

**Castlegate Homes (Developments)
Ltd**

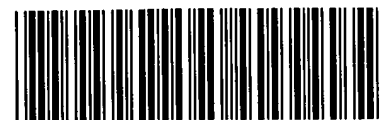
Directors' Report and Financial Statements

Year Ended

30 June 2021

Company Number 04817690

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Castlegate Homes (Developments) Ltd

Company Information

Directors	J Parle S P Barnwell W T Kendrick M Forde
Company secretary	S P Barnwell
Registered number	04817690
Registered office	The Finlan Centre Hale Road Widnes Cheshire WA8 8PU
Independent auditor	BDO LLP 3 Hardman Street Manchester M3 3AT
Bankers	National Westminster Bank plc 146 Widnes Road Widnes Cheshire WA8 6BB
Solicitors	Hill Dickinson 1 St Pauls Square Liverpool L3 9SJ

Castlegate Homes (Developments) Ltd

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Castlegate Homes (Developments) Ltd

Directors' Report For the Year Ended 30 June 2021

The Directors present their report and the audited financial statements for the year ended 30 June 2021.

Principal activity

The principal activity of the Company is that of a housing developer.

Results and dividends

The profit for the year, after taxation, amounted to £242,012 (2020 - £16,966).

The Directors do not recommend the payment of a dividend (2020 - £Nil).

Directors

The Directors who served during the year were:

J Parle
S P Barnwell
A Brodie (resigned 28 February 2022)
W T Kendrick
M Forde

Going concern

The Directors have prepared the financial statements on a going concern basis. The Company continues to display a strong net asset position and has been able to trade profitably despite the COVID-19 pandemic. It remains evident that the residential property market has not been adversely impacted by the pandemic and, in fact, has been buoyed by it as lockdowns increased the tendency for the market to increase personal savings for major capital purchases such as residential homes. In relation to amounts owed to group undertakings, assurances have been received in writing from the ultimate parent company, Morbaine Properties Limited, confirming that it will continue to support the Company and will not require repayment of amounts owed such that it would impact the Company's ability to meet its other liabilities for a period of at least 12 months from the date of approval of these financial statements.

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for all of the Directors.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Castlegate Homes (Developments) Ltd

Directors' Report (continued)
For the Year Ended 30 June 2021

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on **21 MARCH 2022** and signed on its behalf.



J Parle
Director

Castlegate Homes (Developments) Ltd

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, 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; and
- 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, to 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.

Castlegate Homes (Developments) Ltd

Independent Auditor's report to the members of Castlegate Homes (Developments) Ltd

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 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.

We have audited the financial statements of Castlegate Homes (Developments) Ltd ("the Company") for the year ended 30 June 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

Castlegate Homes (Developments) Ltd

Independent Auditor's report to the members of Castlegate Homes (Developments) Ltd (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

Other Companies Act 2006 reporting

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

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.

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:

- 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 prepare the financial statements in accordance with the small companies regime and 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, 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.

Castlegate Homes (Developments) Ltd

Independent Auditor's report to the members of Castlegate Homes (Developments) Ltd (continued)

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.

Extent to which the audit was 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 assessed the susceptibility of the financial statements to material misstatement, including fraud and evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and improper revenue recognition associated with year-end cut-off.

Our audit procedures included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to nett realisable value of stock and valuation and completeness of accruals and other provisions;
- We have assessed the revenue recognised for a defined period around the year end and post year end through selection of revenue items and assessing if these have been reflected in the correct period in line with the requirements of FRS 102;
- Identifying and testing journal entries to supporting documentation, in particular any journal entries posted with specific unusual narrative, manual journals to revenue and cash, and review of journals posted with specific key words;
- We have made enquiries of management, those charged with governance and those responsible for legal and compliance procedures regarding known or suspected instances of non-compliance with laws and regulation and fraud. We corroborated our enquiries through our review of board minutes for the year and other evidence gathered during the course of the audit; and
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement 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 deliberate concealment by, for example, forgery, misrepresentations or through collusion. 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/auditorsresponsibilities>. This description forms part of our auditor's report.

Castlegate Homes (Developments) Ltd

Independent Auditor's report to the members of Castlegate Homes (Developments) Ltd (continued)

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.

DocuSigned by:

Gary Harding

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Gary Harding (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Manchester

United Kingdom

21 March 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Castlegate Homes (Developments) Ltd

Statement of Comprehensive Income For the Year Ended 30 June 2021

	2021 £	2020 £
Turnover	1,257,666	1,807,299
Cost of sales	(974,744)	(1,688,346)
Gross profit	282,922	118,953
Administrative expenses	(22,937)	(23,603)
Other operating income	-	1,550
Operating profit	259,985	96,900
Interest receivable and similar income	72	2,966
Profit before tax	260,057	99,866
Tax on profit	(18,045)	(82,900)
Profit for the year	242,012	16,966

There was no other comprehensive income for 2021 (2020 - £Nil).

The notes on pages 10 to 14 form part of these financial statements.

Castlegate Homes (Developments) Ltd

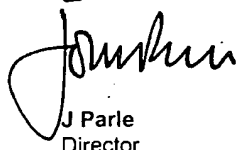
Registered number:04817690

Statement of Financial Position As at 30 June 2021

	Note	2021 £	2021 £	2020 £	2020 £
Investments	5		-		-
Current assets					
Stocks	6	1,390,103		2,281,897	
Debtors: amounts falling due within one year	7	266,010		246,541	
Cash at bank and in hand		1,219,452		180,884	
		<u>2,875,565</u>		<u>2,709,322</u>	
Creditors: amounts falling due within one year	8	(57,453)		(201,434)	
Net current assets			<u>2,818,112</u>		<u>2,507,888</u>
Total assets less current liabilities			<u>2,818,112</u>		<u>2,507,888</u>
Creditors: amounts falling due after more than one year	9		(2,454,229)		(2,386,017)
Net assets			<u><u>363,883</u></u>		<u><u>121,871</u></u>
Capital and reserves					
Called up share capital			100		100
Profit and loss account			363,783		121,771
			<u><u>363,883</u></u>		<u><u>121,871</u></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.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
21 MARCH 2022


J Parle
Director

The notes on pages 10 to 14 form part of these financial statements.

Castlegate Homes (Developments) Ltd

Notes to the Financial Statements For the Year Ended 30 June 2021

1. General information

Castlegate Homes (Developments) Ltd is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is shown on the Company Information page. The nature of the Company's operations and its principal activities are outlined in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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 functional and presentational currency of these financial statements is Sterling. All amounts in these financial statements have been rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Group financial statements

The Company has not prepared group financial statements as it is exempt from the requirement to do so under section 400 of the Companies Act 2006 as it is itself a wholly owned subsidiary of Castlegate Homes (UK) Limited, a company incorporated in the United Kingdom, and is included in the consolidated financial statements of its ultimate parent company, Morbaine Properties Limited. These financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. These financial statements present information about the individual company and not about the group as a whole.

2.3 Going concern

The Directors have prepared the financial statements on a going concern basis. The Company continues to display a strong net asset position and has been able to trade profitably despite the COVID-19 pandemic. It remains evident that the residential property market has not been adversely impacted by the pandemic and, in fact, has been buoyed by it as lockdowns increased the tendency for the market to increase personal savings for major capital purchases such as residential homes. In relation to amounts owed to group undertakings, assurances have been received in writing from the ultimate parent company, Morbaine Properties Limited, confirming that it will continue to support the Company and will not require repayment of amounts owed such that it would impact the Company's ability to meet its other liabilities for a period of at least 12 months from the date of approval of these financial statements.

Castlegate Homes (Developments) Ltd

Notes to the Financial Statements For the Year Ended 30 June 2021

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue 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 from property sales is recognised on legal completion of the sale.

Property rental income is recognised on an accruals basis.

2.5 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Stock includes construction costs, labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.8 Debtors

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

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

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

The Company's cash at bank and in hand and trade and other debtors and its trade and other creditors and bank overdrafts are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Castlegate Homes (Developments) Ltd

Notes to the Financial Statements For the Year Ended 30 June 2021

2. Accounting policies (continued)

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Current and deferred taxation

Tax is recognised in profit or loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The key area of estimation uncertainty in preparing the financial statements is in relation to assessing potential impairment of stock.

The Directors have made the following judgements:

- Net realisable value of property held for sale is assessed by the Directors using their knowledge of the sites, the local property market and available market data.
- Costs to complete of work in progress are assessed by management based on discussions and correspondence with developers.

4. Employees

The average monthly number of employees, including directors, during the year was Nil (2020 - Nil).

Castlegate Homes (Developments) Ltd

Notes to the Financial Statements For the Year Ended 30 June 2021

5. Fixed asset investments

Subsidiary undertakings

The following was a subsidiary undertaking of the Company:

Name	Class of shares	Holding	Principal activity
Castlegate Homes (Construction) Ltd	Ordinary	100%	Dormant

The registered office of Castlegate Homes (Construction) Ltd is the Finlan Centre, Hale Road, Widnes, Cheshire, WA8 8PU.

6. Stocks

	2021 £	2020 £
Completed property held for sale	1,390,103	2,281,897

There is no material difference between the replacement cost of stocks and the amounts stated above.

7. Debtors

	2021 £	2020 £
Amounts owed by group undertakings	202	202
Other debtors	2,819	4,354
Prepayments and accrued income	8,039	7,179
Corporation tax recoverable	1,947	-
Deferred taxation	253,003	234,806
	<u>266,010</u>	<u>246,541</u>

Amounts owed by group undertakings are interest free and repayable on demand.

Castlegate Homes (Developments) Ltd

Notes to the Financial Statements For the Year Ended 30 June 2021

8. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,971	37,591
Amounts owed to group undertakings	36,246	61,941
Other taxation and social security	-	4,087
Other creditors	-	1,000
Accruals and deferred income	19,236	96,815
	<u>57,453</u>	<u>201,434</u>

Amounts owed to group undertakings are interest free and repayable on demand.

9. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Amounts owed to group undertakings	<u>2,454,229</u>	<u>2,386,017</u>

10. Related party transactions

Balances with members of the group headed by Morbaine Properties Limited are disclosed in notes 7, 8 and 9. No interest has been charged or is receivable in respect of these balances.

11. Ultimate parent undertaking and controlling party

The immediate parent company is Castlegate Homes (UK) Limited. The registered office of Castlegate Homes (UK) Limited is The Finlan Centre, Hale Road, Widnes, Cheshire, WA8 8PU.

The parent undertaking of the largest and smallest group for which consolidated accounts are prepared is Morbaine Properties Limited. Consolidated accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ. The registered office of Morbaine Properties Limited is The Finlan Centre, Hale Road, Widnes, Cheshire, WA8 8PU.

In the opinion of the Directors the Finlan family are the ultimate controlling party of the business.