

Company number 05734119

Broadland St Benedicts Limited
Annual Report and Financial Statements
for the year ended 31 March 2019

Broadland St Benedicts Limited

Executive and Advisors

Company Information

Company registration number

05734119

Registered office

NCFC
South Stand
Carrow Road
Norwich
NR1 1HU

Directors

Martin Clark MCIOB MRICS
Michael Newey D.Sc (Hon) BSc FRICS FCIH FRSA
MAHI (Chair)
Sean Tompkins D.Eng (Hon) ACII FIDM MIOD
DiplOD
Helen Skoyles BA (Hons) CIHCM
Julian Foster MA (Hons) ACA FCT

Secretary

Sarah Wyatt MA ACIS

Bankers

NatWest Bank
45 London Street
Norwich
NR1 4LX

External Auditors

RSM UK Audit LLP (from 1st April 2019)
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

BDO LLP (to 31st March 2019)
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Broadland St Benedicts Limited

Report and Financial Statements for the year ended 31 March 2019

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Broadland St Benedicts Limited

Report of the directors for the year ended 31 March 2019

The directors present their report and the financial statements of the company for the year ended 31 March 2019.

Principal activities

The principal activities of the company are property development and related services. A number of sites are being developed for open market sale in Norwich and North Norfolk alongside affordable housing being developed by the Company's parent company. The company has in place a development framework agreement with its sister company, Broadland Development Services to facilitate the procurement requirements for these sites. In April 2017 it completed an intercompany loan agreement for £9.9m with its parent company, Broadland Housing Association to provide the necessary funding. This loan carries a commercial rate of interest. During 2019 the company has completed a further loan facility of £6.77m with Lloyds Bank plc to assist in the development of Canary Quay, close to the company's head office.

Results and dividends

There was a profit before taxation for the financial year amounting to £27,225 (2018: loss before taxation £47,085) as a result of the first open market sales carried out by the company at Bodham in North Norfolk. The directors have not recommended a dividend. On the basis of expected future profitability and available committed finance, the directors have continued to use the going concern basis in preparing these financial statements.

Principal risks and financial risk management objectives and policies

The key risks to the business as seen by the directors are as follows:

- Development risks which are managed by the use of Design and Build contracts with contractors;
- Availability and price of land for future developments; and
- Future exposure to open market fluctuations of property values.

In common with other businesses, the company aims to minimise financial risk. The measures used by the directors to manage this risk include the preparation of profit and cash flow forecasts, regular monitoring of actual performance against these forecasts, ensuring that adequate financing is in place to meet the requirements of the business and setting minimum development financial appraisal targets. Contract work in progress is closely monitored to keep the risk of loss on contracts to a minimum level.

Directors

The directors who served the company during the year were as follows:

Michael Newey D.Sc (Hon) BSc FRICS FCIH FRSA MAHI (Chair)
Sean Tompkins D.Eng (Hon) ACII FIDM MIOD DiplOD
Martin Clark MCIOB MRICS
Helen Skoyles BA (Hons) CIHCM
Julian Foster MA (Hons) ACA FCT

Broadland St Benedicts Limited

Report of the directors for the year ended 31 March 2019 (*continued*)

Statement of directors' responsibilities

The directors are responsible for preparing 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 laws). 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 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.

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Small companies provision

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

On behalf of the board



Michael Newey D.Sc (Hon) BSc FRICS FCIH FRSA MAHI
Chair

17 July 2019

Broadland St Benedicts Limited

Independent auditor's report for the year ended 31 March 2019

Opinion

We have audited the financial statements of Broadland St Benedicts Limited (the 'company') for the year ended 31 March 2019 which comprise profit and loss account, balance sheet, statement of changes in equity 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 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 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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's 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 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. 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.

Broadland St Benedicts Limited

Independent auditor's report for the year ended 31 March 2019 (*continued*)

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.

Opinions 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 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.

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 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 exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities 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, and for such internal control as the

Broadland St Benedicts Limited

Independent auditor's report for the year ended 31 March 2019 (continued)

directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

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.

RSM UK Audit LLP

LARAGH JEANROY (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

Date *23 July 2019*

Broadland St Benedicts Limited

Profit and loss account for the year ended 31 March 2019

	Note	2019 £	2018 £
Turnover		1,522,000	-
Cost of sales		(1,409,062)	-
Operating costs		(59,799)	(33,165)
Operating profit (loss)	4	53,139	(33,165)
Interest receivable		1,587	217
Interest and financing costs	5	(27,501)	(14,137)
Profit (loss) before tax		27,225	(47,085)
Tax (charge)/credit		(5,570)	8,946
Profit/(loss) for the financial year		21,655	(38,139)
Other comprehensive income		-	-
Profit (loss) and total comprehensive income (loss) for the financial year		21,655	(38,139)

All activities relate to continuing operations.

The company has no recognised gains or losses other than the results for the year as set out above.

The accompanying notes form part of these financial statements.

Broadland St Benedicts Limited

Balance sheet at 31 March 2019

Company number 05734119

	Note	2019 £	2018 £
Current assets			
Stock: Housing properties for sale	6	5,247,804	1,894,313
Trade and other debtors	7	121,823	14,575
Cash and cash equivalents		225,760	109,423
		<u>5,595,387</u>	<u>2,018,311</u>
Creditors: amounts falling due within one year	8	(695,071)	(139,650)
Net current assets		4,900,316	1,878,661
Creditors: amounts falling after more than one year	9	(4,900,000)	(1,900,000)
Net assets (liabilities)		316	(21,339)
 Capital and reserves			
Called-up equity share capital	10	1	1
Income and expenditure reserve (deficit)		315	(21,340)
		<u>316</u>	<u>(21,339)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on 17 July 2019 and are signed on their behalf by:



Michael Newey D.Sc (Hon) BSc FRICS FCIH FRSA MAHI
Director

The accompanying notes form part of these financial statements.

Broadland St Benedicts Limited

Statement of changes in equity for the ended 31 March 2019

	Income and expenditure reserve (deficit) £
Balance as at 1 April 2017	16,799
Loss for the year	(38,139)
Balance at 31 March 2018	<u>(21,340)</u>
Profit for the year	21,655
Balance at 31 March 2019	<u>315</u>

The accompanying notes form part of these financial statements.

Broadland St Benedicts Limited

Notes to the financial statements for the year ended 31 March 2019

1 Legal status

Broadland St Benedicts Limited ("the company") is a private company limited by shares incorporated in England. The registered office of the company is: NCFC, South Stand, Carrow Road, Norwich. NR1 1HU.

2 Accounting policies

Basis of accounting

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"), the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime, and under the historical cost convention. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

Going concern

The Group of which the company is part has considerable financial resources and the parent company has made available a ten-year loan facility of £9.9 million to enable the company to achieve its business plan. A further loan of £6.77m has been secured from Lloyds Bank plc during the year. The company has generated a profit and expects development completions and profits in the coming years which will facilitate the repayment of loan balances. The directors believe that the company is well placed to manage its business risks despite the current uncertain economic outlook and on the basis of expected future profitability, have continued to use the going concern basis in preparing these financial statements.

Turnover

Turnover represents the amounts (excluding any value added tax) derived from the proceeds of completed new homes, derived entirely from the Company's principal activities conducted within the United Kingdom.

Stock

Property for sale is stated at the lower of cost and net realisable value (NRV). Cost comprises third party costs (materials and labour) and direct development overheads. NRV is based on estimated sales proceeds after allowing for all further costs of completion and disposal. Partially completed or unsold stock is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of those assets to their recoverable amounts. Valuations on potential sale proceeds are obtained and used to inform this process. The Company considers the NRV when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the fair value less costs to sell. Any provision for impairment subsequently made would be reversed if conditions changed.

Broadland St Benedicts Limited

Notes to the financial statements for the year ended 31 March 2019 (*continued*)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 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 trade and other 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 financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Broadland St Benedicts Limited

Notes to the financial statements for the year ended 31 March 2019 (*continued*)

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.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, and loans from fellow group companies 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.

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

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

In preparing these financial statements, the key judgements on potential impairment have been made through comparing the anticipated costs to complete each development scheme with expected sales values. Profits or losses on the outturn of development schemes may arise in future accounting periods should actual experience differ from management's expectations.

4 Operating profit

	2019	2018
The operating profit is arrived at after charging:	£	£
Auditor's remuneration (excluding VAT)	5,000	3,250

Broadland St Benedicts Limited

Notes to the financial statements for year ended 31 March 2019 (continued)

5 Interest and financing costs

	2019 £	2018 £
Bank loans	15,629	-
Inter-group parent company loan	150,258	65,973
Total interest paid and payable	165,887	65,973
Interest capitalised on construction of housing properties	(138,386)	(51,836)
	27,501	14,137
	27,501	14,137

6 Stock: Housing properties for sale

	2019 £	2018 £
Homes under construction	5,247,804	1,894,313
	5,247,804	1,894,313
	5,247,804	1,894,313

7 Debtors

	2019 £	2018 £
Prepayments and accrued income	118,447	5,629
Deferred taxation	3,376	8,946
	121,823	14,575
	121,823	14,575

8 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	-	3,385
Amounts owed to group undertakings	663,223	55,936
Accruals	31,848	80,329
	695,071	139,650
	695,071	139,650

The balance on accruals does not constitute a financial instrument and, accordingly, no additional disclosures are presented

Broadland St Benedicts Limited

Notes to the financial statements for year ended 31 March 2019 *(continued)*

9 Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Subordinated loan	1,000,000	1,000,000
Unsubordinated loan	3,900,000	900,000
	4,900,000	1,900,000
Total parent company loan	4,900,000	1,900,000

The parent company loan facility of £9.9m was executed in April 2017 and has a final repayment date of April 2027. The loan is in two tranches (subordinated - £1.0m, unsubordinated £8.9m) both of which carry commercial rates of interest. The company also has a project finance loan facility of £6.77m secured on the lease of the development at Canary Quay. This loan is not anticipated to be drawn until later in 2019.

10 Equity share capital

Allotted, called up and fully paid:

	No	2019	£	No	2018	£
Ordinary shares of £1 each	1	1	1	1	1	1
	1	1	1	1	1	1

11 Capital commitments

	2019	2018
	£	£
Commitments contracted but not provided for: Development	14,806,854	9,790,626
Commitments approved by the Board but not contracted for: Development	5,187,229	-
	19,994,083	9,790,626

These capital commitments will be financed through the facilities disclosed in note 9 above. The Company has no other financial commitments, guarantees or contingencies other than those disclosed by the balance sheet and in this note.

12 Post balance sheet events

There are no post balance sheet events which could have a material effect on these financial statements or require appropriate disclosure.

13 Parent undertaking

The parent undertaking of the company is Broadland Housing Association Limited and is the parent company of the group for which both the smallest and largest group accounts are prepared which include the results of the Company. Broadland Housing Association's registered office is: NCFC, South Stand, Carrow Road, Norwich. NR1 1HU.

