



Guinness Developments Limited

Report and Financial Statements

Year Ended 31 March 2018



Company number: 04175094

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Strategic Report of the Board of Directors for the year ended 31 March 2018

Strategic Report of the Board of Directors

The Board of Directors present their Strategic Report for Guinness Developments Limited and the audited financial statements for the year ended 31 March 2018.

Principal activities

The principal activities of the Company are the development of property for sale and the provision of design and build contract services. During the year, the Company delivered design and build services in respect of The Guinness Partnership Limited development programme and Guinness Homes Limited.

Principal Risks

The principal risks of the business relate to the financial risks that are identified in the Report of the Board of Directors with their mitigating actions.

Business Review

During the year the Company has continued providing design and build services to The Guinness Partnership Limited and Guinness Homes Limited. Risks relating to the design and build services provided to The Guinness Partnership Limited and Guinness Homes Limited are controlled under a standing contract. In addition, the Company has a number of development schemes for outright sales that are currently on site.

Performance

During the year, the Company finalised the accounts for the development at Stead Street, London between Hill Residential Limited and Southwark Council, which resulted in a gross profit on outright sales of £1.1m.

The remaining 4 properties at Ashlands, Milton Keynes were sold during the year and generated a gross profit of £0.3m.

Design and build services were provided to The Guinness Partnership Limited and Guinness Homes Limited during the year, which resulted in a gross profit of £0.9m.

The main KPI used by the Board is operating margin. The Company achieved an operating margin of 3.7% (2017: 7.8%) generated from outright sales of completed properties and design and build services.

Future Plans

The Company will continue to identify and progress development opportunities for outright sale and provide design and build services.

Employees

The Company does not employ its own staff. Management services are purchased from The Guinness Partnership Limited.

Approved by the Board of Directors and signed on behalf of the Board by



Catriona Simons, Director

Date: 4 July 2018

Report of the Board of Directors

The Directors present their report and the financial statements for the year ended 31 March 2018.

Results and dividends

The profit for the year after taxation was £603k (2017: £nil). The Board of Directors do not recommend the payment of a Dividend in respect of the year (2017: £nil). The Board of Directors recommend Gift Aid payments of £0.8m to Guinness Care and Support Limited and £0.3m to The Guinness Partnership Limited in respect of the year (2017: £5.0m to The Guinness Partnership Limited).

Board of Directors

The Board of Directors who held office during the year are detailed on page 15.

Future developments

The Company's design and build services for The Guinness Partnership Limited will continue. The scope for extending the Company's services and the timing of the Company's involvement in projects will be reviewed with a view to increasing the Company's fees and profit from this work.

Financial risk

Price risk

The Company is exposed to price risk due to normal inflationary increases in the purchase price of the goods and services in the UK. The Company includes contingencies within its budgets and will agree fixed price contracts where appropriate.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made. Checks on contractors are completed by The Guinness Partnership Limited's Treasury Team before contracts are signed, and appropriate arrangements are made to mitigate the financial risks as far as possible and reasonable.

Liquidity risk

The Company has access to inter-company loan facilities with The Guinness Partnership Limited and Guinness Homes Limited to ensure the Company has sufficient available funds for operations and planned expansions. The Company generates cash from outright sales which is used to repay short term borrowing or is invested at competitive rates with approved counterparties.

Interest rate risk

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets are cash balances which earn interest at variable rates. The interest bearing liabilities relate to amounts due on the inter-company loans and are subject to the interest rates agreed with The Guinness Partnership Limited and Guinness Homes Limited.

Report of the Board of Directors for the year ended 31 March 2018

Statement of Responsibilities of the Board of Directors

The Board of Directors are responsible for preparing the Strategic Report, the Directors Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Board of Directors to prepare financial statements for each financial year. Under that law the Board of Directors has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law including Financial Reporting Standard 102. Under Company law the Board of 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 Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of 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.

Disclosure of information to the auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- So far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- That Director has taken all steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Nexia Smith & Williamson are the appointed auditor for the Company. In recognition that the incumbent auditor Nexia Smith Williamson has served for several years, it is proposed that a re-tender exercise for appointment as auditor of the Company is undertaken during the 2018/19 financial year.

Approved by the Board of Directors and signed on behalf of the Board by



Catriona Simons, Director

Date: 4 July 2018

Independent auditor's report to the members of Guinness Developments Limited

Opinion

We have audited the financial statements of Guinness Developments Limited (the 'Company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the 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 Company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Auditor's Report

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Nexia Smith & Williamson

Andrew Bond
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

Date: 19/7/18

Financial statements for the year ended 31 March 2018

Statement of Comprehensive Income

For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Turnover		50,164	64,197
Cost of sales		(47,832)	(58,767)
Operating costs		(496)	(405)
Operating profit	5	1,836	5,025
Interest receivable and similar income		19	13
Interest payable and similar charges	6	-	(2)
Donation		-	-
Gift Aid		(1,110)	(5,036)
Profit for the year before tax	7	745	-
Corporation tax	8	(142)	-
Profit and total comprehensive income for financial year		603	-

All amounts relate to continuing operations.

The notes on pages 11 to 15 form part of these financial statements.

Financial statements for the year ended 31 March 2018

Statement of Financial Position

At 31 March 2018

	Note	2018 £'000	2017 £'000
Current assets			
Stocks and work in progress	9	11,540	4,065
Debtors due within one year	10	366	8,377
Bank balances and deposits		7,420	7,536
		<u>19,326</u>	<u>19,978</u>
Creditors: amounts falling due within one year	11	(12,584)	(13,839)
Net assets		<u>6,742</u>	<u>6,139</u>
Capital and reserves			
Called-up share capital	12	5,000	5,000
Revenue reserves	13	1,631	1,028
Capital contribution	14	111	111
Total capital and reserves		<u>6,742</u>	<u>6,139</u>

The notes on pages 11 to 15 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 4 July 2018 and signed on its behalf by:



Catriona Simons
Director

Company Number: 04175094

Statement of Changes in Equity

For the year ended 31 March 2018

	Called-up share capital	Revenue reserves	Capital contribution	Total
	£'000	£'000	£'000	£'000
At 1 April 2017	5,000	1,028	111	6,139
Profit and total comprehensive income for the year	-	603	-	603
At 31 March 2018	<u>5,000</u>	<u>1,631</u>	<u>111</u>	<u>6,742</u>

	Called-up share capital	Revenue reserves	Capital contribution	Total
	£'000	£'000	£'000	£'000
At 1 April 2016	5,000	1,028	111	6,139
Result and total comprehensive result for the year	-	-	-	-
At 31 March 2017	<u>5,000</u>	<u>1,028</u>	<u>111</u>	<u>6,139</u>

Notes to the Financial Statements

1. Company information

Guinness Developments Limited is a private limited Company, limited by shares, incorporated in the United Kingdom under the Companies Act (No. 04175094). Its registered office is 30 Brock Street, Regent's Place, London NW1 3FG. The nature of the Company's operations and its principal activities are set out in the Strategic Report and the Directors' Report on pages 2 to 4.

2. Principal accounting policies

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 (FRS 102), and the Companies Act 2006. The financial statements have been prepared on the historic cost basis and in accordance with the accounting policies set out below.

The financial statements are presented in Sterling (£'000).

The Company has adopted the following disclosure exemptions:

- The requirement to produce its own statement of cash flows and related notes;
- The requirement to disclose transactions with other group entities; and
- The requirement for financial instrument disclosures as equivalent disclosures have been provided in respect of the group as a whole.

Going concern

After reviewing the Company's forecasts and projections, 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.

Key sources of estimation uncertainty and judgements

Preparation of the financial statements requires management to make significant judgements and estimates. The item in the financial statements where judgements and estimates have been made is in respect of the valuation of work in progress including its carrying amount at the year end, whereby the Directors make an assessment as to the net realisable value of the work in progress balance.

Turnover

Turnover represents design and build fees and proceeds from properties developed for outright sale. Fees charged for the provision of design and build services are recognised as turnover on a continuous basis over the life of the contract, to the extent that the right to consideration has been earned in exchange for performance. Amounts recognised in excess of fees billed are included in debtors within other debtors and prepayments.

Turnover in respect of properties developed for outright sale is recognised upon completion.

Value Added Tax (VAT)

The Company is able to recover VAT in full, therefore expenditure is recorded exclusive of VAT and the amount recoverable included in debtors.

2. Principal accounting policies (continued)

Work in progress

Costs incurred in respect of development of properties are accrued and carried forward as work in progress at the lower of cost and net realisable value.

Interest on borrowings used to finance housing developments and regeneration projects is capitalised only when development activity is in progress and up to the date of practical completion or the end of the regeneration period.

Taxation

The tax expense for the period comprises current and deferred tax. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 102.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. Board of Directors' emoluments

There were no emoluments payable to the Board of Directors by Guinness Developments Limited in 2018 or 2017. Emoluments were paid by The Guinness Partnership Limited and passed on to Guinness Developments Limited as part of an overall recharge for services provided.

4. Employee information

The Company has no employees. The Company is invoiced for development work undertaken by The Guinness Partnership Limited.

5. Operating profit

The Company's operating profit is derived from design and build activities for its parent Company, the Guinness Partnership Limited and fellow subsidiary Guinness Homes Limited. The Company also makes a profit on any outright sales for properties it has developed.

6. Interest payable and similar charges

	2018	2017
	£'000	£'000
Other charges	-	2
Total interest payable and similar charges	-	2

7. Profit before taxation

	2018	2017
	£'000	£'000
Profit before taxation is stated after charging:		
Auditor's remuneration in their capacity as auditors	9	8
Auditor's remuneration for other services	1	1

8. Taxation

	2018	2017
	£'000	£'000
Current Tax		
UK corporation tax	142	-
Total current tax	142	-

	2018	2017
	£'000	£'000
Profit before tax	745	-
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017: 20%)	142	-
Tax charge for the period	142	-

9. Stocks and work in progress

	2018	2017
	£'000	£'000
Properties under development for sale	8,780	3,621
Work in progress	2,760	444
	11,540	4,065

10. Debtors due within one year

	2018	2017
	£'000	£'000
Amounts due from Group companies	-	229
Other debtors	133	7,877
Taxation refunds due	233	271
	366	8,377

11. Creditors – amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	6,751	7,119
Amounts due to Group companies	5,514	-
Accruals and deferred income	177	5,827
Other creditors	-	893
Corporation tax	142	-
	12,584	13,839

12. Share capital

	2018	2017
	£'000	£'000
Allotted, called up and fully paid		
5,000,001 ordinary shares of £1 each	5,000	5,000

Share capital represents the nominal value of equity shares.

13. Revenue reserves

Revenue reserves represent all current and prior year's profits and losses as disclosed in the Statement of Comprehensive Income.

14. Capital contribution

	2018	2017
	£'000	£'000
Capital contribution	111	111

The Guinness Partnership Limited transferred the land relating to the development of 28 homes for outright sale at Guinness Court, St Edmunds Terrace, London, NW8 to Guinness Developments as equity investment in June 2012.

15. Capital commitments

	2018	2017
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in these financial statements	4,468	89
Capital expenditure that has been authorised by the Board but has not been contracted for	3,430	8,738

These commitments will be funded by property sales.

16. Parent undertaking

The parent undertaking of the Company at 31 March 2018 was The Guinness Partnership Limited, which is also considered to be the ultimate controlling party. Copies of the Group annual report and financial statements are available from 30 Brock Street, Regent's Place, London, NW1 3FG.

Board of Directors

Board of Directors and Advisers

Board of Directors

Catriona Simons (Chair)

Ian Joynson

Jon Milburn

Philip Day

Appointed 27 September 2017

Paul Rennard

Resigned 27 September 2017

Secretary Paul Oldroyd

Resigned 21 April 2017

Angela Drum

Appointed 1 August 2017

Shareholding Member

The Guinness Partnership Limited

Advisers

External Auditors:

Nexia Smith & Williamson, 25 Moorgate, London, EC2R 6AY

Registered Office:

30 Brock Street, Regent's Place, London NW1 3FG