipment, and note 3 for the useful economic lives of each class of asset.

Stock provisioning
The company develops residential property and is therefore subject to underlying demand for new housing in the areas that it operates. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When considering the stock provision, management considers the nature and condition of stock, as well as applying assumptions around the saleability of completed properties. See note 13 for the net carrying amount of stock.

Impairment of debtors
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

Notes to the financial statements for the year ended 31 December 2015 (continued)

5. Turnover

Turnover is attributable to the principal activities of the Company and all arises in the UK:

	Year ended 31 December 2015	Year ended 31 December 2014
	£000	£000
House building	**84,055**	**56,933**
Land sales	**2,177**	**2,387**
Other sales	**410**	**457**
	86,642	**59,777**

6. Operating profit

Operating profit is stated after charging:

	Year ended 31 December 2015	Year ended 31 December 2014
	£000	£000
Depreciation of tangible assets (see note 11)	**131**	**86**
Amortisation of intangible assets (see note 10)	**11**	**5**
Operating lease costs: Plant and equipment	**18**	**8**
Services provided by the Company's auditors - fees payable for the audit	**39**	**29**

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditor for 'Other services' as this information is included in the consolidated financial statements of Beacon Hill Group 2010 Ltd.

Notes to the financial statements for the year ended 31 December 2015 (continued)

7. Employees and directors

Employees

The average number of staff employed by the Company (including executive directors') during the year were:

	Year ended 31 December 2015	Year ended 31 December 2014
	No.	No.
Number of production and selling staff	**67**	52
Number of management and administration staff	**52**	41
	119	93

The aggregate payroll costs of the above were:

	Year ended 31 December 2015	Year ended 31 December 2014
	£000	£000
Wages and salaries	**5,704**	4,006
Social security costs	**597**	447
Other pension costs (note 23)	**199**	151
	6,500	4,604

Directors emoluments

In the current and prior year, directors' remuneration was paid through the Company's parent company, Beacon Hill Group 2010 Limited. The Company has received a recharge in respect of directors' services of £297,500 for the year ended 31 December 2014 (year ended December 2014: £200,000).

Notes to the financial statements for the year ended 31 December 2015 (continued)

8. Interest payable and similar charges

	Year ended 31 December 2015	Year ended 31 December 2014
	£000	£000
Interest payable on bank borrowings	**63**	250
Imputed interest on land purchase creditors	**171**	-
Other similar charges payable	**315**	166
	549	416

9. Tax on profit on ordinary activities

	Year ended 31 December 2015	Year ended 31 December 2014
	£000	£000
Analysis of charge in the year		
Current tax:		
UK corporation tax based on the results for the year at 20.25% (year ended 31 December 2014 21.5%)	**2,986**	2,319
Adjustment in respect of previous periods	**(1)**	-
Total current tax	**2,985**	2,319
Origination and reversal of timing differences	**(17)**	24
Adjustment in respect of previous periods	**(2)**	-
Effect of changes in tax rates	**7**	(2)
Total deferred tax (credit) / charge	**(12)**	22
Tax on profit on ordinary activities	**2,973**	2,341

Notes to the financial statements for the year ended 31 December 2015 (continued)

9. Tax on profit on ordinary activities (continued)

The tax assessed for the year is higher (year ended 31 December 2014: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (year ended 31 December 2014: 21.5%). The differences are explained below:

	Year ended 31 December 2015	Year ended 31 December 2014
	£000	£000
Profit on ordinary activities before tax	**14,575**	10,780
Profit on ordinary activities multiplied by the standard rate of tax in the UK of 20.25% (year ended 31 December 2014: 21.5%)	**2,951**	2,317
Expenses not deductible for tax purposes	**17**	26
Adjustments in respect of previous periods	**(2)**	-
Tax rate changes	**7**	(2)
Total tax charge for the year	**2,973**	2,341

Factors affecting the future tax charge

The standard rate of UK corporation tax in the year changed from 21% to 20% with effect from 1 April 2015. UK deferred tax is therefore recognised at the reduced rate of 20%.

Notes to the financial statements for the year ended 31 December 2015 (continued)

10. Intangible assets

	Software £000
Cost	
At 1 January 2015	22
Additions	16
At 31 December 2015	**38**
Depreciation	
At 1 January 2015	6
Charge for the period	11
At 31 December 2015	**17**
Net book value	
At 31 December 2015	**21**
At 31 December 2014	**16**

Notes to the financial statements for the year ended 31 December 2015 (continued)

11. Tangible assets

	Freehold property	Plant machinery & Motor vehicle	Fixtures fittings & computers	Total
	£000	£000	£000	£000
Cost				
At 1 January 2015	2,209	166	356	2,731
Additions	-	127	22	149
At 31 December 2015	**2,209**	**293**	**378**	**2,880**
Depreciation				
At 1 January 2015	161	50	304	515
Charge for the period	45	54	32	131
At 31 December 2015	**206**	**104**	**336**	**646**
Net book value				
At 31 December 2015	**2,003**	**189**	**42**	**2,234**
At 31 December 2014	2,048	116	52	2,216

12. Investments

As at 31 December 2015 and at 31 December 2014, the Company has the following wholly owned subsidiary undertakings:

	Country of Incorporation	Holding	Nature of business
Davidsons Group Limited	England	Ordinary Shares	Dormant
Davidsons Homes Limited	England	Ordinary Shares	Dormant
Davidsons Land Limited	England	Ordinary Shares	Dormant
Davidsons Properties Limited	England	Ordinary Shares	Dormant
Davidsons Estates Limited	England	Ordinary Shares	Dormant
Go Plant Construction Equipment Limited (formerly Davidsons Developments Midlands Limited)	England	Ordinary Shares	Plant Hire

The cost of these investments as at 31 December 2015 and 31 December 2014 was £100 per company, except Davidsons Estates Limited that cost £2.

Notes to the financial statements for the year ended 31 December 2015 (continued)

13. Stock

	31 December 2015	31 December 2014
	£000	£000
Work in progress	**36,409**	30,260
Land	**66,066**	39,179
	102,475	69,439

There is no significant difference between the replacement cost of work in progress and its carrying amount.

14. Debtors

Debtors : amounts falling due within one year

	31 December 2015	31 December 2014
	£000	£000
Trade debtors	**1,349**	575
Amounts owed by group undertakings	**17,802**	11,377
Amounts owed by related parties	**835**	189
Deferred tax (see note 17)	**58**	46
Other debtors	**1,019**	501
Prepayment and accrued income	**305**	151
	21,368	12,839

Notes to the financial statements for the year ended 31 December 2015 (continued)

14. Debtors (continued)

Debtors : amounts falling due after more than one year

	31 December 2015	31 December 2014
	£000	£000
Amounts owed by group undertakings	**-**	20,000
Other debtors	**700**	758
	700	20,758

The amounts owed by group undertakings in the prior year were not repayable before 1 February 2016 and were unsecured and interest free.

15. Creditors

Creditors: amounts falling due within one year	31 December 2015	31 December 2014
	£000	£000
Bank loans and overdrafts	**-**	8,000
Trade creditors	**8,920**	4,758
Amounts owed to group undertakings	**354**	338
Amounts owed to related parties	**-**	2,356
Other taxation and social security	**438**	228
Corporation tax	**1,363**	1,256
Land purchase creditors	**10,596**	605
Other creditors	**466**	507
Accruals and deferred income	**3,069**	1,732
	25,206	19,780

Bank loans and overdrafts are secured by a debenture over the assets and bear interest at 2.05% over LIBOR and 2.25% over bank base rate (year ended 31 December 2014: 2.05% over LIBOR and 2.25% over bank base rate).

Notes to the financial statements for the year ended 31 December 2015 (continued)

15. Creditors (continued)

Revolver Loan

The company's financing facility includes a revolving credit facility of £30,000,000 to cover working capital and liquidity commitments. Interest is charged at 1.95% (2014: 2.05%) over LIBOR on the drawn down amount. A commitment fee of 0.78% (2014: 1.02%) is charged on the undrawn amount.

Creditors : amounts falling due after more than one year

	31 December 2015	31 December 2014
	£000	£000
Amounts falling due between one and five years		
Land purchase creditors	**11,254**	-
	11,254	-

Land purchase creditors of £21.7m are secured by legal charges against land assets. Land purchase creditors of £3.7m are due in more than 1 year but not more than 2 years and £7.6m are due to more than 2 years but not more than 5 years.

16. Financial Instruments

	Note	December 2015	December 2014
		£000	£000
Financial assets at fair value through profit or loss		**-**	-
Financial assets that are debt instruments measured at amortised cost			
Trade debtors		**1,349**	575
Amounts owed by group undertakings		**17,802**	31,377
Amounts owed by related parties		**835**	189
Other debtors		**1,719**	1,259
		21,705	33,400
Financial assets that are equity instruments measured at cost less impairment		**-**	-

Notes to the financial statements for the year ended 31 December 2015 (continued)

16. Financial Instruments (continued)

	Note	December 2015 £000	December 2014 £000
Financial liabilities measured at fair value through profit or loss		-	-
Financial liabilities measured at amortised cost			
Bank loans and overdrafts		-	8,000
Trade creditors		**8,920**	4,758
Amounts owed to group undertaking		**354**	338
Amounts owed to related parties		-	2,356
Land purchase creditors		**21,850**	605
Other creditors		**466**	507
		31,590	16,564

17. Provisions for other liabilities

The company's provision for deferred tax consists of the tax effect of timing differences in respect of:

Provisions for deferred tax.

	31 December 2015 Provided £000	Unprovided £000	31 December 2014 Provided £000	Unprovided £000
Excess of depreciation over tax allowances on fixed assets	**53**	-	41	-
Short term timing differences	**5**	-	5	-
Deferred tax asset	**58**	-	46	-

Notes to the financial statements for the year ended 31 December 2015 (continued)

17. Provisions for other liabilities (continued)

Deferred tax	£000
Deferred tax asset as at 1 January 2015	46
Credit to the profit and loss account (note 9)	12
Deferred tax asset as at 31 December 2015 (note 14)	58

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset and therefore the asset has been recognised in these financial statements.

18. Commitments under operating leases

The Company had annual commitments under non-cancellable operating leases expiring as follows:

	31 December 2015	**31 December 2015**	31 December 2014	31 December 2014
	Land and buildings	**Other items**	Land and buildings	Other items
	£000	**£000**	£000	£000
Within 1 year	**-**	**22**	-	9
Within 2 to 5 years	**-**	**34**	-	12
	-	**56**	-	21

19. Related Party Transactions

As a wholly owned subsidiary of Beacon Hill Group 2010 Limited, the Company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Beacon Hill Group 2010 Limited on the grounds that the financial statements are publically available from Companies House (note 20).

At 31 December 2015, there was an amount of £939 (December 2014: £1,499,788 was due to Wilson Enterprises for payments made on account) due from Wilson Enterprises Limited for work performed by Davidsons Developments Limited. At 31 December 2015, there was an amount of £17,368 (December 2014: £18,725) included within other debtors in relation to work performed on behalf of Wilson Enterprises Limited which was yet to be recharged. Amounts recharged for work performed by Davidsons Developments Limited on behalf of Wilson Enterprises Limited in the year totalled £280,590 (December 2014: £1,366,297). D W Wilson is a shareholder of Wilson Enterprises Limited.

At 31 December 2015, there was an amount of £514,807 (December 2014: £187,592) due from Westernrange Limited for work performed by Davidsons Developments Limited.

Notes to the financial statements for the year ended 31 December 2015 (continued)

19. Related Party Transactions (continued)

At 31 December 2015, there was an amount of £1,204 (December 2014: £1,655) included in debtors in relation to work performed on behalf of Westernrange which was yet to be recharged at the year end. Amounts recharged in the period totalled £2,852,596 (December 2014: £188,390). J D Wilson is a 25% shareholder in Westernrange.

During the year the company sold 7 completed residential properties amounting to £2,855,000 to Wilson Family Trusts on a sale and leaseback arrangement. The company made rental payments of £106,000 to the Wilson Family Trusts for these properties in the year. There are no amounts outstanding at 31 December 2015.

During the year the company paid £211,912 to sign 2 land option agreements with two Wilson Family partnerships. The option agreements give the company the option to purchase land owned by Wilson Family partnerships at a future date.

20. Share capital

Allotted, called up and fully paid:

	31 December 2015		31 December 2014	
	No	**£000**	No	£000
4,200,000 Ordinary 'A' shares of £1 each	**4,200,000**	**£4,200**	4,200,000	£4,200
2,000,000 Ordinary 'C' shares of £1 each	**2,000,000**	**£2,000**	2,000,000	£2,000
2,000,000 Ordinary 'D' shares of £1 each	**2,000,000**	**£2,000**	2,000,000	£2,000
65,300,000 Redeemable Preference shares of £1 each	**65,300,000**	**£65,300**	65,300,000	£65,300
	73,500,000	**£73,500**	73,500,000	£73,500

The 'A', 'C' and 'D' ordinary shares rank pari passu with regards to dividend and voting rights. On a winding up of the Company or other return of capital the order of priority after the redeemable preference shares is first the 'C' ordinary shares, then the 'D' ordinary shares and finally the 'A' ordinary shares.

The redeemable preference shareholders have no rights to dividend income and are redeemable at the option of the Company not the holder.

Notes to the financial statements for the year ended 31 December 2015 (continued)

21. Profit and loss account

	31 December 2015	31 December 2014
	£000	£000
Balance brought forward	**15,585**	9,197
Interim dividend	**(4,222)**	(2,051)
Profit for the year	**11,602**	8,439
Balance carried forward	**22,965**	15,585

22. Immediate parent company and ultimate controlling party

The company's immediate and ultimate parent company is Beacon Hill Group 2010 Limited, a company registered in Jersey. Beacon Hill Group 2010 Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. The directors consider that there is no ultimate controlling party. Copies of the consolidated group financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

23. Pension commitments

The company provides a defined contribution pension scheme for its employees. The charge to the profit and loss account in respect of pension contributions for the year ended 31 December 2015 was £199,000 (year ended 31 December 2014: £151,000). As at 31 December 2015, there were outstanding contributions payable of £30,000 (31 December 2014: £1,000).

24. Contingent liabilities

In the normal course of business the company has given counter indemnities in respect of performance bonds and financial guarantees. Management estimate that the bonds and guarantees at 31 December 2015 amount to £8,588,000 (31 December 2014: £7,746,000) and confirm that at the date of these financial statements the possibility of cash outflow is considered minimal and no provision is required.

25. Transition to FRS 102

This is the first year that the Company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the year ended 31 December 2014 and the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

Notes to the financial statements for the year ended 31 December 2015 (continued)

25. Transition to FRS 102 (continued)

Profit for the year		Year ended 31 December 2014 £000
UK GAAP – As previously reported		**8,444**
Holiday pay accrual	A.	(7)
Total adjustment to profit before tax for the year		**(7)**
Deferred tax impact of adjustments		
- Holiday pay accrual		2
Total adjustment to tax expense		**2**
Total adjustment to profit for the year		**(5)**
FRS 102		**8,439**

Total equity	1 January 2014 £000	31 December 2014 £000
UK GAAP – As previously reported	**82,715**	**89,108**
Holiday pay accrual	(22)	(29)
Deferred tax implications of adjustments		
- Holiday pay accrual	**4**	**6**
FRS 102	**82,697**	**89,085**

25. Transition to FRS 102 (continued)

A. Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the company recognising a liability for holiday pay of £22,000 on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. In the year to 31 December 2014 an additional charge of £7,000 was recognised in the profit and loss account and the liability at 31 December 2014 was £29,000.

B. Other adjustments arising on transition to FRS 102

In addition to the transition adjustments identified above which affect profit for the year the following adjustment has arisen which has had no effect on net equity or profit but which has affected the presentation of this item on the balance sheet.

Computer software, with a net book value of £16,000 at 1 January 2015, has been reclassified from tangible to intangible assets as required under FRS 102. This has no effect on the company's net assets nor on the profit for the year, except that the previous depreciation charge is now described as amortisation.