

Registered number: SC255675

CALA Land Investments (Bearsden) Limited

Annual report and financial statements

for the 18 months ended 31 December 2018



CALA Land Investments (Bearsden) Limited

Annual report and financial statements for the 18 months ended 31 December 2018

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CALA Land Investments (Bearsden) Limited

Directors and advisers

Directors

K Whitaker (appointed 1 August 2018)
N J Stoddart
G G Craig
A D Brown (resigned 30 April 2018)
J G G Reid (resigned 31 October 2018)

Company secretary

Ledge Services Limited

Registered office

Adam House
5 Mid New Cultins
Edinburgh
EH11 4DU

Independent auditor

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

CALA Land Investments (Bearsden) Limited

Directors' report

The directors present their report and audited financial statements of the company for the 18 months ended 31 December 2018.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and therefore a strategic report has not been presented.

Change in Accounting reference date

Following the acquisition of the CALA Group by Legal & General in March 2018, the accounting period has been extended to an 18 month period ended 31 December 2018.

Principal activities

The principal activity of the company is house building on a development site located in Bearsden. The company was established for this purpose and the directors do not anticipate any change in the principal activity in the foreseeable future.

The profit on ordinary activities before taxation for the 18 months ended 31 December 2018 was £6,798,838 (year to 30 June 2017: £836,142).

Directors

The directors of the company at 31 December 2018 and who served throughout the 18 month period to 31 December 2018 and up to the date of this report, unless where stated, are shown on page 1.

Future outlook

The residential development of the site is well underway with the final last legal completions anticipated in summer 2019.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risk affecting the company is considered to relate to the strength of the housing market, however as the site is nearing completion this risk has diminished.

Key performance indicators

The directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the company.

Dividends

The directors do not recommend the payment of a dividend (year to 30 June 2017: £nil).

CALA Land Investments (Bearsden) Limited

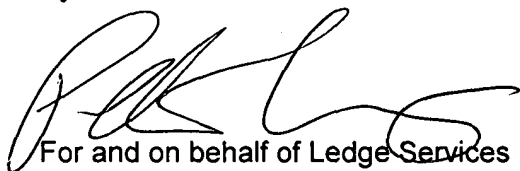
Directors' report (continued)

Independent auditor and disclosure of information to auditor

Each director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditor in connection with preparing their report) of which the company's auditor is unaware, and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

During the period, KPMG LLP were appointed as auditor. In accordance with the Companies Act 2006, an elective resolution has been passed by shareholders in order to dispense with the need to hold annual general meetings and to appoint an auditor annually. KPMG LLP shall therefore continue as auditor to the company.

By order of the board



For and on behalf of Ledge Services Limited

Company secretary

25 March 2019

CALA Land Investments (Bearsden) Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

The directors 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.

Independent Auditor's report to the members of CALA Land Investments (Bearsden) Limited

Opinion

We have audited the financial statements of CALA Land Investments (Bearsden) Limited ("the company") for the 18 month period ended 31 December 2018 which comprise the Balance sheet as at 31 December 2018; the Profit and loss account, the statement of changes in equity for the 18 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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 18 month period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as future sales forecasts and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

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

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

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

Directors' report

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

Independent Auditor's report to the members of CALA Land Investments (Bearsden) Limited (continued)

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

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

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Katie Morrison (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

319 St Vincent Street

Glasgow, G2 5AS

25 March 2019

CALA Land Investments (Bearsden) Limited

Profit and loss account

For the 18 months ended 31 December 2018

	Note	18 months to 31 December 2018 £	Year to 30 June 2017 £
Revenue	1	29,056,671	8,843,991
Cost of sales		(22,129,097)	(7,497,729)
Gross profit		<u>6,927,574</u>	<u>1,346,262</u>
Operating expenses		<u>(3,849)</u>	<u>(9,033)</u>
Profit before interest and taxation		6,923,725	1,337,229
Interest payable and similar charges	4	<u>(124,887)</u>	<u>(501,087)</u>
Profit before taxation	2	6,798,838	836,142
Tax on profit	5	<u>(1,252,099)</u>	<u>(150,931)</u>
Profit for the financial period		<u>5,546,739</u>	<u>685,211</u>

All activities are continuing.

The company has no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of other comprehensive income has been presented.

CALA Land Investments (Bearsden) Limited

Balance sheet At 31 December 2018

	Note	At 31 December 2018 £	At 30 June 2017 £
Current Assets			
Inventories	6	5,018,557	12,276,496
Trade and other receivables – due within one year	7	3,556,059	70,369
Trade and other receivables - due after one year	7	-	490,042
Cash at bank and in hand		3,948,142	504,884
Total current assets		12,522,758	13,341,791
Creditors: amounts falling due within one year	8	(2,739,174)	(9,104,946)
Net assets		9,783,584	4,236,845
Capital and reserves			
Called up share capital	9	7,576,004	7,576,004
Profit and loss account		2,207,580	(3,339,159)
Total shareholders' funds		9,783,584	4,236,845

The financial statements of CALA Land Investments (Bearsden) Limited, company registration number: SC255675, on pages 7 to 16 were approved by the Board of Directors on 25 March 2019 and signed on its behalf by



N J Stoddart
Director

CALA Land Investments (Bearsden) Limited

Statement of changes in equity

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
At 1 July 2016	<u>7,576,004</u>	<u>(4,024,370)</u>	<u>3,551,634</u>
Profit for the financial year	-	685,211	685,211
At 30 June 2017	<u>7,576,004</u>	<u>(3,339,159)</u>	<u>4,236,845</u>
Profit for the financial period	-	5,546,739	5,546,739
At 31 December 2018	<u>7,576,004</u>	<u>2,207,580</u>	<u>9,783,584</u>

CALA Land Investments (Bearsden) Limited

Notes to the financial statements for the 18 months to 31 December 2018

1. Accounting Policies

General information

CALA Land Investments (Bearsden) Limited (the company) is a private company incorporated and domiciled in Scotland, United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the directors' report on pages 2 to 3.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

Basis of accounting

The financial statements have been prepared on the historical cost basis and on the basis of going concern. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council and in accordance with the Companies Act 2006.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group financial statements of CALA Group (Holdings) Limited. The group financial statements of CALA Group (Holdings) Limited are available to the public and can be obtained as set out in note 11.

Going concern

The company's most recent financial projections show that for the foreseeable future net assets remain in a positive position at each financial year end.

As a result, the projected trading position for the company enables the directors to form a judgment that the company has adequate resources to continue to trade for the foreseeable future and that the company will be able to realise its assets and discharge its liabilities in the normal course of business.

For these reasons the directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Revenue recognition

All revenue is generated from the sale of houses in the United Kingdom. Revenue consists of the sales of houses net of discounts and sales incentives. Sales of houses are recognised on legal completion. The sale proceeds of part exchange properties are not included in revenue however the net gain or loss, inclusive of transaction costs, for the purchase and sale of part exchange properties is included as a reduction in turnover as the purchase and sale of part exchange properties is regarded as a mechanism for selling.

CALA Land Investments (Bearsden) Limited

Notes to the financial statements for the 18 months to 31 December 2018 (continued)

1. Accounting Policies (continued)

Inventory

Inventories are valued at the lower of cost or net realisable value and include, where appropriate, an element of site overheads. Net realisable value for home building assets is assessed internally after taking account of any relevant available market information.

Interest

Interest is charged/ credited to the profit and loss account in the year in which it is incurred.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

CALA Land Investments (Bearsden) Limited

Notes to the financial statements for the 18 months to 31 December 2018 (continued)

1. Accounting Policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

In applying the company's accounting policies the directors have made no individual judgements that have a significant impact upon the financial statements, except those involving estimation, which are dealt with below.

The key sources of estimation uncertainty at the balance sheet date are:

Land and work in progress

Valuations which include an estimation of costs to complete and remaining revenues are carried out at regular intervals throughout the year, during which site development costs are allocated between units built in the current year and those to be built in future years. These assessments include a degree of inherent uncertainty when estimating the profitability of a site, profit recognition on sales in the financial year and in assessing any impairment provisions which may be required against inventory in the Balance Sheet.

The group has conducted a review of the net realisable value of its inventory carrying values which resulted in no change to the inventory value. The reviews were conducted on a site by site basis, using valuations that incorporated selling price and development cost movements, based on local management and the board's assessment of market conditions existing at the balance sheet date. If there are significant movements in UK house prices or development costs beyond management's expectations then further impairments/reversals of previous write downs of land and work in progress may be necessary.

Deferred tax

Deferred tax assets are recognised following due consideration of the availability of tax losses in relation to future anticipated taxable profits. This assessment includes reasonable downside sensitivities around future sales prices.

2. Profit before taxation

Fees in respect of audit services were £6,000 (2017: £6,000). In the 18 month period to 31 December 2018 these fees were borne by CALA Management Limited, a fellow group company. Fees in respect of taxation services were £nil (2017: £820). Fees for the year ended 30 June 2017 were payable to the previous auditor.

3. Directors and Employees

	18 months to 31 December 2018 Number	Year to 30 June 2017 Number
Average monthly number of employees:		
Directors	<u>4</u>	<u>4</u>

No employment costs were incurred during the period (year ended 30 June 2017: £nil). Directors' remuneration is borne by CALA Management Limited, a fellow group company. No material qualifying services were provided by the directors to the company during either the current period or prior year.

CALA Land Investments (Bearsden) Limited

Notes to the financial statements for the 18 months to 31 December 2018 (continued)

4. Interest payable and similar charges

	18 months to 31 December 2018 £	Year to 30 June 2017 £
Interest payable on intercompany loans	<u>124,887</u>	<u>501,087</u>

5. Tax on profit

	18 months to 31 December 2018 £	Year to 30 June 2017 £
(a) Analysis of tax charge in the year		
United Kingdom corporation tax on profit of the period/ year	762,057	-
Adjustment in respect of prior years	<u>-</u>	<u>-</u>
Current tax charge	762,057	
Deferred tax:		
Current period/ year	490,042	156,894
Adjustment in respect of prior years – deferred tax	51,583	-
Impact of changes in tax rates	<u>(51,583)</u>	<u>(5,963)</u>
Total deferred tax	<u>490,042</u>	<u>150,931</u>
Tax on profit	<u>1,252,099</u>	<u>150,931</u>

(b) Factors affecting tax charge for year:

The difference between the tax charge for the year, reported in the profit and loss account and the current year charge that would result in applying the relevant standard rate of tax to the profit before taxation, is explained as follows:

	18 months to 31 December 2018 £	Year to 30 June 2017 £
Profit before taxation	<u>6,798,838</u>	<u>836,142</u>
Profit before taxation multiplied by standard rate of corporation tax in the		
United Kingdom of 19% (2017: 19.75%)	1,291,779	165,144
Effects of:		
Expenses not deductible	-	16,499
Income not taxable	(39,680)	(24,749)
Impact of changes in tax rates	(51,583)	(5,963)
Adjustment in respect of prior years – deferred tax	<u>51,583</u>	<u>-</u>
Total tax charge for the period/ year	<u>1,252,099</u>	<u>150,931</u>

CALA Land Investments (Bearsden) Limited

Notes to the financial statements for the 18 months to 31 December 2018 (continued)

5. Tax on profit (continued)

(c) Factors affecting future tax charges

The main rate of corporation tax was reduced from 20% to 19% with effect from 1 April 2017. A further change to the UK corporation tax rate to reduce it to 17% from 1 April 2020 was substantively enacted as part of Finance Bill 2016 on 6 September 2016. Deferred tax has been measured using the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

6. Inventories

	31 December 2018	30 June 2017
	£	£
Land	1,786,250	7,148,267
Work in progress	3,232,307	5,128,229
	<u>5,018,557</u>	<u>12,276,496</u>

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £20.8 million (2017: £6.9 million).

7. Trade and other receivables

	31 December 2018	30 June 2017
	£	£
Amounts falling due within 1 year:		
Amounts due from group undertakings	3,452,729	-
Other receivables	<u>103,330</u>	<u>70,369</u>
	<u>3,556,059</u>	<u>70,369</u>
Amounts falling due after 1 year:		
Deferred tax asset	-	490,042
	<u>-</u>	<u>490,042</u>
Total trade and other receivables	<u>3,556,059</u>	<u>560,411</u>

The directors consider that the carrying value of debtors approximates their fair value.

Amounts due from group undertakings are unsecured and are repayable on demand.

CALA Land Investments (Bearsden) Limited

Notes to the financial statements for the 18 months to 31 December 2018 (continued)

7. Trade and other receivables (continued)

The following table illustrated the deferred tax asset and movement thereon during the current reporting period:

	Trading losses £	Total £
At 1 July 2017	490,042	490,042
Charged to the income statement	(490,042)	(490,042)
At 31 December 2018	-	-

8. Creditors: amounts falling due within one year

	31 December 2018 £	30 June 2017 £
Trade creditors	1,971,151	2,156,818
Amounts owed to group undertakings	-	6,941,308
Corporation tax	762,056	-
Accruals and deferred income	5,967	6,820
	<u>2,739,174</u>	<u>9,104,946</u>

Amounts owed to group undertakings are unsecured, bear interest at a market rate and are repayable on demand.

The directors consider that the carrying value of creditors approximates their fair value.

9. Called up share capital

	Allotted and fully Paid 2018 £	Allotted and fully Paid 2017 £
7,576,003 'A' (2016: 7,576,003) ordinary shares of £1 each	7,576,003	7,576,003
1 'B' (2016: 1) ordinary share of £1 each	1	1
	<u>7,576,004</u>	<u>7,576,004</u>

All classes of share capital rank equally and hold equal voting rights.

CALA Land Investments (Bearsden) Limited

Notes to the financial statements for the 18 months to 31 December 2018 (continued)

10. Related parties

The company has taken advantage of an exemption offered by FRS101, with regard to the non disclosure of related party transactions with other group companies on the grounds it is a wholly owned subsidiary of a group headed by CALA Group (Holdings) Limited whose financial statements are publicly available.

11. Controlling party

The immediate parent undertaking is CALA Ventures Limited.

The intermediate parent company, at which level these financial statements are consolidated, is CALA Group (Holdings) Limited. The consolidated financial statements of CALA Group (Holdings) Limited are available from CALA House, 54 The Causeway, Staines-Upon-Thames, Surrey TW18 3AX.

The ultimate parent company is Legal & General Group Plc. Legal & General Group Plc is the largest group of financial statements where the results of the company are consolidated. Copies of the accounts of the ultimate holding company, Legal & General Group Plc, are available, at the Registered Office, One Coleman Street, London, EC2R 5AA, on the group website at www.legalandgeneralgroup.com or from the Company Secretary.