

St Mark Homes Plc

(formerly St Mark Homes II PLC)

Report and Consolidated Financial Statements

Year Ended

31 December 2014

Company Number 03822978

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St Mark Homes Plc

Annual report and financial statements for the year ended 31 December 2014

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Directors

Bernard Tansey
Sean Ryan
William Gair
Barry Tansey

Secretary and registered office

Barry Tansey, Heron House, 109 Wembley Hill Road, Wembley, Middlesex, HA9 8DA

Company number

03822978

Auditors

Kingston Smith LLP
Middlesex House
800 Uxbridge Road
Hayes
Middlesex
UB4 0RS

St Mark Homes Plc

Strategic Report for the year ended 31 December 2014

The directors present their strategic report for the year ended 31 December 2014.

Strategic Report

The Group continues to target projects based in London, the South East and South Western regions of the United Kingdom. The Company typically undertakes its business within special purpose vehicles and on a joint venture /profit sharing basis with other house builders. This strategy has delivered a growing profit profile in recent years with pre-tax profits rising 222% to £579,125 in the current year.

Our strategic priorities

As a board we are keen to build on this performance and grow the Group into a significant regional house builder. We now have an established and profitable method of operation which could be scaled up should further capital become available to the Group.

We believe the key Group assets are its people, capital base and market listing. Our primary aim is to maximise shareholder value by utilising each of these assets to best effect. We also are committed to the highest standards of sustainability.

People and partnering

We have an intentionally small but experienced team with demonstrable competency in the areas of finance, property development, project appraisal and project delivery. Our strategy is to match those core skills and our capital with partners who can assist with project design, construction and sales. Our people are motivated through a management incentive scheme which aligns their interests with that of the shareholders and only rewards performance after attainment of profit targets linked to the return on shareholders funds.

Capital

The Group commenced 2014 with a modest capital base of just over £3.2m. We have previously set a performance target to grow that base by a minimum of 5% on opening shareholders funds per annum through organic growth. In 2014 we actually achieved a pre-tax profit of 18.09% on opening shareholders funds.

We believe that capital availability remains a constraining factor for the business and we continue to explore new opportunities to raise fresh capital. We remain committed to growth and will consider small corporate acquisitions as our current projects mature.

Listing

While the listing should provide improved trading and liquidity opportunities for our shareholders our share price has historically traded at a significant discount to the Group's net asset value. The discount to net asset value at the date of this report is circa 50% having been reduced from almost 70% in early 2013.

While the market ultimately sets the share price the level of discount remains a concern to the board and we have sought to improve market awareness of the Group by re-launching the www.stmarkhomes.co.uk website in 2014 as well as increasing the number of investor updates alongside improving trading performance.

We also changed the name of the Company to St Mark Homes PLC (previously St Mark Homes II PLC) at the 2014 AGM and will continue to examine opportunities to improve our business profile to the investor community.

St Mark Homes Plc

Strategic Report for the year ended 31 December 2014 (continued)

Sustainability

We recognise that there are financial and operational benefits of working sustainably. We are committed to the highest standards of sustainability. While many environmental requirements are embedded within the planning process, sustainability is broader than that and encompasses both Health & Safety and the supply chain.

Health & Safety remains the Group's first priority and we work with our joint venture partners to attain best practice standards. We are happy to report that there were no reportable incidents on any of our projects during 2014 and we remain committed to the highest standards of Health & Safety.

Having the right supply chain is also crucial to sustainability. We do have long term working relationships with our main suppliers but continue to carefully monitor the financial health of our design teams and main contractors. We aim to pay suppliers in agreed timescales and to work collaboratively with them for the benefit of all.

Project Portfolio

At present we have six live joint venture projects totalling 133 residential units (together with associated commercial space) on sites in Wimbledon, Mortlake, St Margarets, Cheltenham , Ealing and Sutton which we anticipate will deliver profits in the coming two to three years.

While these sites are progressing against a background of some labour and supply challenges the overall context is one of strong customer demand and improved market conditions. The board is optimistic that the improved opportunities being experienced will continue but will also seek protection from potential future market volatility by selling off plan.

Completed Developments

The final sales on the Pittville Crescent Cheltenham, Bulvinos House, Ealing and Palmerston Road, Wimbledon projects have been achieved. Profits on the commercial sale at Bulvinos House and on two units at Wimbledon will be recognised in the 2015 accounts and are not included within these 2014 results.

Current Developments

Hatherley Road, Cheltenham:

The Company acquired this site for 8 luxury residential units in September 2014. Construction commenced in early 2014 and is expected to be completed in June 2015. Contracts have been exchanged on the sale of the penthouse apartment off plan and the Company plans to commence marketing the scheme in earnest with a luxury showhome in June 2015.

Sutton High Street, Sutton:

The Company also invested in a regeneration property development venture at Sutton High Street in early 2014. The development (when completed) is to consist of 40 residential units with ground floor retail space on Sutton High Street, Sutton. Construction is now underway and is expected to be completed in mid 2016. An off plan marketing campaign commenced in May 2015 and contracts had been exchanged on 18 units as at 28 May 2015.

St Margarets Waterside, Richmond, London:

The Company entered a joint venture for the development of 21 luxury apartments (together with office space) in September 2014. Construction is now underway and an off plan marketing campaign for the sale of the residential component is due to commence in May 2015. 1 unit had exchanged at 28 May 2015. The development is expected to be completed in the Summer of 2016.

St Mark Homes Plc

Strategic Report for the year ended 31 December 2014 (continued)

Forsyth House, Richmond, London:

The Company entered a joint venture for the development of 26 residential apartments in Mortlake, Richmond in December 2014. Construction is now underway with works scheduled to be completed in the first quarter of 2016. A marketing and sales campaign has just commenced with contracts on 2 units exchanged at 28 May 2015

Principal risks and uncertainties

The Company is exposed to the usual risks of companies constructing and developing residential property, including construction budget overruns, delays in programme, insolvency of clients, general economic conditions, uninsured calamities and other factors.

Investments are made in sterling and therefore the Company is not subject to foreign exchange risks. The Company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring payments against contractual agreements. The Company also reviews the financial standings of its debtors prior to entering into significant contracts.

Key Performance Indicators

The Company's long term performance target has been to generate a minimum average annual return on shareholders funds of 5%. During 2014 the annual pre-tax return on shareholders' funds was 18.09% (2013: 8.6%).

The Company also seeks protection from market downturns by committing no more than 50% of its capital to any one project and by requiring projects in which it is a stakeholder to show a minimum return on cost of 15%. During 2014 the maximum exposure of capital to any one project was less than 40% of the Company capital.

Treasury policy

Operations have been financed by the issue of shares in the past and retained profits, the cash from which has been invested in short term cash deposits. In addition, various financial instruments such as trade debtors and trade creditors arise directly from the group's operations. The loan notes have been funded by the cash income from previous development projects. Further information on financial instruments is contained in note 25 of the financial statements.

On behalf of the Board


Sean Ryan
Director

Date: 28th May 2015

St Mark Homes Plc

Report of the directors for the year ended 31 December 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014.

Principal Activity

The principal activity of the Company remained that of a residential contractor and house builder.

Results and dividends

The profit and loss account is set out on page 9 and shows a net profit before taxation of £579,125 (2013 - £260,891) for the year.

An interim ordinary dividend of 3.30 pence per share was paid in June 2014 (2013: 2.75p). This represented an increase of 20% year on year.

The directors do not recommend the payment of a final ordinary share dividend for the year (2013: £Nil).

Directors

Bernard Tansey and William Gair retired by rotation at the June 2014 Annual General Meeting and, being eligible, for re-election were duly re-elected to the board.

Sean Ryan is to retire by rotation at the next Annual General Meeting and, being eligible, offers himself for re-election.

It is proposed that Mr John Connolly be appointed as a non executive Director of the Company following the resignation of Mr Michael Chicken during 2014. Mr Connolly has a wealth of experience in property banking and finance (having just recently retired after spending over 35 years at National Westminster Bank PLC)

Directors Interests

The following directors of the Company had interests in the ordinary shares of the Company at 31st December 2014 as follows:

Bernard Tansey	262,000
Sean Ryan	71,500
Barry Tansey	56,500

Directors Emoluments

During 2013 the Company adopted an incentive / reward system designed to allow the directors of the company to share in the improving profitability of the Company upon achieving a threshold/hurdle return of 5% on opening shareholders funds for the exclusive benefit of the ordinary shareholders. The remuneration committee believe that has acted as a driver of improved performance for the long term benefit of the Company's shareholders.

Performance bonuses of £36,735 were paid in July 2014 which had not been accrued in the 2013 accounts and are thus accounted for in the 2014 financial statements. The 2014 incentive payment is due to be paid in June 2015 and has been accounted for in the 2014 accounts.

St Mark Homes Plc

Report of the directors for the year ended 31 December 2014 (*Continued*)

Going Concern

The directors have assessed the Group's projected business activities and available financial resources together with detailed forecasts for cash flow and relevant security analysis. The directors believe that the company is well placed to manage its business risks successfully.

After making appropriate enquiries the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Auditors

In accordance with section 489 of the Companies Act 2006, a resolution proposing that Kingston Smith LLP be reappointed as auditors of the company will be put to a General Meeting.

Statement of directors' responsibilities

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

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

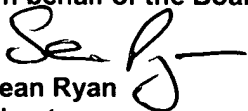
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

On behalf of the Board


Sean Ryan
Director

Date: 28th May 2015

St Mark Homes Plc

Independent Auditors' Report to the Members of St Mark Homes PLC

We have audited the consolidated financial statements of St Mark Homes PLC for the year ended 31 December 2014 which comprise the consolidated Profit and Loss account, the consolidated and company Balance Sheets, the consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6 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). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

St Mark Homes Plc

Independent Auditors' Report to the Members of St Mark Homes PLC

Matters on which we are required to report by exception

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

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

Jonathan Seymour

Jonathan Seymour (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Date: 28th May 2015

Middlesex House
800 Uxbridge Road
Hayes
Middlesex
UB4 0RS

St Mark Homes Plc

Consolidated Profit and loss account for the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover: group and share of joint venture	2	6,775,707	1,336,644
Less: share of joint venture turnover		(6,686,957)	(1,324,644)
Group turnover		88,750	12,000
Cost of sales		(60,900)	(6,974)
Gross profit		27,850	5,026
Administrative expenses		(457,198)	(122,600)
Operating loss	6	(429,348)	(117,574)
Share of operating profit of joint venture		1,029,734	148,216
Interest receivable and similar income	7	182	230,460
Interest payable and similar charges	8	(21,443)	(211)
Profit on ordinary activities before taxation		579,125	260,891
Taxation on ordinary activities	9	(41,226)	(4,344)
Profit on ordinary activities after taxation	18	537,899	256,547
Earnings per share – basic and diluted			
Ordinary shares		18.19p	8.67p

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 13 to 25 form part of these financial statements.

St Mark Homes Plc

Consolidated Balance sheet at 31 December 2014

		2014	2014	2013	2013
	Note	£	£	£	£
Non Current assets					
Tangible assets	10		1,952		1,744
Investments in joint ventures:	14				
Share of gross assets		7,720,800		3,731,979	
Share of gross liabilities		<u>(6,830,175)</u>		<u>(3,675,339)</u>	
			890,625		56,640
			<u>892,577</u>		<u>58,384</u>
Current assets					
Stock and Work In Progress	12	2,289,806		1,406,097	
Debtors	13	4,143,010		1,966,094	
Cash at bank and in hand		114,273		1,066,676	
		<u>6,547,089</u>		<u>4,438,867</u>	
Creditors: amounts falling due within one year	15	<u>(3,798,195)</u>		<u>(38,678)</u>	
Net current assets			<u>2,748,894</u>		<u>4,400,189</u>
Total assets less current liabilities			<u>3,641,471</u>		<u>4,458,573</u>
Creditors: amounts falling due in more than one year	16		-		(1,257,378)
Net Assets			<u>3,641,471</u>		<u>3,201,195</u>
Capital and reserves					
Called up share capital	17		1,478,748		1,478,748
Capital redemption reserve	18		1,009,560		1,009,560
Other reserve	18		211,822		211,822
Profit and loss account	18		941,341		501,065
Shareholders' funds	19		<u>3,641,471</u>		<u>3,201,195</u>

The financial statements were approved by the board of directors and authorised for issue on 28 May 2015.



S Ryan
Director

Company Registration No 03822978

The notes on pages 13 to 25 form part of these financial statements.

St Mark Homes Plc

Company Balance sheet at 31 December 2014

		2014	2014	2013	2013
	Note	£	£	£	£
Non Current assets					
Tangible assets	10		1,952		1,744
Investments	11		2,796,040		2,796,040
			<u>2,797,992</u>		<u>2,797,784</u>
Current assets					
Stock and Work In Progress	12	2,289,806		1,406,097	
Debtors	13	5,033,635		2,022,734	
Cash at bank and in hand		114,273		1,066,676	
		<u>7,437,714</u>		<u>4,495,507</u>	
Creditors: amounts falling due within one year	15	(3,798,195)		(38,678)	
		<u></u>		<u></u>	
Net current assets			3,639,519		4,456,829
			<u></u>		<u></u>
Total assets less current liabilities			6,437,511		7,254,613
Creditors: amounts falling due in more than one year	16		(2,796,040)		(4,053,418)
			<u></u>		<u></u>
Net assets			3,641,471		3,201,195
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	17		1,478,748		1,478,748
Capital redemption reserve	18		1,009,560		1,009,560
Other reserve	18		211,822		211,822
Profit and loss account	18		941,341		501,065
			<u></u>		<u></u>
Shareholders' funds	19		3,641,471		3,201,195
			<u></u>		<u></u>

The financial statements were approved by the board of directors and authorised for issue on 28 May 2015.


Sean Ryan
Director

Company Registration No 3822978

The notes on pages 13 to 25 form part of these financial statements.

St Mark Homes Plc

Consolidated cash flow statement for the year ended 31 December 2014

	Note	2014 £	2014 £	2013 £	2013 £
Net cash outflow from operating activities	22		(2,954,966)		(2,224,867)
Returns on investments and servicing of finance					
Interest received		182		230,460	
Interest paid		(21,443)		(211)	
Dividend paid		(97,623)		(88,748)	
Net cash inflow from returns on investments and servicing of finance			(118,884)		141,501
Taxation					
Corporation Tax			(4,323)		(4,344)
Cash outflow before use of liquid resources and financing			(3,078,173)		(2,087,710)
Capital Expenditure and Financial Investment					
Capital Expenditure			(859)		-
Loan Notes			-		823,285
Cash outflow before use of liquid resources & financing			(3,079,032)		(1,264,425)
Financing					
Increase in bank loans		310,449		902,378	
Increase in subordinated loans		1,816,180		355,000	
Redemption of preference shares		-		(42)	
			2,126,629		1,257,336
Decrease in cash	23, 24		(952,403)		(7,089)

The notes on pages 13 to 25 form part of these financial statements.

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2014

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of St Mark Homes Plc and its subsidiary undertaking, St Mark Homes Capital Limited as at 31 December 2014 using the acquisition method of accounting. Under this method the results of subsidiary undertakings are included from the date of acquisition. Interests in joint ventures are accounted for using the gross equity method of accounting.

Turnover

Turnover represents the amounts recoverable on contracts with developers.

The company contracts with developers on a cost plus basis with a guaranteed maximum price. Profit is taken on these contracts while the contract is in progress having regard to:

- the proportion of the projected contract costs which have been incurred at the balance sheet date;
- the anticipated final costs of the development; and
- the evidence of the commercial success of the development

Provision is made for all foreseeable losses.

The return on loan notes provided for the development of residential property is shown under interest receivable and similar income.

Turnover arising from development is recognised on exchanged sale contracts:

- when costs and revenues associated with the transaction can be reliably measured and
- where the probability of non performance is considered negligible such that the risks and rewards of ownership have passed to the buyer

Investments

Investments held as fixed assets are stated at cost less any provision for permanent impairment.

Stocks and Work in Progress

Stocks of property developments are valued at the lower of cost and net realisable value after making allowance for foreseeable losses. Cost comprises all direct expenditure, development interest and appropriate overheads. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Long term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract. Full provision is made for all known or expected losses on each contract.

Property development loans

Interest receivable on property loans is recognised in the period in which it accrues. Profit share returns are only recognised when there is sufficient evidence and the project is sufficiently progressed to assess the likely profitability with a reasonable level of accuracy.

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2014 (*Continued*)

1 Accounting policies (*Continued*)

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets on a reducing balance basis over their expected useful lives. It is calculated at the following rates:

Office equipment - 25% per annum

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax balances are not discounted.

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as short term bank deposits.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

St Mark Homes Plc

Notes forming part of the financial statements
for the year ended 31 December 2014 (*Continued*)

2 Turnover

All turnover, profit or loss and net assets are attributable to the principal activity of the group wholly undertaken within the United Kingdom.

3 Segmental analysis

	2014 £	2013 £
<i>Turnover</i>		
Construction contracts	88,750	12,000
Property development and finance	-	-
	<u>88,750</u>	<u>12,000</u>
<i>Pre-tax profit</i>		
Construction contracts	27,850	5,026
Property development and finance	551,275	255,865
	<u>579,125</u>	<u>260,891</u>
<i>Net assets</i>		
Construction contracts	411,354	20,000
Property development and finance	3,115,844	2,114,519
Unallocated	114,273	1,066,676
	<u>3,641,471</u>	<u>3,201,195</u>

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2014 (Continued)

4 Employees

	2014 £	2013 £
Staff costs (including directors) consist of:		
Wages and salaries	322,156	70,000
Social security costs	38,758	6,485
	<u>360,914</u>	<u>76,485</u>

The average monthly number of employees during the year was 3 (2013 - 3).

The staff costs and number of employees for the company are the same as for the group.

5 Directors' remuneration

	2014 £	2013 £
Directors' emoluments	322,156	70,000
Directors' fees	27,702	12,000
	<u>349,858</u>	<u>82,000</u>

The highest paid director was Barry Tansey: £114,232 (2013: £30,000). Sean Ryan and Bernard Tansey's remuneration was £103,962 (2013 £20,000). The directors fees of £27,702 (2013 £12,000) were paid and payable to William Gair. These sums include payments arising under management incentive arrangements for 2013 and 2014. The 2013 incentive was paid in July 2014. The 2014 incentive is due for payment in June 2015.

6 Operating loss

	2014 £	2013 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	651	579
Auditors remuneration:		
- Audit services	12,000	14,000
- Taxation services	2,300	3,830
Rent of land and buildings under operating leases	3,000	3,000
	<u>19,951</u>	<u>21,209</u>

Included in the group audit fee is an amount of £ 11,000 (2013: £11,000) in respect of the company. The audit fee of the subsidiary is borne by the parent company.

7 Interest receivable and similar income

	2014 £	2013 £
Bank deposits	182	685
Preference Dividend	-	208,739
Other loans	-	21,036
	<u>182</u>	<u>230,460</u>

St Mark Homes Plc

Notes forming part of the financial statements
for the year ended 31 December 2014 (*Continued*)

8 Interest payable and similar charges	2014	2013
	£	£
Bank charges and interest	21,443	211
	<u>21,443</u>	<u>211</u>
 9 Taxation on profit on ordinary activities		
	2014	2013
	£	£
<i>UK Corporation tax</i>		
Current tax on profit of the year	41,226	4,344
	<u>41,226</u>	<u>4,344</u>

The tax assessed for the period is different from the standard rate of corporation tax in the UK. The differences are explained below:

	2014	2013
	£	£
Profit on ordinary activities before tax	579,125	260,891
	<u>579,125</u>	<u>260,891</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.0 %	115,825	52,178
Effect of:		
Exempt dividend	-	(41,748)
Relieved Tax losses	(74,599)	(6,202)
Other Movements	-	116
	<u>(74,599)</u>	<u>(41,632)</u>
Current tax charge for period	41,226	4,344
	<u>41,226</u>	<u>4,344</u>

The unprovided deferred tax asset from the prior year of £74,599 in respect of tax losses based on a tax rate of 20% was utilised during the year.

St Mark Homes Plc

Notes forming part of the financial statements
for the year ended 31 December 2014 (*Continued*)

10 Tangible fixed assets

Group and Company	Office equipment £
<i>Cost</i>	
At 1 January 2014	12,550
Additions	859
Disposals	-
At 31 December 2014	13,409
<i>Depreciation</i>	
At 1 January 2014	10,806
Disposals	-
Provided for the year	651
At 31 December 2014	11,457
<i>Net book value</i>	
At 31 December 2014	1,952
At 31 December 2013	1,744

11 Fixed asset investments – subsidiary undertakings

Company	£
<i>Cost</i>	
At 1 January 2014 & 31 December 2014	2,835,026
<i>Provision for permanent diminution</i>	
At 1 January 2014 & 31 December 2014	(38,986)
Net book value at 31 December 2014	2,796,040
Net book value at 31 December 2013	2,796,040

The principal undertaking in which the company has a 100% interest at the year end is St Mark Homes Capital Ltd, incorporated in England and Wales. The company's nature of business is that of a housebuilder/ residential developer. St Mark Homes Plc owns the entire share capital of St Mark Homes Capital Ltd which consists of 3,073,200 ordinary shares of 50p and 81 'A' ordinary shares of 50p. The company also has a 50% interest (12.5% held as nominee for St Mark Contracts Plc) in Mountfield Road Developments LLP and has a 37.5% interest in Pittville Developments LLP. These partnerships are all engaged in property development as joint ventures.

St Mark Homes Plc

Notes forming part of the financial statements
for the year ended 31 December 2014 (*Continued*)

12 Stock	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Work in progress	2,289,806	1,406,097	2,289,806	1,406,097
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
13 Debtors due in less than one year	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Amounts owed by joint venture entities	4,129,962	1,780,243	5,020,587	1,836,883
Other debtors	3,360	9,658	3,360	9,658
Prepayments and accrued income	9,688	176,193	9,688	176,193
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	4,413,010	1,966,094	5,033,635	2,022,734
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

All amounts shown above fall due for payment within one year.

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2014 (*Continued*)

14 Interests in Joint Ventures

Included within amounts owed by joint ventures entities are loans to Pittville Developments LLP of £923,276 (2013: £494,099), Mountfield Road Developments LLP of £1,334,044 (2013: £1,286,144), Western Road Developments Ltd of £1,150,000 (2013: £ nil) and Mizen Properties Limited of £722,642 (2013: £132,500).

Joint Venture	Country of registration or Incorporation	Ownership
Mountfield Road LLP	England and Wales	37.5%
Pittville Developments LLP	England and Wales	37.5%

The total gross assets and liabilities of these joint ventures for the last relevant financial year were as follows:

	Principal Activity	Gross assets 2014 £	Gross assets 2013 £	Gross liabilities 2014 £	Gross liabilities 2013 £
Mountfield Road LLP	Property development	14,368,170	7,147,044	11,993,169	7,147,044
Pittville Developments LLP	Property development	6,220,632	2,804,903	6,220,632	2,653,863

	Mountfield Road LLP 2014 £	Mountfield Road LLP 2013 £	Pittville Developments LLP 2014 £	Pittville Developments LLP 2013 £
Share of assets				
Share of fixed assets	-	-	-	-
Share of current assets	5,388,063	2,680,141	2,332,737	1,051,838
	<u>5,388,063</u>	<u>2,680,141</u>	<u>2,332,737</u>	<u>1,051,838</u>
Share of liabilities				
Liabilities due within one year or less	(4,497,438)	(2,680,141)	(2,332,737)	(995,198)
	<u>890,625</u>	<u>-</u>	<u>-</u>	<u>56,640</u>

St Mark Homes Plc

Notes forming part of the financial statements
for the year ended 31 December 2014 (Continued)

15 Creditors: Amounts falling due within one year	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Trade creditors	90,035	14,073	90,035	14,073
Other taxation and social security	44,462	7,597	44,462	7,597
Accruals and deferred income	279,691	17,008	279,691	17,008
Bank loan (secured)	1,212,830	-	1,212,830	-
Other loans	2,171,177	-	2,171,177	-
	<u>3,798,195</u>	<u>38,678</u>	<u>3,798,195</u>	<u>38,678</u>
<p>The bank loan is secured on the company's development at Hatherley Road, Cheltenham and by a debenture over all of the company's assets.</p>				
16 Creditors: Amounts falling due in more than one year	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Amounts owed to group company	-	-	2,796,040	2,796,040
Bank loan (secured)	-	902,378	-	902,378
Other loans	-	355,000	-	355,000
	<u>-</u>	<u>1,257,378</u>	<u>2,796,040</u>	<u>4,053,418</u>
17 Share capital	2014 Number	2013 Number	2014 £	2013 £
<i>Allotted, called up and fully paid share capital</i>				
Ordinary shares of 50p each	2,957,495	2,957,495	1,478,748	1,478,748
	<u>2,957,495</u>	<u>2,957,495</u>	<u>1,478,748</u>	<u>1,478,748</u>
18 Reserves		Capital redemption reserve £	Other Reserve £	Profit and loss account £
Group and Company				
At 1 January 2014		1,009,560	211,822	501,065
Profit for year		-	-	537,899
Dividends		-	-	(97,623)
At 31 December 2014		<u>1,009,560</u>	<u>211,822</u>	<u>941,341</u>

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2014 (*Continued*)

19 Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Group and Company		
Profit for the year	537,899	256,547
Dividends	(97,623)	(88,748)
Opening shareholders' funds	3,201,195	3,033,396
Closing shareholders' funds	<u>3,641,471</u>	<u>3,201,195</u>

20 Related party disclosures

Related party transactions and balances

During the year the following related party transactions took place:

(a) Mizen Properties Limited and subsidiaries

Bernard J Tansey is a director of the above company in which he holds no beneficial interest.

Office rental, rates and service charges of £3,000 (2013: £3,000) were paid to Mizen Design/Build Limited, a subsidiary of Mizen Properties Ltd.

The company has also entered into joint ventures and development agreements with Mizen Properties Ltd (or its subsidiaries) to develop projects at Palmerston Road, Wimbledon; Bulvinos House, Ealing; Pittville Crescent, Cheltenham; Sutton High Street, Sutton; Hatherley Road, Cheltenham; St Margarets, Richmond; and Forsyth House, Mortlake.

At 31 December 2014 the company was owed £722,643 (2013: £132,500) by Mizen Properties Limited in respect of loans advanced pursuant to the development agreement at Sutton High Street, and £1,150,000 by Western Road Developments in respect of the development agreement at Forsyth House. At 31 December a total of £2,257,374 (2013: £1,780,243) was due from loans advanced to joint venture entities (see note 14).

Included within loans is £540,000 (2013: £242,500) due to Mizen Properties Limited in respect of the development at Hatherley Road. Mizen Properties Ltd has charged St Mark Homes £30,000 in respect of Project Management services at Hatherley Road. The balance is included in Trade Creditors at the year end.

(b) Ryan Heaphy & Co Limited

£43,200 (2013: £42,000) was paid to the above company for the provision of accountancy, IT, project and quality management services. At the year end an amount of £4,320 (2013: £nil) was included within trade creditors in respect of these services.

Sean Ryan is the controlling shareholder and is a director of the above company.

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2014 (Continued)

21 Related party disclosures (continued)

(c) W.C. Gair – Consultant

£14,184 (2013: £12,000) was paid to WC Gair for services as a non executive director. The balance owed to W.C. Gair at the year end of £nil (2013; £3,600) has been included in trade creditors.

(d) Merchant Place Corporate Finance Limited

£18,763 (2013: £17,057) was charged by the above company during the year for provision of Michael Chicken's services, who was a non-executive director of St Mark Homes Plc until 16 August 2013. In addition a corporate finance fee of £3,600 (2013: £4,000) was charged by the above company during the year for on-going corporate finance services. Michael Chicken is a director and shareholder of the Merchant Place Corporate Finance. The balance owed to Merchant Place Corporate Finance at the year end of £20,657 (2013: £6,317) has been included in trade creditors.

(e) St Mark Contracts Limited

The company has also entered into joint ventures with St Mark Contracts Ltd and Mizen Properties Ltd (or its subsidiaries) to develop projects at Palmerston Road, Wimbledon; Bulvinos House, Ealing; Pittville Crescent, Cheltenham and St Margarets, Richmond;.

The company had received loans of £125,000 (2013: £112,500) from St Mark Contracts Ltd in respect of a development agreement for the Hatherley Road Cheltenham project. St Mark Contracts has charged St Mark Homes £6,750 in respect of Project Management services at Hatherley Road. The balance is included in Trade Creditors at the year end.

Bernard Tansey, Sean Ryan, W C Gair and Barry Tansey are directors of St Mark Contracts Ltd.

- (f) Directors received ordinary dividends in respect of their shareholdings in the company as follows:
Bernard Tansey: £8,345 (2013: £7,650)
Sean Ryan : £1,800 (2013: £1,650)
Barry Tansey : £1,489 (2013: £1,365)

All transactions above were conducted on normal commercial terms.

22 Reconciliation of operating loss to net cash outflow from operating activities

	2014 £	2013 £
Operating loss	(429,348)	(117,574)
Depreciation of tangible fixed assets	651	579
(Increase) in stock and work in progress	(883,709)	(1,406,097)
(Increase) in amounts owed by joint venture entities	(2,349,719)	-
(Increase)/decrease in debtors	172,803	(622,664)
(Decrease) in creditors	338,606	(79,111)
Profit share received from joint venture	195,750	-
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(2,954,966)	(2,224,867)
	<hr/> <hr/>	<hr/> <hr/>

St Mark Homes Plc

Notes forming part of the financial statements
for the year ended 31 December 2014 (Continued)

23 Reconciliation of net cash flow to movement in net (debt)/funds	2014 £	2013 £	
(Decrease)/ increase in cash	(952,403)	(7,089)	
(Increase) in bank loans	(310,449)	(902,378)	
(Increase) in other loans	(1,810,000)	(355,000)	
	<u> </u>	<u> </u>	
Movement in net debt	(3,072,852)	(1,264,467)	
Opening net (debt)/funds	(190,702)	1,073,765	
	<u> </u>	<u> </u>	
Closing net debt	(3,263,554)	(190,702)	
	<u> </u>	<u> </u>	
24 Analysis of net (debt)/funds	1 January 2014	Cash flow	31 December 2014
Group			
Cash at bank and in hand	1,066,676	(952,403)	114,273
Loans due after one year	(1,257,378)	1,257,378	-
Loans due within one year	-	(3,377,827)	(3,377,827)
	<u> </u>	<u> </u>	<u> </u>
Total	(190,702)	(3,072,852)	(3,263,554)
	<u> </u>	<u> </u>	<u> </u>

25 Financial instruments

The treasury policy of the group is referred to in the strategic report. There are no floating or fixed rate financial assets at the year end. The fair values of the financial assets and liabilities are equal to their book values. The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring payments against contractual agreements.

26 Profit for the financial year

The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 from preparing its own profit and loss account and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £537,899 (2013 : £256,553) which is dealt with in the financial statements of the parent company.

27 Ultimate controlling party

It is the opinion of the directors that there is no ultimate controlling party.

St Mark Homes Plc

Notes forming part of the financial statements for the year ended 31 December 2014 (*Continued*)

28 Capital Commitments

At 31 December 2014, the Group has capital commitments as follows:

	2014 £	2013 £
Contracted for but not provided for within the financial statements	777,357	-

29 Earnings per share

Earnings per ordinary share has been calculated using the weighted average number of shares in issue during the financial year. The weighted average number of Ordinary shares in issue was 2,957,495 (2013: 2,957,495) and the earnings being profit after tax attributable to ordinary shares was £ 537,899 (2013:£256,553).

	2014 £	2013 £
<i>Numerator</i>		
Earnings used as the calculation of basic and diluted EPS	537,899	256,553
	Number	Number
<i>Denominator</i>		
Weighted average number of ordinary shares used in basic and diluted EPS	2,957,495	2,957,495

There are no share options in issue than can dilute the earnings per share.