

**Castell Ventures Ltd**  
**Strategic Report, Report of the Directors and**  
**Financial Statements for the Year Ended 31 December 2018**

Haines Watts Wales LLP, Statutory Auditors  
7 Neptune Court  
Vanguard Way  
Cardiff  
CF24 5PJ



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for the Year Ended 31 December 2018**

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**Castell Ventures Ltd**  
**Company Information**  
**for the Year Ended 31 December 2018**

**Directors:**

Mr S L Epps  
Mr S A Hembrow  
Mrs A K Hinchey  
Mr L Reeves

**Registered office:**

Archway House  
77 Parc Ty Glas  
Llanishen  
Cardiff  
CF14 5DU

**Registered number:**

08292028 (England and Wales)

**Auditors:**

Haines Watts Wales LLP, Statutory Auditors  
7 Neptune Court  
Vanguard Way  
Cardiff  
CF24 5PJ

**Bankers:**

Natwest  
96 Queen Street  
Cardiff  
CF10 2GR

**Castell Ventures Ltd**  
**Strategic Report**  
**for the Year Ended 31 December 2018**

The directors present the strategic report of Castell Ventures Limited ("Castell Ventures" or the "company") for the year ended 31 December 2018.

**Review of business**

Castell Ventures is an independent company run as a social enterprise with any profits generated used to further the social purpose of its parent company, Wales & West Housing Association Limited (the "Association"). The company has been providing catering and cleaning services to residents at the group's three Extra Care schemes since 2013 and in 2016 launched its domiciliary care service to older people and others with complex needs who live in properties owned or managed by the group.

The company previously included a Homes division, established with the purpose of building and selling homes in communities where a housing need was identified. In early 2018, the trade and assets of this division were transferred to Castell Homes Limited, a newly incorporated fellow group undertaking.

Castell Ventures strives to do the right thing to deliver what matters for the residents of the group and the community. Castell Ventures has its own board of directors, which meets four times annually. All significant decisions made by the company are subject to direct oversight and governance by the group Board of Directors, which meets regularly throughout the year.

**Principal risks and uncertainties**

The provision of Care and Support services is subject to sector-specific regulatory oversight and brings additional reputational risk. However, the growth of this business has been done in a phased manner over a number of years and under the leadership of a management team with extensive experience in the sector. The group Board of Directors maintains direct oversight and in particular must approve all new business activity and tenders for new work.

The risk of poor governance is mitigated by direct oversight from the group Board of Directors, which is diverse and draws upon a wide range of skills, backgrounds and specialisms.

The company is within the scope of the group risk assessment and risk management procedures which are set out more fully in the annual report and financial statements of the parent undertaking.

**Performance during the year**


The results for the year show a turnover of £1.3 million (2017: £1.1 million) due to the increased volume of domiciliary care and support services provided. The company reported an operating loss of £9,718 (2017: £91,825 profit) due to the launch of two new care contracts in the year which involved heavy investment in staff recruitment and training. The transfer of the Homes division resulted in a one-off accounting gain of £64,813, which was recognised in the statement of comprehensive income for the year. After interest payments, this reduced the brought forward losses to £24,020 at 31 December 2018 (2017: £72,210).

At 31 December 2018, Castell Ventures had gross assets of £190,653 (2017: £566,746). The decrease in gross assets is related to the transfer of the Homes division noted above.

**Future developments**

The principal activity of the company in providing catering, cleaning and domiciliary care services will continue for the foreseeable future. It is anticipated that due to planned growth, this business is expected to generate an operating profit during 2019.

**On behalf of the board:**



.....  
Mrs A K Hinchey - Director

Date: 12-3-19 .....

**Castell Ventures Ltd**

**Report of the Directors  
for the Year Ended 31 December 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

**Dividends**

No dividends will be distributed for the year ended 31 December 2018.

**Directors**

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

Mr S L Epps  
Mr S A Hembrow  
Mrs A K Hinchey

Other changes in directors holding office are as follows:

Mr S T J Porter - resigned 12 July 2018  
Mr L Reeves - appointed 27 February 2018

**Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:


- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**On behalf of the board:**



Mrs A K Hinchey - Director

Date: 12-3-19

## **Report of the Independent Auditors to the Members of Castell Ventures Ltd**

### **Opinion**

We have audited the financial statements of Castell Ventures Ltd (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement 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' (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 2018 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 Auditors' 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

### **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 or the Report of the Directors.

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.

**Report of the Independent Auditors to the Members of  
Castell Ventures Ltd**

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

**Auditors' 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 a Report of the Auditors 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**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 a Report of the Auditors 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.



Tania Clegg (Senior Statutory Auditor)  
for and on behalf of Haines Watts Wales LLP, Statutory Auditors  
7 Neptune Court  
Vanguard Way  
Cardiff  
CF24 5PJ

Date: 14 Mar 2019

**Castell Ventures Ltd**

**Statement of Comprehensive Income  
for the Year Ended 31 December 2018**

	Notes	2018 £	2017 £
<b>Turnover</b>		1,335,378	1,113,945
Cost of sales		<u>(1,178,685)</u>	<u>(910,516)</u>
<b>Gross profit</b>		156,693	203,429
Distribution costs		(3,193)	-
Administrative expenses		<u>(163,218)</u>	<u>(111,604)</u>
<b>Operating (loss)/profit</b>		(9,718)	91,825
Transfer of Homes division	4	64,813	-
Interest payable and similar expenses	5	<u>(6,906)</u>	<u>(21,758)</u>
<b>Profit before taxation</b>	6	48,189	70,067
Tax on profit	7	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>		48,189	70,067
<b>Other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>48,189</u></u>	<u><u>70,067</u></u>

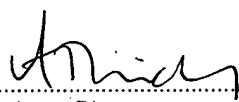
The notes form part of these financial statements



**Balance Sheet**  
**31 December 2018**

	Notes	2018 £	2017 £
<b>Current assets</b>			
Stocks	8	-	411,872
Debtors	9	119,820	104,919
Cash at bank and in hand		<u>70,833</u>	<u>49,955</u>
		190,653	566,746
<b>Creditors</b>			
Amounts falling due within one year	10	<u>(189,673)</u>	<u>(563,955)</u>
<b>Net current assets</b>		<u>980</u>	<u>2,791</u>
<b>Total assets less current liabilities</b>		980	2,791
<b>Creditors</b>			
Amounts falling due after more than one year	11	<u>(25,000)</u>	<u>(75,000)</u>
<b>Net liabilities</b>		<u>(24,020)</u>	<u>(72,209)</u>
<b>Capital and reserves</b>			
Called up share capital	12	<u>1</u>	<u>1</u>
Retained earnings	13	<u>(24,021)</u>	<u>(72,210)</u>
<b>Shareholders' funds</b>		<u>(24,020)</u>	<u>(72,209)</u>

The financial statements were approved by the Board of Directors on .....12-3-19..... and were signed on its behalf by:

  
.....  
Mrs A K Hinchey - Director

**Castell Ventures Ltd**

**Statement of Changes in Equity  
for the Year Ended 31 December 2018**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2017</b>	1	(142,277)	(142,276)
<b>Changes in equity</b>			
Total comprehensive income	-	70,067	70,067
<b>Balance at 31 December 2017</b>	1	(72,210)	(72,209)
<b>Changes in equity</b>			
Total comprehensive income	-	48,189	48,189
<b>Balance at 31 December 2018</b>	1	(24,021)	(24,020)

The notes form part of these financial statements

**Castell Ventures Ltd**

**Cash Flow Statement  
for the Year Ended 31 December 2018**

	<b>Notes</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	15	55,863	51,664
Interest paid	5	(6,906)	(21,758)
Transfer of Homes division	4	(28,079)	-
Net cash from operating activities		<u>20,878</u>	<u>29,906</u>
 <b>Increase in cash and cash equivalents</b>		 20,878	 29,906
<b>Cash and cash equivalents at beginning of year</b>	16	49,955	20,049
 <b>Cash and cash equivalents at end of year</b>	16	 <u>70,833</u>	 <u>49,955</u>

The notes form part of these financial statements

## Castell Ventures Ltd

### Notes to the Financial Statements for the Year Ended 31 December 2018

#### 1. Statutory information

Castell Ventures Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

#### 2. Accounting policies

##### Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

##### Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

##### Turnover

Turnover is recognised at the point when services are delivered and is measured at the fair value of the consideration received or receivable, excluding value added tax and other sales taxes.

##### Stocks

Work in progress is valued at the lower of cost and net realisable value.

##### Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

##### Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

#### 3. Employees and directors

	2018	2017
	£	£
Wages and salaries	916,917	689,684
Social security costs	43,121	40,361
Other pension costs	<u>21,932</u>	<u>13,200</u>
	<u>981,970</u>	<u>743,245</u>

**Castell Ventures Ltd**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**3. Employees and directors - continued**

The average number of employees during the year was as follows:

	2018	2017
Staff	67	50
Directors	<u>5</u>	<u>4</u>
	<u><u>72</u></u>	<u><u>54</u></u>

A significant proportion of staff work part-time hours. The above 67 members of staff equates to 47 (2017:34) full time equivalents.

	2018	2017
	£	£
Directors' remuneration	<u><u>3,193</u></u>	<u><u>-</u></u>

All Directors of the company are remunerated by the Parent undertaking (note 14) for services provided across the group.

**4. Transfer of Homes division**

Effective from 15 January 2018, the net assets and operations of the Homes division were transferred to Castell Homes Limited, a fellow group undertaking. A summary of the balances transferred is set out below.

Description	£
Work in progress	402,270
Cash	28,079
Loan due to parent undertaking	(495,162)
Revenue expenditure	<u><u>64,813</u></u>

**5. Interest payable and similar expenses**

	2018	2017
	£	£
Interest payable	<u><u>6,906</u></u>	<u><u>21,758</u></u>

**6. Profit before taxation**

The profit is stated after charging:

	2018	2017
	£	£
Auditors' remuneration	<u><u>4,060</u></u>	<u><u>4,100</u></u>

**7. Taxation**

**Analysis of the tax charge**

No liability to UK corporation tax arose for the year ended 31 December 2018 nor for the year ended 31 December 2017.

**Castell Ventures Ltd**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**7. Taxation - continued**

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit before tax	<u>48,189</u>	<u>70,067</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	9,156	13,313
Effects of: Tax losses	<u>(9,156)</u>	<u>(13,313)</u>
Total tax charge	<u>-</u>	<u>-</u>

**8. Stocks**

	2018 £	2017 £
Work in progress	<u>-</u>	<u>411,872</u>

**9. Debtors: amounts falling due within one year**

	2018 £	2017 £
Trade debtors	76,352	104,813
Amounts owed by group undertakings	42,710	-
Other debtors	757	105
Called up share capital not paid	<u>1</u>	<u>1</u>
	<u>119,820</u>	<u>104,919</u>

**10. Creditors: amounts falling due within one year**

	2018 £	2017 £
Trade creditors	42	762
Amounts owed to group undertakings	-	15,585
Social security and other taxes	22,070	11,686
VAT	772	841
Other creditors	356	-
Amount owed to group loan	125,000	505,000
Accrued expenses	<u>41,433</u>	<u>30,081</u>
	<u>189,673</u>	<u>563,955</u>

**11. Creditors: amounts falling due after more than one year**

	2018 £	2017 £
Amount owed to group loan	<u>25,000</u>	<u>75,000</u>

**12. Called up share capital**

Allotted and issued: Number:	Class:	Nominal value:	2018 £	2017 £
1	Ordinary shares	£1	<u>1</u>	<u>1</u>

**Castell Ventures Ltd**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2018**

**13. Reserves**

	<b>Retained earnings £</b>
At 1 January 2018	(72,210)
Profit for the year	<u>48,189</u>
At 31 December 2018	<u>(24,021)</u>

**14. Parent company and controlling party**

Wales & West Housing Association Limited is the immediate parent company and owns the entire called up share capital. Wales & West Housing Association is also the ultimate parent undertaking and controlling party and the parent of the largest and smallest groups in which these financial statements are consolidated. Copies of the consolidated financial statements of Wales & West Housing Association may be obtained from the registered office of the company.

**15. Reconciliation of profit before taxation to cash generated from operations**

	<b>2018 £</b>	<b>2017 £</b>
Profit before taxation	48,189	70,067
Transfer of Homes division	(64,813)	-
Finance costs	<u>6,906</u>	<u>21,758</u>
	(9,718)	91,825
Increase in stocks	-	(187,382)
(Increase)/decrease in trade and other debtors	(14,901)	65,023
Increase in trade and other creditors	<u>80,482</u>	<u>82,198</u>
<b>Cash generated from operations</b>	<u><b>55,863</b></u>	<u><b>51,664</b></u>

**16. Cash and cash equivalents**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2018**

	<b>31.12.18 £</b>	<b>1.1.18 £</b>
Cash and cash equivalents	<u>70,833</u>	<u>49,955</u>

**Year ended 31 December 2017**

	<b>31.12.17 £</b>	<b>1.1.17 £</b>
Cash and cash equivalents	<u>49,955</u>	<u>20,049</u>

**17. Pension commitments**

The company operates a defined contribution pension scheme. The pension contribution charge for the year represents contributions payable by the company to the scheme and amounted to £21,932 (2017: £13,200)

Contributions totalling £4,460 (2017: £3,095) were payable to the scheme at the year end and are included within social security and other taxes.