

Woolsington One Limited
(formerly Southern & Regional Developments
Limited)

Directors' report and financial
statements

Registered number 10470626

31 July 2022



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Directors' report

The directors present their directors' report and financial statements for the 11-month period ended 31 July 2022.

Principal activities and business review

The Company's principal activity is to act as a promoter to secure planning permission for sites for residential development.

During the period, 100% of the ordinary share capital of the Company was acquired by Bellway Homes Limited.

On 11 November 2022 the Company changed its name from Southern & Regional Developments Limited to Woolsington One Limited.

In preparing the financial statements, management has considered the impact of climate change, and the possible impact of climate-related and other emerging business risks. No material issues were identified that would impact the carrying values of the Company's assets or liabilities, or have any other impact on the financial statements.

The directors note the conflict between Russia and Ukraine that remains ongoing at the date of approval of these financial statements. The Company does not operate in Russia or Ukraine either directly or indirectly, and the directors do not at this time consider that the conflict poses any material risk to the Company. However, the directors continue to monitor what is an evolving situation.

The Company qualifies as small in accordance with the provision of section 382 (3) of the Companies Act 2006 and is therefore exempt from the requirements to produce a Strategic Report under section 414B.

Future developments

For 2023 and future years, it is the expectation that the Company will continue with its current principal activities.

Results

The Company's profit for the period amounted to £408,252 (*year ended 31 August 2021 – loss of £57,735*). The results for the period are set out on page 8.

Going concern

The directors consider that the Company is well placed to manage business and financial risks in the current economic environment. Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for the period to 31 July 2024, and have therefore prepared the financial statements on a going concern basis. Further details on the assessment performed is included in note 1.

Proposed dividend

The directors do not (*2021 – cannot*) recommend the payment of a dividend.

Directors and Company Secretary

The directors who held office during the period and up to the date of this report were as follows:

KD Adey (appointed 23 June 2022)

JM Honeyman (appointed 23 June 2022)

P Charney (resigned on 23 June 2022)

S Scougall was appointed as Company Secretary on 23 June 2022.

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period (2021 – *£nil*).

Disclosure of information to the auditor

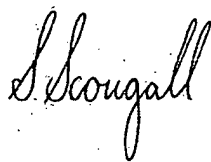
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make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

Auditor

Ernst & Young LLP was appointed as the first auditor of the Company.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the board



S Scougall
Secretary

31 July 2023

Woolsington House
Woolsington
Newcastle upon Tyne
NE13 8BF

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 company financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the company financial statements, state whether in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not 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 company 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.

Under applicable law and regulations, the directors are also responsible for preparing a directors' report that complies with that law and those regulations.

Independent auditor's report to the members of Woolsington One Limited

Qualified Opinion

We have audited the financial statements of Woolsington One Limited for the period ended 31 July 2022 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, Cash Flow Statement and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, except for the possible effects on the corresponding figures of the matter described in the basis for qualified opinion section, the financial statements:

- give a true and fair view of the company's affairs as at 31 July 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with UK adopted International Financial Reporting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

We were appointed as auditors of the company part way through the financial period ended 31 July 2022 and the previous financial statements were unaudited. We were unable to obtain sufficient evidence and explanations to support the following balances:

- Related party receivable balances amounting to £4,085,478 and related party payable balances amounting to £6,582,116 reported within the balance sheet as at 31 August 2020, required to be presented for first time adoption of IFRS.
- Related party revenue transactions amounting to £200,000 during the year ended to 31 August 2021.
- Cost of sales and administrative expense transactions amounting to £357,736 during the year ended to 31 August 2021.

As a result of this, we were unable to determine whether any adjustments might be necessary to the financial statements for the comparative periods. Our opinion on the current period's financial statements is modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

In addition, were any adjustment to the related party balances be required, the director's report would also need to be amended.

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 below. 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 qualified opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period for the period to 31 July 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

As described in the basis of the qualified opinion section of our report, we were unable to satisfy ourselves concerning the related party sales transactions of £200,000 and cost of sales expense transactions of £357,736 for the year ended 31 August 2021. We have concluded that where other information refers to the loss for the year ended 31 August 2021, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter on the corresponding figures, described in the basis of qualified opinion section of our report, in our opinion based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, 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 directors' report.

Arising solely from the limitation on the scope of our work relating to the corresponding figures, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept

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

- 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
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant is UK adopted International Financial Reporting Standards and the Companies Act 2006.
- We understood how the Company is complying with those frameworks by holding enquiries with management and those charged with governance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by obtaining and reading Company policies and holding enquiries of management and those charged with governance. Through these procedures we considered the risk of management override in relation to manual journals as the key area of focus. We obtained the entire population of journals for the period, identifying specific transactions for further investigation based on certain risk criteria. We understood the transactions identified for testing and agreed them to source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved:
 - Enquiry of management and those charged with governance as to any fraud identified or suspected in the period, any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the Company;
 - Auditing the risk of management override of controls, through enquiry of management as well as testing of a sample of journal entries based on certain risk criteria for appropriateness;
 - Challenging the judgements made by management through corroborating the basis for those judgments and considering contradicting evidence; and
 - Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matter – unaudited comparative information

The financial statements of the Company for the year ended 31 August 2021 and 31 August 2020 (corresponding figures) were unaudited.

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.

Ernst and Young LLP

Stephanie Beaumont (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP (Statutory Auditor)
Newcastle upon Tyne

31 July 2023

Income Statement
for the period ended 31 July 2022

	<i>Note</i>	11 month period ended 31 July 2022 £	Year ended 31 August 2021 £
Revenue	1,2	800,000	300,001
Cost of sales		(262,704)	(350,000)
Gross profit/(loss)		537,296	(49,999)
Administrative expenses		(23,772)	(7,736)
Profit/(loss) before taxation	3,4	513,524	(57,735)
Income tax expense	5	(105,272)	-
Profit/(loss) for the period		408,252	(57,735)

All operations for the current and prior period are continuing.

Statement of Comprehensive Income
for the period ended 31 July 2022

During both the current period and preceding period there has been no income, expenditure, gains and losses other than those recognised in the Income Statement.

Statement of Changes in Equity
for the period ended 31 July 2022

	Share capital £	Retained earnings £	Total equity £
At 1 September 2020 (restated)*	100	(153,116)	(153,016)
Total comprehensive expense for the period			
Loss for the period	-	(57,735)	(57,735)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(57,735)	(57,735)
Transactions with shareholders, recorded directly in equity			
Balance at 31 August 2021 (restated)*	100	(210,851)	(210,751)
Total comprehensive income for the period			
Profit for the period	-	408,252	408,252
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	408,252	408,252
Transactions with shareholders, recorded directly in equity	-	-	-
Balance at 31 July 2022	100	197,401	197,501

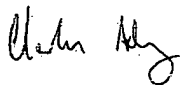
*See note 1

Balance Sheet
 at 31 July 2022

	Note	31 July 2022 £	31 August 2021 (restated)* £	1 September 2020 (restated)* £
ASSETS				
Non-current assets				
Property, plant and equipment	6	-	2,991	-
Current assets				
Inventories	7	2,491,306	2,425,275	2,120,691
Trade and other receivables	8	1,440	861	4,090,414
Cash and cash equivalents		144	19,712	223,045
Total assets		2,492,890	2,448,839	6,434,150
LIABILITIES				
Non-current liabilities				
Trade and other payables	9	-	2,290,700	-
Current liabilities				
Trade and other payables	9	2,190,117	368,890	6,587,166
Corporation tax payable		105,272	-	-
Total liabilities		2,295,389	2,659,590	6,587,166
Net assets/(liabilities)		197,501	(210,751)	(153,016)
EQUITY				
Share capital	11	100	100	100
Retained earnings		197,401	(210,851)	(153,116)
Total equity		197,501	(210,751)	(153,016)

*See note 1

These financial statements were approved by the board of directors on 31 July 2023 and were signed on its behalf by:



K D Adey
 Director

Company registered number: 10470626

Cash Flow Statement
for the period ended 31 July 2022

	Note	11 month period ended 31 July 2022 £	Year ended 31 August 2021 £
Cash flows from operating activities			
Profit/(loss) for the period		408,252	(57,735)
Depreciation charge	6	-	268
Loss on disposal of property, plant and equipment	6	2,991	-
Income tax expense	5	105,272	-
Increase in inventories		(66,031)	(304,584)
(Increase)/decrease in trade and other receivables		(579)	4,089,553
Decrease in trade and other payables		(469,473)	(3,927,576)
Cash outflow from operations		(19,568)	(200,074)
Income tax paid		-	-
Net cash outflow from operating activities		(19,568)	(200,074)
Cash flows from investing activities			
Acquisition of property, plant and equipment		-	(3,259)
Net cash outflow from investing activities		-	(3,259)
Net decrease in cash and cash equivalents		(19,568)	(203,333)
Cash and cash equivalents at beginning of period		19,712	223,045
Cash and cash equivalents at end of period		144	19,712

Notes

1 Accounting policies

Basis of preparation

Woolsington One Limited (formerly Southern & Regional Developments Limited) is a company incorporated and domiciled in England and Wales.

The Company's financial statements have been prepared and approved by the directors in accordance with UK adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements are prepared on a historical cost basis.

The preparation of financial statements in conformity with international accounting standards in conformity with the requirements of UK adopted international accounting standards and the Companies Act 2006 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

First time adoption of IFRS

These financial statements, for the period ended 31 July 2022, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 August 2021, the Company prepared its financial statements 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 as applicable to companies subject to the small companies regime.

Accordingly, the Company has prepared financial statements that comply with IFRS applicable as at 31 July 2022, together with the comparative period data for the year ended 31 August 2021, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 September 2020, the Company's date of transition to IFRS. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted International Accounting Standards in its financial statements on 1 September 2020.

There are no adjustments made by the Company in restating its FRS 102 financial statements, including the statement of financial position as at 1 September 2020 and the financial statements as of, and for, the year ended 31 August 2021.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The Company is financed through ordinary share capital, retained earnings and cash in hand. It meets its day to day financing requirements through cash and cash equivalents and amounts owed to Group undertakings.

The directors of the Company have prepared cash flow forecasts until 31 July 2024 which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through its cash balances and funding from its immediate parent company, Bellway Homes Limited, to meet its liabilities as they fall due for that period. Those forecasts are dependent on Bellway Homes Limited not seeking repayment of the amounts currently due to it by the Company, which at 31 July 2022 amounted to £2,139,593, and providing additional financial support during that period. Bellway Homes Limited has provided a letter of support to the Company confirming it has the ability and availability to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts.

Notes (continued)

1 Accounting policies (continued)

Going concern (continued)

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.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for the period to 31 July 2024, aligning with the first year end after the minimum 12 month assessment period, and have therefore prepared the financial statements on a going concern basis.

Restatement of prior period

Following the acquisition of the Company by Bellway Homes Limited during the period ended 31 July 2022, a provision has been booked against certain amounts held in inventories due to uncertainty around their recovery. The provision has been booked retrospectively in the year ended 31 August 2020 for amounts added to inventories prior to that balance sheet date. The events leading to this uncertainty were known at that year end, therefore a prior year restatement has been recognised. The impact of this provision is to increase cost of sales and reduce inventories by £143,152 in 2020.

Property, plant and equipment

Items are stated at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is charged to the income statement on a straight-line basis over their estimated useful lives over the following number of years:

- Fixtures and fittings - 3 to 10 years.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Land comprises: options purchased in respect of land; investments in land without the benefit of planning consent; and, promotion agreements in respect of land without the benefit of planning consent.

Options purchased in respect of land are capitalised initially at cost. Regular reviews are carried out for impairment in the value of these options and provisions made accordingly to reflect loss of value. The impairment reviews consider the period elapsed since the date of purchase of the option given that the option contract has not been exercised at the review date. Further, the impairment reviews consider the remaining life of the option, taking account of any concerns over whether the remaining time available will allow a successful exercise of the option. The carrying cost of the option at the date of exercise is included within the cost of land purchased as a result of the option exercise.

Investments in land without the benefit of planning consent, either through the purchase of land or non-refundable deposits paid on land purchase contracts subject to planning consent, are included initially at cost. Regular reviews are carried out for impairment in the values of these investments and provision made to reflect any irrecoverable element. The impairment reviews consider the existing use value of the land and assess the likelihood of achieving planning consent and the value thereof.

Promotion agreements in respect of land without the benefit of planning consent comprise initial costs of entering into the agreements, fees and consultancy costs in relation to obtaining planning permission and marketing sites on behalf of landowners. These costs are capitalised initially at cost. Regular reviews are carried out for impairment in the values of these costs incurred and provisions made accordingly to reflect loss of value. The impairment reviews consider the likelihood of securing planning permission, the successful marketing of the site and the remaining life of the promotion agreement.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Company

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.

Trade and other receivables

Trade and other receivables are stated at their fair value at the date of initial recognition and subsequently at amortised cost less allowances for impairment.

Trade and other payables

Trade payables on normal terms are not interest-bearing and are stated at their nominal value.

Cash and cash equivalents

Cash and cash equivalents are defined as cash balances in hand and in the bank (including short-term cash deposits).

Revenue

Revenue represents amounts receivable, net of VAT, in respect of promotion activities seeking to secure planning permission for sites for residential development and arises in the UK. Revenue is recognised in the Income Statement at a point in time when the performance obligation has been satisfied.

Taxation

The charge for taxation is based on the result for the period and takes into account current and deferred taxation. The charge is recognised in the Income Statement except to the extent that it relates to items recognised in equity in which case it is recognised in equity.

Deferred taxation is provided for all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, 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.

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.

Notes (continued)

1 Accounting policies (continued)

Accounting estimates and judgements

Management consider the following to be major sources of estimation that have been made in these financial statements:

Estimates

Carrying amount of land held for development and work in progress

Inventories are carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and overheads. Valuation of land is carried out at regular intervals and estimates of the probability of planning being granted is required to enable an estimated profit to be determined. Management are required to employ considerable judgement in estimating the probability of a site achieving planning and in assessing any impairment provisions which may be required.

For both the periods ended 31 July 2022 and 31 August 2021, a full review of inventories has been performed and write downs have been made where cost exceeds net realisable value.

Judgements

There have been no significant accounting judgments required in the preparation of the financial statements for the current period and previous year.

Standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements there were a number of standards and interpretations which were in issue but not yet effective. These have not been applied in these financial statements and are not expected to have a material effect when adopted.

2 Revenue from contracts with customers

Revenue represents the sale of sites on which promotion activity was performed to a related party at the time of the transaction (note 12).

All revenue relates to activities in the UK.

3 Expenses and auditor's remuneration

	2022 £	2021 £
<i>Included in profit/(loss) before taxation is the following:</i>		
Depreciation on property, plant and equipment	-	268
Loss on disposal of property, plant and equipment	2,991	-
	<hr/>	<hr/>
<i>Auditor's remuneration:</i>		
Audit of these financial statements	17,000	-
	<hr/>	<hr/>

4 Employee information

The Company had one employee during the period (2021 – one), who is no longer employed at the end of the period. All of the current directors are also directors of the Company's ultimate parent company, Bellway p.l.c. During the period the directors received £nil (2021 – £nil) remuneration through the Company, having performed no qualifying services.

Notes (continued)

5 Taxation

	2022 £	2021 £
Current tax expense:		
UK corporation tax	105,272	-
	<u>105,272</u>	<u>-</u>
Reconciliation of effective tax rate:		
	2022 %	2021 %
Profit/(loss) before taxation	513,524	(57,735)
Tax calculated at UK corporation tax rate	20.5	19.0
Non-deductible expenses	-	(19.0)
Total tax expense	20.5	-

The effective tax expense is 20.5% of profit before taxation (2021 – nil) and is the same as (2021 – lower than) the Company's standard tax rate for the period of 20.5% (2021 – 19.0%).

The Company has UK corporation tax losses of £9,214 (2021 – £9,214) which are not recognised for accounting purposes. No deferred tax asset has been recognised in relation to these losses due to uncertainty regarding their utilisation.

It is expected that the Company's standard rate of tax for the year ending 31 July 2023 will be around 25%.

Notes (continued)

6 Property, plant and equipment

	Fixtures and fittings £	Total £
Cost		
At 1 September 2020	-	-
Additions	3,259	3,259
At 31 August 2021	3,259	3,259
Disposals	(3,259)	(3,259)
At 31 July 2022	-	-
Depreciation		
At 1 September 2020	-	-
Charge for the year	268	268
At 31 August 2021	268	268
On disposals	(268)	(268)
At 31 July 2022	-	-
Net book value		
At 31 July 2022	-	-
At 31 August 2021	2,991	2,991
At 1 September 2020	-	-

7 Inventories

	2022 £	2021 (restated) £
Land	2,491,306	2,425,275

Inventories of £262,704 were expensed in the period (2021 – £350,000) through cost of sales.

The directors consider all inventories to be essentially current in nature although the Company's operational cycle is such that a proportion of inventories will not be realised within 12 months. It is not possible to determine with accuracy when specific inventory will be realised as this is subject to a number of factors including planning permission delays.

Provision against inventories to net realisable value amounted to £186,978 (2021 (restated) – £186,978). These were recognised as an expense during the year ended 31 August 2020 and are included in cost of sales. See note 1.

Notes (continued)

8 Trade and other receivables

	2022 £	2021 £
VAT receivable	1,440	-
Other receivables	-	861
	<u>1,440</u>	<u>861</u>

All of the above amounts fall due within one year.

9 Trade and other payables

Non-current liabilities

	2022 £	2021 £
Amounts owed to group undertakings (see note 12)	-	2,290,700
	<u>-</u>	<u>2,290,700</u>

Current liabilities

	2022 £	2021 £
Other payables	7,200	-
Amounts owed to group undertakings (see note 12)	2,139,593	368,890
Accruals and deferred income	43,324	-
	<u>2,190,117</u>	<u>368,890</u>

10 Financial risk management

The Company's financial instruments comprise predominantly amounts owed to Group undertakings and other payables that arise directly from its operations. The main objective of the Company's policy towards financial instruments is to maximise returns on the Company's cash balances, manage the Company's working capital requirements and finance the Company's ongoing operations.

Capital management

The Company had cash in hand and at bank of £144 (2021 – £19,712) despite having cash outflows from operations of £19,568 (2021 – £200,074) in the current period. The Company is part of the Group's banking arrangements and has access to an overdraft (see liquidity risk below).

Management of financial risk

The main risks associated with the Company's financial instruments have been identified as credit risk, liquidity risk and interest rate risk. The Board is responsible for managing these risks and the policies adopted, which have remained largely unchanged during the period, are set out below.

Notes (continued)

10 Financial risk management (continued)

Credit risk

The Company's exposure to credit risk is largely mitigated as the vast majority of the Company's sales are made on completion of a legal contract, at which point monies are received in exchange for the transfer of legal title. The Company does not anticipate any losses from non-performance by these counterparties.

The Board considers the Company's exposure to credit risk to be acceptable and normal for an entity of its size, in the industry in which it operates.

Liquidity risk

The Company finances its operations through a mixture of equity (comprising share capital and retained earnings) and amounts owed to group undertakings. The Company has financial support from Group entities, and is party to Group banking arrangements.

The Group manages its liquidity risk by monitoring existing facilities and cash flows against forecast requirements based on a three-year rolling cash forecast.

Bellway p.l.c.'s debt arrangements, outlined in its 2022 Annual Report and Accounts (see note 13), are considered to be adequate in terms of flexibility and liquidity for its medium-term cash flow needs therefore mitigating the Company's liquidity risk.

Interest rate risk

Interest rate risk reflects the Company's exposure to fluctuations in interest rates in the market. The risk arises because the Company's cash balance bears interest based on the bank's base rate.

For the period ended 31 July 2022 it is estimated that an increase of 1% in interest rates applying for the full period would have a negligible impact on the Company's profit before taxation.

Fair values

The carrying values of financial assets and liabilities are not materially different to their fair values.

Financial assets and liabilities by category

	2022 £	2021 £
Cash and cash equivalents	144	19,712
Financial liabilities at amortised cost	(2,146,793)	(2,659,590)
	<u>(2,146,649)</u>	<u>(2,639,878)</u>

11 Called up share capital

	2022 £	2021 £
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

Notes (continued)

12 Related party transactions

Key management personnel comprise the directors (see note 4).

During the period, the Company was acquired by Bellway Homes Limited. Previously, the Company was part of a Group headed by Landhold Capital Limited.

	Sales to related party		Amounts owed to related party	
	2022	2021	2022	2021
	£	£	£	£
Bellway Homes Limited	-	-	2,139,593	-
Landhold Capital Limited	800,000	300,001	-	2,659,590
	<u>800,000</u>	<u>300,001</u>	<u>2,139,593</u>	<u>2,659,590</u>

13 Ultimate parent company and parent company of larger group

As at 31 July 2022 the immediate parent undertaking was Bellway Homes Limited, a Company registered in England and Wales.

The ultimate parent company and ultimate controlling party is Bellway p.l.c., a Company registered in England and Wales.

Bellway p.l.c. is the only parent company of a Group including Woolsington One Limited (formerly Southern & Regional Developments Limited) which is required to prepare Group accounts. Copies of the Bellway p.l.c. group accounts can be obtained from the Company Secretary, Bellway p.l.c., Woolsington House, Woolsington, Newcastle upon Tyne, NE13 8BF.