

Company Registration No. 04263502 (England and Wales)

OMEGA WARRINGTON LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



OMEGA WARRINGTON LIMITED

COMPANY INFORMATION

Directors	D T Milloy A A King A D King E M Young
Secretary	K M Park
Company number	04263502
Registered office	Octagon Point 5 Cheapside London EC2V 6AA
Auditor	Johnston Carmichael LLP 227 West George Street Glasgow G2 2ND

OMEGA WARRINGTON LIMITED

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OMEGA WARRINGTON LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The principal activities of the Company are those of property development at a 575 acre, mixed use development site located in Warrington, off J8 of the M62 motorway, known as Omega.

Business review

The site at Omega has performed very well in 2021 and delivered an increased operating profit of £13,532,297 (2020 - £9,686,663).

The development of three distribution units totalling 736,299 sqft at Omega Business Park, Warrington was successfully completed on 24th September 2021, having been prefunded by Mountpark Logistics EU. The units have been let to Gousto and Amazon. Omega is the pre-eminent manufacturing and distribution location in the North West. Planning approval was obtained on the 11th November 2021 to extend the development by 2,212,002 sqft. A contract was concluded with TJ Morris (t/a Home Bargains) to occupy Unit 1, which will extend to 878,031 sqft.

Two residential sites were sold at Omega to Castle Green Homes (145 units) and Bloor Homes (195 units). Other housebuilders currently developing on Omega include Redrow and Taylor Wimpey.

The Board considers profits generated to be the key indicator of the Company. The profit before tax delivered in 2021 was £13,533,180 compared to £9,648,415 in the previous year. The nature of large scale property development means that year-on-year profits may vary significantly due to the timing and stage of deals as is demonstrated here.

Principal risks & uncertainties

The main risk to the Company would be a slowdown in the housing market in the Warrington area, as the recovery of monies spent on infrastructure works at the site depends on site sales to housebuilders. Cash flow models for the Company recognise the uncertainty regarding the dates of recovery of costs.

Future developments

The Company will continue to work to develop the Omega site and will pursue further development opportunities which arise that are in line with Company strategy.

Directors' duties

Section 172(1) of the Companies Act 2006 provides that the directors of the Company must act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of all of its members as a whole, and in doing so have regard (amongst other matters) to various other stakeholder interests, as follows:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The directors work together to run and grow the business. Formal chaired, minuted meetings are held monthly where strategic, operational and financial matters are reviewed and discussed, providing a platform for well-informed decision making. We work closely with our employees, consultants and suppliers to develop a motivated and well trained team. Health and safety is of paramount importance in our business.

OMEGA WARRINGTON LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board

D T Milloy
Director

A handwritten signature in black ink, appearing to be 'D T Milloy', with a large, sweeping flourish extending from the bottom right.

19 May 2022

OMEGA WARRINGTON LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of property development.

Results and dividends

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

Ordinary dividends were paid amounting to £8,001,000. The directors do not recommend payment of a further dividend.

Directors

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

D T Milloy
A A King
A D King
E M Young

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

D T Milloy
Director



19 May 2022

OMEGA WARRINGTON LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

OMEGA WARRINGTON LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OMEGA WARRINGTON LIMITED

Opinion

We have audited the financial statements of Omega Warrington Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

OMEGA WARRINGTON LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OMEGA WARRINGTON LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

OMEGA WARRINGTON LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OMEGA WARRINGTON LIMITED

Extent to which the audit is 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the [company/group], focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK GAAP
- Companies Act 2006
- Corporation Tax legislation
- VAT legislation

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of submitted returns and board meeting minutes.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that 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 intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

OMEGA WARRINGTON LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OMEGA WARRINGTON LIMITED

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.



Hugh Boyle (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

Date: 19 MAY 2022

Chartered Accountants
Statutory Auditor

227 West George Street
Glasgow
G2 2ND

OMEGA WARRINGTON LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	55,287,212	32,947,475
Cost of sales		(41,004,873)	(22,855,693)
Gross profit		14,282,339	10,091,782
Administrative expenses		(750,042)	(405,119)
Operating profit	4	13,532,297	9,686,663
Interest receivable and similar income	6	883	32,943
Interest payable and similar expenses	7	-	(71,191)
Profit before taxation		13,533,180	9,648,415
Tax on profit	8	(2,364,007)	(1,833,199)
Profit for the financial year		11,169,173	7,815,216

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

OMEGA WARRINGTON LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Current assets					
Development work in progress	10	5,879,325		24,371,002	
Debtors falling due after more than one year	11	8,047,000		-	
Debtors falling due within one year	11	11,172,653		3,969,966	
Cash at bank and in hand		9,366,056		3,151,768	
		<u>34,465,034</u>		<u>31,492,736</u>	
Creditors: amounts falling due within one year	12	<u>(7,385,254)</u>		<u>(16,128,570)</u>	
Net current assets			27,079,780		15,364,166
Creditors: amounts falling due after more than one year					
Other creditors	13	<u>8,547,441</u>		-	
			<u>(8,547,441)</u>		<u>-</u>
Net assets			<u>18,532,339</u>		<u>15,364,166</u>
Capital and reserves					
Called up share capital	14		100		100
Profit and loss reserves	15		18,532,239		15,364,066
Total equity			<u>18,532,339</u>		<u>15,364,166</u>

The financial statements were approved by the board of directors and authorised for issue on 19 May 2022 and are signed on its behalf by:

D T Milloy
Director

Company Registration No. 04263502

AA King
Director

OMEGA WARRINGTON LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2020		100	9,548,850	9,548,950
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	7,815,216	7,815,216
Dividends	9	-	(2,000,000)	(2,000,000)
Balance at 31 December 2020		100	15,364,066	15,364,166
Year ended 31 December 2021:				
Profit and total comprehensive income for the year		-	11,169,173	11,169,173
Dividends	9	-	(8,001,000)	(8,001,000)
Balance at 31 December 2021		100	18,532,239	18,532,339

OMEGA WARRINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Omega Warrington Limited is a private company limited by shares incorporated in England and Wales. The registered office is Octagon Point, 5 Cheapside, London, EC2V 6AA.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

OMEGA WARRINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents the value of the sales of property developments, rents receivable, management fees and other property income.

Where turnover is derived from long term contracts, the value of work done during the year ascertained by reference to contract measurement in accordance with the stage of completion of the contract when the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably;
- and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.4 Development work in progress

Developments in progress are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of development work in progress over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.5 Cash at bank and in hand

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

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

OMEGA WARRINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

OMEGA WARRINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.7 Equity instruments

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

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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

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

1.9 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

OMEGA WARRINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Development Work In Progress £5.9m (2020: £24.4m)

In order to assess the appropriateness of the carrying value of the development work in progress, the directors are required to consider the potential for each site held in order to assess whether any impairments are required. By using this approach this ensures that the development work in progress is stated at the lower of cost and estimated selling price less costs to complete and sell.

3 Turnover and other revenue

All turnover is derived from the company's principal activity and arises within the United Kingdom.

	2021	2020
	£	£
Other significant revenue		
Interest income	883	32,943

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	9,750	9,500
Impairment of stocks recognised or reversed	(1,820,910)	849,011

5 Employees

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

	2021	2020
	Number	Number
Total	-	-

OMEGA WARRINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

6 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	883	32,943

7 Interest payable and similar expenses

	2021 £	2020 £
Other interest on financial liabilities	-	71,191

8 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	2,406,513	1,833,199
Adjustments in respect of prior periods	(42,506)	-
Total current tax	2,364,007	1,833,199

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

	2021 £	2020 £
Profit before taxation	13,533,180	9,648,415
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	2,571,304	1,833,199
Group relief	(164,791)	-
Under/(over) provided in prior years	(42,506)	-
Taxation charge for the year	2,364,007	1,833,199

9 Dividends

	2021 £	2020 £
Final paid	8,001,000	2,000,000

OMEGA WARRINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

10 Development work in progress

	2021 £	2020 £
Work in progress	5,879,325	24,371,002

11 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	10,503,000	-
Amounts owed by group undertakings	-	2,552,596
Other debtors	669,653	641,550
Prepayments and accrued income	-	775,820
	11,172,653	3,969,966

	2021 £	2020 £
Amounts falling due after more than one year:		
Trade debtors	8,047,000	-
Total debtors	19,219,653	3,969,966

12 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,051,750	2,129,690
Amounts owed to group undertakings	600,279	-
Corporation tax	410,734	1,834,330
Other creditors	-	9,671,502
Accruals and deferred income	5,322,491	2,493,048
	7,385,254	16,128,570

13 Other creditors falling due after one year

	2021 £	2020 £
Accruals and deferred income	8,547,441	-

OMEGA WARRINGTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

14 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary A shares of £1 each	50	50	50	50
Ordinary B shares of £1 each	50	50	50	50
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The A and B shares rank pari passu in all respects.

15 Profit and loss reserves

	2021 £	2020 £
At the beginning of the year	15,364,066	9,548,850
Profit for the year	11,169,173	7,815,216
Dividends declared and paid in the year	(8,001,000)	(2,000,000)
At the end of the year	<u>18,532,239</u>	<u>15,364,066</u>

Profit and loss reserves represent accumulated comprehensive income/(expenditure) for the year and prior periods, less any dividends paid.

16 Related party transactions

Transactions with related parties

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

	Purchases 2021 £	2020 £
Other related parties	<u>125,000</u>	<u>305,000</u>

17 Ultimate controlling party

The company is a subsidiary of M2 Three Limited, registered address 201 West George Street, Glasgow, G2 2LW.

The company's ultimate parent company is M2 Group Limited, registered address 201 West George Street, Glasgow, G2 2LW.

M2 Holdco Limited is the smallest group and M2 Group Limited is the largest group for which group accounts are prepared including the company. Copies of these group accounts are available from the company's registered office.