STONEBOND

PROPERTIES

EST. 1975

ANNUAL REPORT 2019

WE DON'T JUST BUILD PLACES TO LIVE,
WE BUILD HOMES TO LOVE

CONTENTS

Stonebond House, Chelmsford

BOARD OF DIRECTORS

GRAHAM CHERRY

Co-Chairman

Graham retired from Countryside Properties plc in September 2019 having had a long and distinguished career for over 40 years. He held the position of Group Chief Executive from 1996 to 2013 before taking on the roles of Chief Executive of Housebuilding and then Partnerships.

Appointed - November 2019

RICHARD CHERRY

Co-Chairman

Richard ended a successful 35-year career with Countryside Properties. He had served on the main board since 1986 and most recently was Chief Executive of the Partnerships Division. His focus is now on the continued growth of Stonebond Properties, with ambitious plans for expansion over the coming years.

Appointed - October 2017

ANDREW CORNELIUS

Group Chief Financial Officer

Andrew joined Stonebond as CFO to support the strategic direction and growth of the business. He has over 14 years' worth of financial and commercial experience in leading financial operations, implementing business strategy and managing financial performance. Andrew has previously held a number of senior finance roles including Group Financial Controller and Divisional Finance Director at Countryside Properties plc and Head of Finance for St James part of the Berkeley Group plc.

Appointed - June 2019

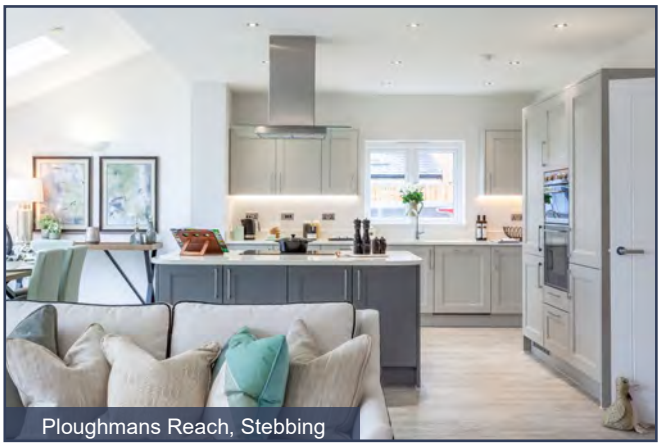
CHRIS WEEDON

Managing Director - Chelmsford

Chris served with Countryside Properties for over twenty years learning his trade from one of the industry's best – Alan Cherry. He discovered early on that reputations are forged through hard work, an eye for detail and a commitment to quality. Regardless of the credit crunch in 2008 Chris has maintained those critical points as Stonebond has gone from strength to strength delivering unique and high quality solutions.

Appointed - August 2006

The Ashes, Writtle



Ploughmans Reach, Stebbing

Lynfield Mews, Stock

INTRODUCTION

The Directors present their Strategic Report together with the financial statements for Stonebond Properties (Chelmsford) Limited (the "Company") for the year ended 31 October 2019.

Stonebond Business Model

Stonebond Properties (Chelmsford) Limited is a premium housebuilding business focused on the development of both private and affordable/ build-to-rent homes within Essex and the surrounding counties.

The Company's operating model is broadly based on the following criteria -

Premium Developer:

High quality residential developer of small to medium sized schemes based in Chelmsford servicing Essex, North and East London and Cambridge.

Niche Market Position:

Typical scheme sizes are between 10 to 150 units. Developments of this size are not typically large enough for volume housebuilders but are too large for smaller SMEs.

Primary Locations:

Land sourced in strong economically resilient locations with good transport links and close to existing amenities. Strong relationships have been built with local land agents and owners within the geographies we cover.

Standard Floor Plates & Elevations:

Set of optimised floor plates with a range of different elevations enabling economies of scale, greater cost and programme certainty and build quality.

Significant Capital Base:

A combination of shareholder investment and retained earnings have provided the Company with over £36m of equity.

Experienced Management:

The Board of Directors have in excess of 100 years' experience within FTSE listed housebuilders. The Directors have excellent relationships with land agents, councils, housing associations and the supply chain.

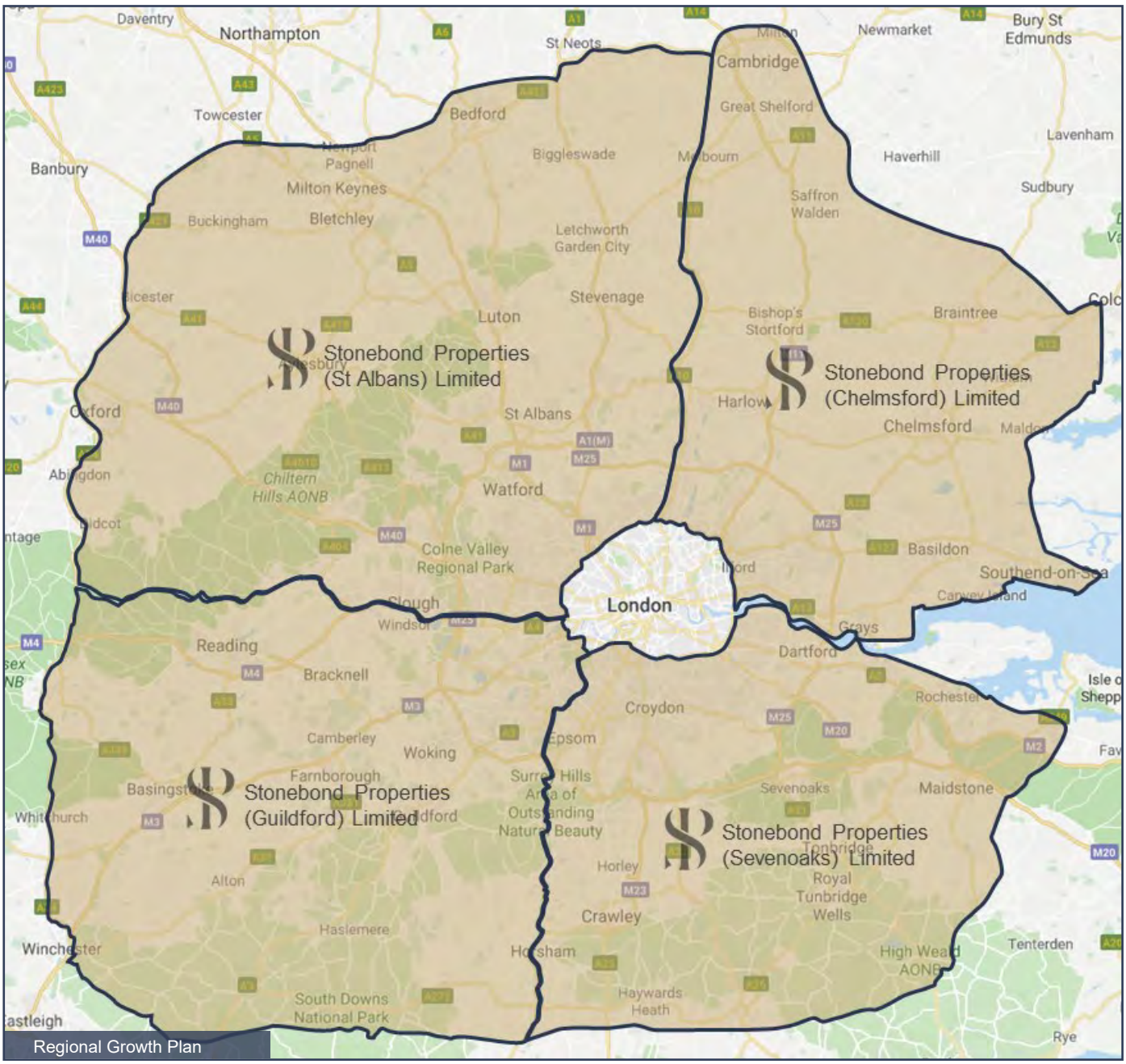
The Brackens, Thundersley

REGIONAL GROWTH STRATEGY

Stonebond believes there is a unique opportunity to expand regionally from its current base in Chelmsford replicating the proven business model and its standardised approach to house types and operating procedures.

The first new regional set-up will be in St Albans focussing on land opportunities within Hertfordshire, Bedfordshire & Milton Keynes.

The business objective within 5 years is to have three autonomous operating regions cumulatively delivering £30m of operating profit per annum with a gross asset value in excess of £100m.



Regional Growth Plan

With both Richard and Graham Cherry having served as Executive Board Directors of Countryside Properties plc and Andrew Cornelius having previously held the positions of Group Financial Controller and Divisional Finance Director at Countryside Properties plc, the Board has the requisite expertise and track-record of success within the industry to deliver its growth plans as outlined.

KEY PERFORMANCE INDICATORS

The Directors use a number of financial and non-financial Key Performance Indicators ("KPIs") to track the performance of the business. These represent both short-term and medium-term targets for the business and align with the Company's overall strategy.

St Mary's Close, Loughton

Financial KPIs

Gross Margin

Target land opportunities in primary locations to provide gross margin returns of >24% for private-led schemes and >12% for affordable/build-to-rent schemes.

Operating Profits

Grow the Company's operating profits to achieve the operating profit targets outlined in the Company's 5 Year Plan.

Operating Margin

Target delivery of an operating margin year-on-year in the region of 16% - 18%, depending on the proportion of mixed-tenure delivery.

Return on Capital Employed ("ROCE") *

Focus on the capital efficiency of schemes being delivered to deliver a ROCE in excess of 35%.

* Return on capital employed ("ROCE") is defined as operating profit for the last 12 months divided by an average of opening and closing tangible net operating asset value ("TNOAV") for the 12-month period. TNOAV is calculated as tangible net assets excluding net cash or debt.

Non-financial KPIs

Health & Safety

Our primary focus is the health, safety and well-being of our team and all those who work with us. Through our carefully defined operating procedures, we aim to keep the AIIR well below the industry average and as close to zero as possible.

Measure - Accident Injury Incident Rate ("AIIR")

Build Quality

Building homes to a high standard from the outset helps minimise customer care issues and maintains our reputation for high quality homes. We aim to keep our RIs well below the industry average.

Measure - NHBC Reportable Incidents ("RIs")

Customer Satisfaction

We pride ourselves on the quality of the homes we deliver. Customer satisfaction is of paramount importance to us. We are a member of the HBF/NHBC Recommend a Friend scheme which provides independent certification of customer satisfaction. Our aim is to maintain our 5* Housebuilder rating.

Measure - NHBC Recommend A Friend Score %


Meadow Gardens, Widford


Meadow Gardens, Widford

Land Bank

Securing land at optimum prices in strong locations is key to delivering our target returns whilst ensuring a supply of land for the future growth of the business. Our target is to achieve an owned and controlled land bank in excess of 5 years delivery in the medium term.

Employee Satisfaction

Our people are our greatest asset and we are conscious of the need to continue to attract and retain the best people to achieve our growth ambitions. In pursuit of this, we aim to be an upper quartile employer, benchmarked against the wider industry.


Stonebond House, Chelmsford

We are pleased to report on the financial and operating results for the year ended 31 October 2019, which is another year of significant progress for the Company.

Financial

The Company has continued its growth trajectory and delivered a robust set of results for the year ended 31 October 2019.

Key financial data compared to prior year is as follows:

	Year Ended 31 October 2019 £	Year Ended 31 October 2018 £
Turnover	**21,125,783**	10,743,597
Gross Profit	**5,077,7776**	2,890,156
Gross Profit Margin	**24.0%**	26.9%
Operating Profit	**2,556,623**	1,391,780
Operating Profit Margin	**12.1%**	13.0%
Cash	**27,008,096**	17,147,102
Net assets	**35,975,597**	23,737,294
ROCE	**20.3%**	16.5%

TRADING PERFORMANCE & FINANCIAL POSITION

Despite the broader political uncertainty during the period, the number of homes completed increased to 41 homes (2018: 31 homes) with delivery predominantly from our schemes at The Ashes in Writtle, Meadow Gardens in Widford and Ploughmans Reach in Stebbing.

Turnover

£21.1 million

+97% (£10.7m 2018)

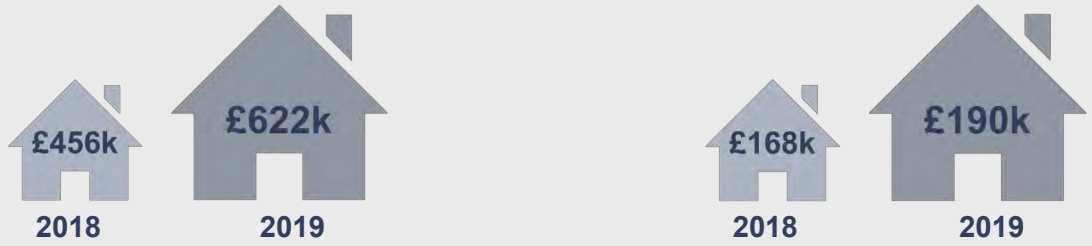
Profit

£2.6 million

+84% (£1.4m 2018)

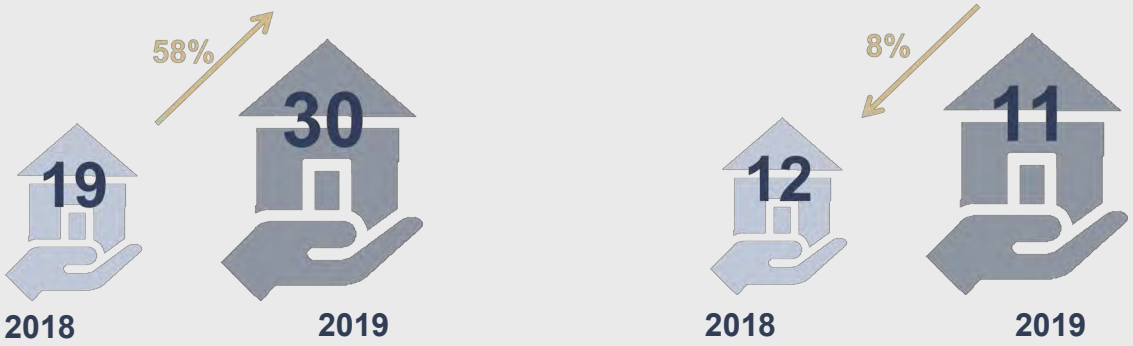
ROCE% increased by 3.8% to 20.3% from 16.5% in the prior year, following improved cash generation and profitability during the period.

Average Selling Prices



Private Affordable

Completions



Private Affordable

Cash Balance

£27.0 million

+58% (£17.1m 2018)

Total Funds

£36.0 million

+52% (£23.7m 2018)

Despite the growth in profitability and volumes, we enjoyed continued success with our non-financial KPIs as outlined below:

Health & Safety

Health and Safety is our number one priority and we are committed to delivering the highest standards in all health, safety and welfare matters, for all of those who are directly or indirectly involved with our operations. We have processes and procedures in place to manage these risks and we continually review and look to improve our processes. This has ensured that our AIIR was zero for the year ended 31 October 2019, well below the industry average of 430.

Our Supply Chain

At Stonebond, our supply chain of subcontractors and suppliers is selected through a detailed tendering process to ensure they meet our high standards of quality. We build strong relationships with our supply chain that help to deliver our business objectives. Stonebond have strong relationships with subcontractors in the local area and maintain regular contact on future workload requirements. Our makeup of our subcontractors' workforce is predominantly of UK citizenship and therefore we consider that we are relatively immune to the effects of EU migration following Brexit. We actively engage with our supply chain throughout the construction process and are very proud of our commitment to pay our supply on time every time.

Our People

Our people are our greatest asset and we are conscious that we need to continue to attract and retain the best people to achieve our growth plans. We are committed to supporting the development of our employees, so that they can fully achieve their potential. We actively engage with our employees and post year-end we recently undertook the first employee survey in our Company's history, with the results illustrating that 93% of our staff enjoy working for Stonebond which we will look to improve on in the forthcoming year. The headcount increased by 94% to 29 staff as at 31 October 2019 (2018: 15).

Our Land Bank

One of our KPIs is growing our land bank to achieve an owned and controlled land supply of 5 years for future visibility of earnings in order to meet our medium-term growth plans. As at 31 October 2019, our owned and controlled land bank increased to 345 plots from 180 plots in the prior year. This represents c. 2 years' worth of supply across our 5 year-plan. The focus will remain on securing sites at enhanced margins with lengthy long-stop dates to maximise flexibility. We will also be looking to increase the number of affordable/ build-to-rent homes on our schemes as part of our strategy to reduce the level of private-for-sale & market risk.

Our Customers

Buying a new home and moving into a new community is one of the most important decisions a person makes, and we believe this should always be an exciting and enjoyable experience. This is why we aspire to be a NHBC 5* builder and ensure our customers' needs are continually exceeded. We are conscious of our legal requirements and ensure that we look after any personal data our customers provide us with or that we may hold. In the last survey year 2018/2019 we achieved the equivalent of a 5* Star rating from 15 completed surveys with 94% of customers prepared to 'recommend us to a friend'.

OUR SUSTAINABILITY STRATEGY

The Company is committed to achieving a balanced and diverse workforce and pursues an equal opportunities policy through all areas of employment, including recruitment and selection. It is our policy to ensure employee related decisions are made on the basis of merit and capability regardless of disability.

Saxon Meadows, Standon

Sustainable Homes & Environment

We are committed to developing affordable homes in vibrant communities that create a long-term legacy. Through progressing our design standards, we will continue to prioritise the creation of places that provide social and economic value for customers and communities. All of our homes are built 10% above building regulation standards for energy efficiency and M4(2) compliant to ensure they are both accessible and adaptable. We aim to minimise any negative impacts our operations may have on the environment, and where possible, enhance the positive contributions we can make, including the introduction of electric car-charging points on a number of our schemes. On those schemes which completed last financial year, we planted 74 trees and over 5,000 shrubs.

Social Value

As part of our ongoing commitment to provide value to the local communities, we have started to monitor the social value we add to new and evolving communities. During the year we contributed over £90,000 in s106 costs used to enhance local services and infrastructure.

Our Future Sustainability Commitment

In view of the Company's commitment to environmental & sustainability matters, in future years, we will look to enhance our reporting and disclosure on the following:

Energy & Carbon Reporting

Natural Resources Reporting

Site & Office Wastage

Social Value*

*hours spent on community engagement activities, number of apprentices used by our sub-contractors on our sites and staff fundraising initiatives

Ethical Business

Our policies and procedures are designed to ensure we and our supply chain comply with UK law and best practice guidelines in areas including business conduct, equal opportunities, anti-corruption, whistleblowing and countering modern slavery and human trafficking.

Inclusion & Diversity

At Stonebond, we are committed to increasing diversity by providing an inclusive working environment where everyone feels valued and respected. Stonebond is committed to attracting the right, skilled people into the organisations at all levels, regardless of gender, race, nationality, colour, disability, marital status, sexual orientation, age or religion.

Outlook

The commitment of both national and local Government to deliver more housing is aligned closely to our own strategy.

Despite the wider economic and political uncertainty, demand for housing of all tenures remains robust. Demand for private for sale housing remains strongest for houses under £600,000, supported in part by the Government Help to Buy scheme, which continues to drive first-time buyers to choose new build homes over the second-hand market. The Help to Buy scheme was recently extended to 2023 with utilisation restricted to first time buyers and the implementation of regional price caps from 2021.

The Company is committed to managing the business in the right way, ensuring all of its operations are carried out in an ethical, environmentally responsible and sustainable manner which we believe is fundamental to running a successful business.

We look forward to the challenges ahead in growing the business and we believe we have an exceptional team and operating platform in place to deliver our growth plans.

Orchard Gardens, Melbourn

RISK MANAGEMENT

The Board of Directors oversee risk management within the Company. As the Board sets the company strategy, they will also determine the Company's risk policy, overall appetite for risk and the procedures that are put in place. The Company's risks are regularly monitored and mitigating actions put in place to ensure the Company's risk profile is maintained.

Risk identification and management is built into every aspect of the Company's daily operations, ranging from the appraisal of new sites, assessment of the prospects of planning success, building safely and selling effectively to achieve long-term success through the property market cycle. Risk management is built into standardised procedures for each part of the business at every stage of the housebuilding process.

Financial risk is managed through maintenance of a strong balance sheet, forward selling new homes and the careful allocation of funds to the right projects and strict controls of Works in Progress.

The Company's risk register is maintained to record all principal risks and uncertainties identified in the Company. An appropriate person is allocated as the "risk owner" for each risk.

The risks documented below are considered to be the Company's principal risks because either individually or in aggregate could have a material adverse effect on the implementation of the Company's strategy, financial performance, shareholder funds and the Company's reputation.

Risk Change

↗ RISK INCREASED

→ NO CHANGE

↘ RISK DECREASED

Risk & Impact - Adverse macroeconomic conditions ↗

A decline in macroeconomic conditions, or conditions in the UK residential property market, can reduce the propensity to buy homes. Higher unemployment, interest rates and inflation and one-off economic shocks affect consumer confidence and reduce affordability, which can reduce demand for new homes.

Mitigation

⇒ The Company will only select land in primary locations with good infrastructure and amenities.

⇒ A strong focus is maintained on the relevant housing market sector in terms of price, type and locaation.

⇒ The Company continually monitors committed expenditure against forecast income.

⇒ Forward sales, cashflow and WIP is monitored to allow the Company time to react to changing market conditions.

⇒ Strong financial discipline at land acquisition stage

⇒ The Company continues to explore whether it can pre-sell a number of schemes for affordable build-to-rent tenures to reduce private for sale & market risk.

Risk & Impact - Adverse changes to Government policy & regulation

Adverse changes to Government policy in areas such as tax, housing, planning, environment and building regulations may result in increased costs and/or delays. Failure to comply with laws and regulations could expose the Company to penalties and reputational damage.

Mitigation

⇒ Government policy is routinely monitored and communicated to management and the wider business.

⇒ The business actively participates in industry consultation and use membership of industry bodies to lobby government e.g HBF

⇒ Heads of Departments keep up to date with legislation affecting their discipline.

Risk & Impact - Inability to source and develop suitable land

Insufficient land would affect our volume growth targets and inability to do so at the required margin would impact future returns.

Mitigation

⇒ A robust land appraisal process ensures each project is financially viable and consistent with the Company's strategy.

⇒ Our land team are in constant dialogue with our partners over the availability and suitability of land.

⇒ We work closely and collaboratively with local authorities on planning requirements and monitor compliance with requirements regularly.

Risk & Impact - Programme Delay

Failure to secure timely planning permission on economically viable terms may cause delay or potential termination of projects or unforeseen delays due to technical/ subcontractor issues.

Mitigation

⇒ The budgeted programme for each site is approved by the Group Board before acquisition.

⇒ Senior management team undertake regular project reviews.

⇒ Close relationships maintained with key LPA members and officers so as to best understand underlying policy and political climate and influence.

Risk & Impact - Supply Chain/ Cost Inflation/ Availability of Labour

Costs may increase beyond budget due to the reduced availability of skilled labour, or shortages of sub-contractors or building materials at competitive prices to support Stonebond's growth ambitions. The Group's strategic geographic expansion may be at risk if new supply chains cannot be established.

Mitigation

⇒ Use of standard floor plates, specifications, detailing etc. optimised to make best use of buying power.

⇒ Close relationships maintained with consultants, subcontractors and suppliers.

⇒ Bulk buying opportunities/ rebates are maximised to leverage on price reductions.

⇒ Market data, such as BCIS indices, is regularly monitored and appropriate action taken when required.

⇒ An appropriate level of contingences are allowed to cover price/ design risk.

Risk & Impact - Inability to attract and retain talented employees

Inability to attract and retain highly skilled, competent personnel at all levels could adversely affect Stonebond's operating performance and achievement of its growth plans.

Mitigation

⇒ Retention rates are reviewed regularly and assess root cause for departures through structured exit interviews.

⇒ We offer competitive salary and benefits packages which are regularly benchmarked against the wider market.

⇒ We offer our staff varied internal and external training opportunities.

⇒ Actively engage with our employees and obtain feedback through an annual employment survey.

RISK MANAGEMENT

Risk & Impact - Inadequate health, safety & environmental procedures

A deterioration in the Stonebond's health, safety and environmental standards could put Stonebond's employees and contractors or the general public at risk of injury or death and could lead to litigation or penalties or damage the Group's reputation.

Mitigation

⇒ The Company has implemented a comprehensive safety strategy, which includes bringing safety to the forefront of our culture, measuring safety performance and strong risk management with these procedures.

⇒ The Board considers health and safety issues at every meeting.

⇒ Regular visits to sites by senior management to monitor health and safety standards.

⇒ All site staff are provided with the required training. All workers on site are required to hold relevant competencies, knowledge and experience.

⇒ Appropriate insurance is in place to cover the risks associated with housebuilding.

Risk & Impact - Poor Customer Service

NHBC Recommend a Friend rating falls below 90%

Mitigation

⇒ Customer facing staff trained in providing an excellent level of service to our customers.

⇒ Completed NHBC surveys to be reviewed and feedback to be actioned as appropriate.

⇒ 28-day rule implemented from build completion to sales completion to resolve any snagging issues prior to the customer moving in.

⇒ Director snagging review of each property prior to serving notice and legal completion.

Risk & Impact - Failure of Group's IT infrastructure

A failure in, or cyber-attacks on Stonebond's infrastructure and information technology systems, could disrupt the Group's businesses or result in the disclosure of confidential information.

Mitigation

⇒ Regular review and testing of our security measures against recognised frameworks is undertaken and our contingency plans and IT security policies are regularly reviewed.

⇒ A back-up IT server is in place.

STONEBOND PROPERTIES HISTORY

FOUNDED — 1975

Stonebond Properties was founded by Alan Cherry

DEVELOPMENT

Stonebond Properties builds 1-20 homes per annum

INVESTMENT — 2016

Significant investment from the Cherry family is secured to further expand the business.

2016 **IDENTITY**

Stonebond Properties revises its branding and corporate identity.

RICHARD CHERRY — 2017

After 35 years, Richard Cherry announces his retirement from Countryside Properties and assumed permanent role as Stonebond's Chairman.

2017 **HEAD OFFICE**

Stonebond Properties purchases and moves to its new flagship head office in Chelmsford, Essex.

GRAHAM CHERRY — 2019

Graham Cherry retires from Countryside Properties in September 2019 and starts his new role as Stonebond's co-chairman.

2020 **GROUP RESTRUCTURE**

2020 **NEW REGION**

Stonebond opens up a second region in St. Albans.

Group Restructure

Due to the regional growth aspirations for the business, a Group re-organisation was undertaken early in 2020 to provide the optimum structure from both a management & reporting perspective so that each operating region is empowered and accountable for their business operations and performance.

The revised structure - Stonebond Group Limited, Stonebond Properties (Chelmsford) Limited and Stonebond Properties (St Albans) Limited is now in place. Stonebond Group Limited will act as the Parent Company for all of its subsidiaries (regional operations). As the operating regions are expected to operate in an autonomous manner, it is expected that the Group Holdings Co will have a minimal overhead providing Group management services and in due course a limited central services function including IT and HR services.

RESPONSE TO COVID-19

The health, safety & wellbeing of our staff, our supply chain and our customers and their families remains our number one priority. Following government guidance, we have taken the necessary steps to shut down our site operations in a safe and responsible manner, including closing our sales offices and show homes. Office based staff continue to work albeit working from home. We are conscious that people remain our greatest asset and we will continue to do everything possible to look after our staff during these difficult times.

We are anticipating a market slowdown due to these unprecedented times and at this stage it is very difficult to quantify the impact of COVID-19. The key business objectives are protecting the viability and future prosperity of the business and our cash forecasts have been stress-tested with our revised business plan maintaining a positive cash balance throughout.

Although the impact of COVID-19 could have a temporary, short-term negative impact on our financial performance, we are confident that our operating model is robust and pursuing regional growth is the appropriate direction of travel for the business. The Company is in a strong financial position with c. £23m of cash in the bank at 11 April 2020.

In order to improve cash generation and reduce the private sales risk on a number of our forthcoming sites, we are looking to pre-sell a number of our schemes for affordable or build-to-rent tenures.

We continue to be active in the land market and are preparing our business for the future to thrive when normal market conditions return.

Approval of the strategic report

This strategic report was approved by the Board of Directors and signed on its behalf by:

.....

GS Cherry

Director

Date: 15th May 2020

The Ashes, Writtle


Meadow Gardens, Widford


Meadow Gardens, Widford


Lynfield Mews, Stock

DIRECTORS' REPORT

The directors present their annual report and financial statements for the year ended 31 October 2019.

Principal activities

The principal activity of the company continued to be that of housebuilding. Stonebond Properties (Chelmsford) Limited is a premium housebuilding business focused on the development of both private and affordable/ build-to-rent homes within Essex and the surrounding counties.

Directors

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

GS Cherry

RS Cherry

C Weedon

AAN Cornelius (Appointed 12 June 2019)

Results and dividends

The results for the year are set out on page 26.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

The auditor, Rickard Luckin Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board

.....

GS Cherry

Director

Date: 15th May 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

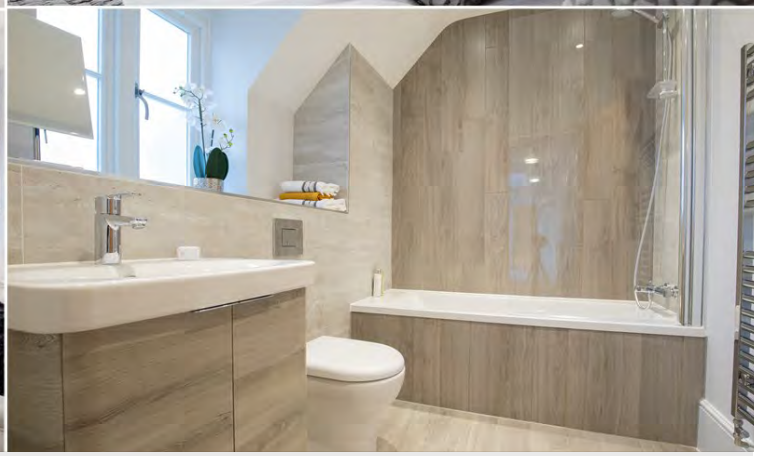
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Stonebond House, Chelmsford








RickardLuckin
Chartered Accountants and Tax Advisers

Opinion

We have audited the financial statements of Stonebond Properties (Chelmsford) Limited (the 'company') for the year ended 31 October 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 company's affairs as at 31 October 2019 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 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.

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 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, 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, 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: 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.

Joanna Southon (Senior Statutory Auditor)

for and on behalf of Rickard Luckin Limited

Chartered Accountants
Statutory Auditor

Aquila House,
Waterloo Lane,
Chelmsford,
Essex,
CM1 1BN

STATEMENT OF COMPREHENSIVE INCOME INCLUDING PROFIT & LOSS

For the year ended 31 October 2019

	Notes	2019 £	2018 £
Turnover	3	**21,125,783**	10,743,597
Cost of sales		**(16,048,007)**	(7,853,441)
Gross Profit		**5,077,776**	2,890,156
Administrative expenses		**(2,521,153)**	(1,518,492)
Other operating income		**-**	20,116
Operating profit	4	**2,556,623**	1,391,780
Interest receivable and similar income		**118,094**	31,386
Profit before taxation		**2,674,717**	1,423,766
Tax on profit	9	**(456,630)**	(256,655)
Profit for the financial year		**2,218,087**	1,167,111

The profit and loss account has been prepared on the basis that all operations are continuing operations.

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	**8**		**183,364**		119,996
Current assets					
Stocks	**10**	**14,874,226**		14,106,217	
Debtors	**11**	**445,897**		298,076	
Cash at bank and in hand		**27,008,096**		17,147,102	
		42,328,219		31,551,395	
Creditors: amounts falling due within one year*	**13**	**(6,535,986)**		(7,934,097)	
Net current assets			**35,792,233**		23,617,298
Total assets less current liabilities			**35,975,597**		23,737,294
Capital and reserves					
Called up share capital	**16**		**26,004,517**		16,004,464
Share premium account			**3,563,949**		3,543,786
Profit and loss reserves			**6,407,131**		4,189,044
Total equity			**35,975,597**		23,737,294

* £4,286,154 of the £6,535,986 creditor balance relates to loans provided by the shareholders.

The financial statements were approved by the board of directors and authorised for issue on 15th May 2020 and are signed on its behalf by:

GS Cherry

Director

Company Registration No. **05410293**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 November 2017		4,464	3,543,786	3,021,933	6,570,183
Year ended 31 October 2018:					
Profit and total comprehensive income for the year		-	-	1,167,111	1,167,111
Issues of share capital	**16**	16,000,000	-	-	16,000,000
Balance at 31 October 2018		16,004,464	3,543,786	4,189,044	23,737,294
Year ended 31 October 2019:					
Profit and total comprehensive income for the year		-	-	2,218,087	2,218,087
Issues of share capital	**16**	10,000,053	20,163	-	10,020,216
Balance at 31 October 2019		**26,004,517**	**3,563,949**	**6,407,131**	**35,975,597**

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Cashflows from operating activities					
Cash generated from/(absorbed by) operations	19		**1,167,664**		(5,594,370)
Income taxes paid			**(223,364)**		(201,040)
Net cash inflow/(outflow) from operating activities			**944,300**		(5,795,410)
Investing activities					
Purchase of tangible fixed assets		**(141,616)**		(145,570)	
Interest received		**118,094**		31,986	
Net cash used in investing activities			**(23,522)**		(113,584)
Financing activities					
Proceeds from issue of shares		**10,020,216**		16,000,000	
Repayment of borrowings		**(1,0080,000)**		(3,100,000)	
Net cash generated from financing activities			**8,940,216**		12,900,000
Net increase in cash and cash equivalents			**9,860,994**		6,991,006
Cash and cash equivalents at beginning of year			**17,147,102**		10,156,096
Cash and cash equivalents at end of year			**27,008,096**		17,147,102

1. Accounting policies

Company information

Stonebond Properties (Chelmsford) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Stonebond House, 132-136 New London Road, Chelmsford, Essex, CM2 0RG.

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 have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover comprises sales of residential properties where building has been completed and the property has been legally transferred to the purchaser. Sales of part exchange properties acquired solely to assist the sale of new properties are not included in turnover but are deducted from cost of sales.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.3 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.

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:

Fixtures, fittings & equipment	over four years
Computer software	over four years

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 credited or charged to profit or loss.

1.4 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

1.5 Stocks

Work in progress is valued at the lower of cost and net realisable value.

Cost of stocks comprise land acquisition, construction and other development expenditure (including part exchange properties). The value of the stocks does not include any interest on monies borrowed to finance developments in hand. All interest is charged against income in the year in which it is incurred.

The estimated net realisable value is calculated based on projected future sales proceeds less costs to complete each development.

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.

1.6 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 and cash and bank balances, 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.

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.8 Equity instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.9 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 profit and loss account 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 company'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 tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 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.

1.11 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

1.13 Jointly controlled operation

During the previous year the company was involved in a jointly controlled operation with 50/50 risk, reward and equity funding. The financial statements take account of the Company share of profit and loss in relation to this venture. At the year end this venture had concluded with no further assets or liabilities to be recognised.

2. Judgements and key sources of estimation uncertainty

In the application of the company'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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Work in progress

Work in progress and cost of sales is calculated with reference to the expected margin to be achieved on each project. The estimate of the cost of sale of a plot of land is based on the percentage of turnover completed for each site. In turn the cost of sale is measured on the expected gross profit margin of that site in reference to the completion level of the project judged by the percentage of turnover achieved versus expected.

3 Turnover and other revenue

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

	2019	2018
	£	£
Turnover analysed by class of business		
Property sales	**21,125,783**	10,743,597

	2019	2018
	£	£
Other significant revenue		
Interest income	**118,094**	31,986

4 Operating profit

Operating profit for the year is stated after charging:	**2019** **£**	2018 £
Depreciation of owned tangible fixed assets	**78,248**	43,474
Cost of stocks recognised as an expense	**16,048,007**	7,853,441

5 Auditor's remuneration

Fees payable to the company's auditor and associates:	**2019** **£**	2018 £
For audit services		
Audit of the financial statements of the company	**11,000**	10,500
For other services		
All other non-audit services	**14,965**	11,000

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	**381,521**	270,042

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 2 (2018-1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	**268,720**	270,042
Company pension contributions to defined contribution schemes	**5,000**	5,000

The highest paid director has been entitled to receive shares under a long term incentive scheme during the year.

7 Employees

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

	2019 Number	2018 Number
	24	12

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	**1,882,225**	909,721
Social security costs	**187,815**	123,333
Pension costs	**52,065**	23,925
	2,122,105	1,056,979

8 Tangible fixed assets

	Fixtures, fittings & equipment £	Computer software £	Total £
Cost			
At 1 November 2018	71,448	102,425	173,873
Additions	121,041	20,575	141,616
At 31 October 2019	**192,489**	**123,000**	**315,489**
Depreciation and impairment			
At 1 November 2018	28,270	25,607	53,877
Depreciation charged in the year	48,121	30,127	78,248
At 31 October 2019	**76,391**	**55,734**	**132,125**
Carrying amount			
At 31 October 2019	**116,098**	**67,266**	**183,364**
At 31 October 2018	**43,178**	**76,818**	**119,996**

9 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	**490,261**	256,655
Adjustments in respect of prior periods	**(33,361)**	-
Total current tax	**456,630**	256,655

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

	2019 £	2018 £
Profit before taxation	**2,674,717**	1,423,766
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	**508,196**	270,516
Tax effect of expenses that are not deductible in determining taxable profit	**6,682**	4,857
Adjustments in respect of prior years	**-**	33,853
Permanent capital allowances in excess of depreciation	**(12,649)**	3,446
Depreciation on assets not qualifying for tax allowances	**(45,599)**	-
Research and development tax credit	**-**	(56,017)
Taxation charge for the year	**456,630**	256,655

10 Stocks

	2019 £	2018 £
Work in progress	**11,356,888**	14,106,217
Finished goods and goods for resale	**3,517,338**	-
	14,874,226	14,106,217

11 Debtors

Amounts falling due within one year:	2019 £	2018 £
Trade debtors	**89,560**	106,457
Other debtors	**356,337**	191,619
	445,897	298,076

12 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	**167,856**	222,854
Carrying amount of financial liabilities		
Measured at amortised cost	**5,980,128**	7,629,985

13 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Other borrowings	14	4,286,154	5,366,154
Trade creditors		1,086,249	847,018
Corporation tax		490,261	256,995
Other taxation and social security		65,597	47,117
Other creditors		331,525	1,397,063
Accruals and deferred income		276,200	19,750
		6,535,986	**7,934,097**

14 Loans and overdrafts

	2019 £	2018 £
Loans from Directors	**4,286,154**	5,366,154
Payable within one year	**4,286,154**	5,366,154

15 Retirement benefit schemes

Defined contribution schemes	2019 £	2018 £
Charge to profit or loss in respect of defined contribution schemes	**52,065**	23,925

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share Capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
8,500 Ordinary shares of 10p each	**850**	850
3,450 B Ordinary shares of £1 each	**3,540**	3,540
1,272 Growth shares of 10p each	**127**	74
9,000,000 C1 Ordinary shares of £1 each	**9,000,000**	9,000,000
7,000,000 C2 Ordinary shares of £1 each	**7,000,000**	7,000,000
5,000,000 C3 Ordinary shares of £1 each	**5,000,000**	-
5,000,000 C4 Ordinary shares of £1 each	**5,000,000**	-
	26,004,517	16,004,464

Reconciliation of movements during the year:

On 30 April 2019 there was an allotment and issue of 5,000,000 Ordinary C3 Shares of £1.00 each.

On 31 July 2019 there was an allotment and issue of 5,000,000 Ordinary C4 Shares of £1.00 each.

On 4 September 2019 there was an allotment and issue of 532 Growth Shares of £0.10 each.

17 Operating lease commitments

Lessee

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

	2019 £	2018 £
Within one year	**5,908**	702
Between two and 5 years	**10,476**	527
	16,384	1,229

18 Related party transactions

Transaction with related parties

During the year the company entered into the following transactions with related parties:

At the balance sheet date, GS Cherry and RS Cherry were owed £4,286,154 (2018: £5,366,154) by the company. The loan is attributable to GS Cherry and RS Cherry in equal shares.

During the year Burntwood Gardens (Land) Ltd (a related company which C Weedon is a director) sold land to Stonebond Properties Limited at market value for £130,000 (2018: £nil).

During the previous year Cherry Pickings Ltd (a related company which GS Cherry is a director) purchased a property from Stonebond Properties Limited at market value for £280,000. There is no similar transaction in the current year.

Remuneration to key management personnel totalled £825,583 (2018: £409,847).

19 Cash generated from/(absorbed by) operations

	2019 £	2018 £
Profit for the year after tax	**2,218,087**	1,167,111
Adjustments for:		
Taxation charged	**456,630**	256,655
Investment income	**(118,094)**	(31,986)
Depreciation and impairment of tangible fixed assets	**78,248**	43,474
Movements in working capital:		
Increase in stocks	**(768,009)**	(8,316,242)
(Increase)/decrease in debtors	**(147,821)**	50,381
(Decrease/increase in creditors	**(551,377)**	1,236,237
Cash generation from/(absorbed by) operations	**1,167,664**	(5,594,370)

COMPANY INFORMATION

Directors	GS Cherry RS Cherry C Weedon AAN Cornelius (Appointed 12 June 2019)
Secretary	GS Cherry AAN Cornelius
Company Number	05410293
Registered Office	Stonebond House 132-136 New London Road Chelmsford Essex CM2 0RG
Auditor	Rickard Luckin Limited Aquila House Waterloo Lane Chelmsford Essex CM1 1BN


The Ashes, Writtle

STONEBOND

PROPERTIES

EST. 1975

REGISTERED IN ENGLAND & WALES

NO. 05410293