

**Gateshead Trading Company Limited**

**Directors' report and financial  
statements**

**Registered number 06873659**

**31 March 2020**

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## Company Information

<b>Directors</b>	M Barker
	D Collins
	C Huntington
	A Tose
	M Morley
<b>Registered office</b>	Civic Centre Regent Street Gateshead Council NE8 1HH
<b>Auditor</b>	KPMG LLP Quayside House 110 Quayside Newcastle upon Tyne NE1 3DX
<b>Bankers</b>	Barclays Bank Percy Street Newcastle upon Tyne NE1 4QL
<b>Registered number</b>	06873659

## Directors' Report

The directors present their directors' report and financial statements for the year ended 31 March 2020.

### Directors' responsibilities statement

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### Principal activities

The principal activities of the company are property development, the provision of construction and design services and other service activities to Gateshead Council and third parties.

### Business review

The results for the year are set out on page 9.

### Proposed dividend

The directors have declared no dividend in respect of the year ended 31 March 2020 (2019: nil).

### Directors

The directors who held office during the year were as follows:

M Barker	
D Collins	
C Huntington	
A Tose	Appointed 8 November 2019
M Morley	Appointed 8 November 2019

**Political contributions**

The company made no political contributions during the year (2019: £nil).

**Small companies note**

This report has been prepared in accordance with the small companies' regime of the Companies Act 2006.

The directors' report has been prepared taking advantage of the small companies' exemption under Section 415A of the Companies Act 2006.

**Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

This report was approved by the Board on 26 March 2021 and signed on its behalf.



**D Collins**  
*Director*

Civic Centre  
Regent Street  
Gateshead  
NE8 1HH

26/3/2021

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATESHEAD TRADING COMPANY LIMITED**

### **Opinion**

We have audited the financial statements of Gateshead Trading Company Limited ("the company") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Directors' report**

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

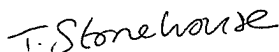
#### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Tara Stonehouse (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

29 March 2021

**Statement of Comprehensive Income**  
*for the year ended 31 March 2020*

	<i>Note</i>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
Turnover	4	2,699,229	835,420
Cost of Sales	5	<u>(2,860,433)</u>	<u>(949,046)</u>
<b>Gross loss</b>		<b>(161,204)</b>	<b>(113,626)</b>
Other operating expenses		<u>(119,219)</u>	<u>(223,393)</u>
Operating loss	6	(280,423)	(337,019)
Interest	7	(9,083)	(615)
Loss before tax		(289,506)	(337,634)
Tax on loss	9	<u>-</u>	<u>(4,099)</u>
<b>Loss for the financial year</b>		<b>(289,506)</b>	<b>(341,733)</b>
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u><b>(289,506)</b></u>	<u><b>(341,733)</b></u>

There are no recognised gains or losses other than those included in the statement of comprehensive income.

The notes on pages 11 to 18 form part of the financial statements

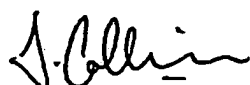


**Statement of Financial Position**  
*at 31 March 2020*

	<i>Note</i>	2020 £	2019 £
<b>Current Assets</b>			
Debtors	10	1,995,842	236,406
Inventories	11	<u>5,096,541</u>	<u>5,159,619</u>
		7,092,383	5,396,025
Creditors: amounts falling due within one year	12	<u>(1,384,105)</u>	<u>(1,278,241)</u>
<b>Net current assets</b>		<u>5,708,278</u>	<u>4,117,784</u>
<b>Total assets less current liabilities</b>		5,708,278	4,117,784
Creditors: amounts falling due in more than one year	13	<u>(6,219,000)</u>	<u>(4,339,000)</u>
<b>Net liabilities</b>		<u>(510,722)</u>	<u>(221,216)</u>
<b>Capital and reserves</b>			
Called up share capital	15	1	1
Profit and loss account		(510,723)	(221,217)
<b>Shareholders' funds</b>		<u>(510,722)</u>	<u>(221,216)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies' subject to the small companies' regime and in accordance with the provisions of FRS 102, Section 1A, Small Entities.

These financial statements were approved by the board of directors on 26/3/2021 and were signed on its behalf by:



**D Collins**  
*Director*

The notes on pages 11 to 18 form part of these financial statements.

Registered company number: 06873659

**Statement of Changes in Equity**  
*for the year ended 31 March 2020*

	Called up share capital	Profit and loss account	Total Equity
	£	£	£
Balance at 1 April 2018	1	120,516	120,517
<b>Total comprehensive income for the period</b>			
Profit or loss	-	(341,733)	(341,733)
<b>Transactions with owners recorded directly in equity</b>			
Dividends declared	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2019	<u>1</u>	<u>(221,217)</u>	<u>(221,216)</u>
Balance at 1 April 2019	1	(221,217)	(221,216)
<b>Total comprehensive income for the period</b>			
Profit or loss	-	(289,506)	(289,506)
<b>Transactions with owners recorded directly in equity</b>			
Dividends declared	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	<u>1</u>	<u>(510,723)</u>	<u>(510,722)</u>

The notes on pages 11 to 18 form part of the financial statements

## Notes

*(forming part of the financial statements)*

### 1. General information

Gateshead Trading Company Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in England and Wales. The registered number is 06873659 and the registered office is the Civic Centre, Regent Street Gateshead, NE8 1HH.

### 2. Accounting policies

#### *Basis of preparation of the financial statements*

These financial statements have been presented in pounds sterling which is the functional currency of the company and rounded to the nearest £.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### *Exemptions for qualifying entities under FRS 102*

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- \* Reconciliation of the number of shares outstanding from the beginning to end of the period;
- \* Cash Flow Statement and related notes; and
- \* Key Management Personnel compensation.

As the consolidated financial statements of Gateshead Council include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### *Going concern*

Notwithstanding net liabilities of £510,722 as at 31 March 2020 and a loss before tax for the year then ended of £289,506, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its revolving credit facility provided by its parent entity, Gateshead Council, to meet its liabilities as they fall due for that period. These downsides include a potential delay in sales, and reduction in selling prices, of properties as a result of the impact of the COVID-19 pandemic.

Those cash flow forecasts are dependent on Gateshead Council not seeking repayment of the amounts currently due, which at 31 March 2020 amounted to £6,219,000. Gateshead Council has indicated that it does not intend to seek repayment of the amounts due for the period covered by the forecasts and additionally, should it be necessary, that it will continue to make available such additional funds as are required by the company over this period.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes (continued)

2 Accounting policies (continued)

**Going concern(continued)**

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Revenue recognition**

Revenue is recognised when the following conditions are satisfied:

- (a) legal completion of property sales when the entity has transferred to the buyer the significant risks and rewards of ownership; or
- (b) Welfare to work scheme revenue in line with the period of services performed.

**Provisions**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation and measured, at the best estimate at the Statement of Comprehensive Income date, as the expenditure required to settle the obligation taking account of relevant risks and uncertainties. When payments are eventually made, they are charged to the provision in the Statement of Comprehensive Income. Estimated settlements are reviewed at the end of each financial year where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made) the provision is reversed and credited back to Statement of Comprehensive Income.

A bad debt provision has been added to the accounts to reflect a debt which is being disputed by the client.

**Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Inventories**

Properties under construction are valued at the lower of cost and net realisable value.

Inventories have been reduced to reflect the latest projections of the sales value of the stock and total costs.

The cost of work in progress comprises construction costs relating to private housing developments, less any customer deposits received, and including project specific borrowing costs.

**Financial Instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

**Debtors:** Short term debtors are measured at transaction price, less any impairment.

**Creditors:** Short term creditors are measured at transaction price.

## Notes (continued)

### 2 Accounting policies (continued)

#### *Classification and financial instruments issued by the company*

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is tax payable (refundable) in respect of the taxable profit (tax loss) for the current period or past reporting periods.

Deferred tax represents future tax consequences of transactions and events recognised in the financial statements of the current and previous periods using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each balance sheet date.

#### *Dividends on shares presented within shareholders' funds*

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

### 3. Accounting estimates and judgements

Management is required to make certain estimates and judgements in the preparation of these financial statements. The key estimate is the net realisable value of the property developments.

### 4. Turnover

	2020	2019
	£	£
Rendering of services in the United Kingdom:		
Welfare to work schemes	503,088	709,645
Sale of properties	2,196,141	125,775
	<u>2,699,229</u>	<u>835,420</u>

## Notes (continued)

### 5. Cost of Sales

	2020	2019
	£	£
Cost of properties sold	2,788,399	869,046
Impairment charge	72,034	80,000
Total Cost of Sales	<u>2,860,433</u>	<u>949,046</u>

### 6. Operating Profit

*Profit on ordinary activities before taxation is stated after charging:*

	2020	2019
	£	£
Fees payable to the Company's auditor for other services:		
Audit of these financial statements	14,500	13,750
Taxation compliance services	2,400	2,400
Other assurance services	530	530

### 7. Interest Payable

	2020	2019
	£	£
<i>Interest receivable and similar income:</i>		
CIS interest on overpayment	-	12
<i>Interest payable and similar charges:</i>		
Bank interest paid	(9,083)	(627)
Net interest expense	<u>(9,083)</u>	<u>(615)</u>

### 8. Remuneration of directors and staff costs

The directors received no remuneration for their services to the company during the year (2019: £nil). In addition, the company employed no personnel other than directors and incurred no staff costs (2019: £nil).

The average number of directors during the year was 4 (2019: 4).

**Notes (continued)**

**9. Tax on profit on ordinary activities**

*Analysis of charge in period*

	2020	2019
	£	£
Current tax	-	(2,992)
Deferred tax	-	7,091
	<u>-</u>	<u>4,099</u>
Tax on profit on ordinary activities	<u>-</u>	<u>4,099</u>

*Provision for deferred tax*

	2020	2019
	£	£
Movement in deferred tax:		
Provision at the start of period	-	(7,091)
Deferred tax charged in the Statement of comprehensive income for the period	-	7,091
	<u>-</u>	<u>-</u>
Provision at end of period	<u>-</u>	<u>-</u>
Deferred tax (asset)/liability not recognised	<u>(122,893)</u>	<u>(60,741)-</u>

The company has an unprovided deferred tax asset of £122,893 at 31 March 2020 (2019: £60,741) in respect of tax losses carried forward. These losses have not been recognised as their recovery cannot be determined with reasonable certainty.

*Reconciliation of tax charge*

	2020	2019
	£	£
Loss for the year	(289,506)	(341,733)
Tax on profit on ordinary activities	-	4,099
Loss on ordinary activities before tax	<u>(289,506)</u>	<u>(337,634)</u>
Tax on loss at the UK corporation rate of 19% (2018: 19%)	(55,006)	(64,150)
Under / over provision in previous years	-	(450)
Adjustments to average rate of 19.00%	-	7,958
Remeasurement of deferred tax	(7,146)	-
Deferred tax not recognised	<u>62,152</u>	<u>60,741</u>
Tax charge/(credit) for the period	<u>-</u>	<u>4,099</u>

Notes (continued)

9. Tax on profit on ordinary activities (continued)

*Factors that may affect future current and total tax charges*

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Any deferred tax at 31 March 2020 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

10. Debtors

	2020	2019
	£	£
Trade debtors	330	31,499
Amounts due from related parties	1,949,994	4,680
Prepayments and accrued income	45,518	57,196
VAT debtor	-	143,031
	<u>1,995,842</u>	<u>236,406</u>

Trade debtors includes a bad debt provision of £119,977 in 2019/20 and £134,978 in 2018/19.

11. Inventories

	2020	2019
	£	£
Work in progress of properties under construction	5,168,575	5,239,619
Less net realisable value provision	<u>(72,034)</u>	<u>(80,000)</u>
	<u>5,096,541</u>	<u>5,159,619</u>

12. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	34,403	34,344
Amounts due to related parties	1,258,295	1,239,798
Corporation tax	-	4,099
VAT creditor	13,927	-
Advances from Customers	<u>77,480</u>	<u>-</u>
	<u>1,384,105</u>	<u>1,278,241</u>



## Notes (continued)

### 13. Loans and other borrowings

	2020	2019
	£	£
Amounts owed to parent undertaking	6,219,000	4,339,000

The Company has two rolling credit facilities with Gateshead Council, the parent undertaking, as detailed below:

Credit Facility 1 up to a maximum of £2,229,000 to fund development site known as Derwentside APU. Drawdowns must be made within a 2-year period from the date of the first drawdown. The full facility was utilised in 2018/19 with repayment commencing in 2019/20 and £250,000 repaid to date. Annual interest is charged quarterly at 7.15%. It is the Company's accounting policy to capitalise borrowing costs against specific projects and interest of £157,068 is included in Work in Progress on the balance sheet.

Credit Facility 2 up to a maximum of £5,294,000 to fund development site known as Valley View. Drawdowns must be made within a 2-year period from the date of the first drawdown. £4,240,000 has been drawn to date and repayment of this, and any drawdowns made in 2020/21, will commence within 2020/21. Annual interest is charged quarterly at 7.23%. It is the Company's accounting policy to capitalise borrowing costs against specific projects and interest of £245,289 is included in Work in Progress on the balance sheet.

For both facilities' voluntary repayments, of part or all of the loan, can be made at any time at the discretion of the Company. Payment in full must be made no later than 3 years from practical completion of each development and must include any outstanding accrued interest.

### 14. Financial instruments

The carrying amount of financial assets and liabilities include:

	2020	2019
	£	£
<b>Assets measured at amortised cost</b>		
Trade debtors	330	31,499
Amounts owed from related parties	<u>1,949,994</u>	<u>4,680</u>
<b>Liabilities measured at amortised cost</b>		
Trade creditors	(34,403)	(34,344)
Amounts owed to related parties	<u>(1,258,295)</u>	<u>(1,239,798)</u>

### 15. Called up share capital

	2020	2019
	£	£
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

## **Notes** *(continued)*

### **16. Related party transactions**

The Company has applied the exemption available under FRS 102 in respect of disclosures in relating to transactions with its parent undertaking and wholly owned subsidiaries.

### **17. Controlling party**

The ultimate parent undertaking is Gateshead Council by virtue of its 100% shareholding in the Company. There is no individual controlling party.

The Company's ultimate parent undertaking, Gateshead Council, discloses its holding in the Company in its financial statements. The only group in which the results of the company are consolidated is that headed by Gateshead Council (subject to materiality). The financial statements of Gateshead Council may be obtained from Gateshead Council, Civic Centre, Regent Street Gateshead, NE8 1HH.