

Company number 05734119

Broadland St Benedicts Limited
Annual Report and Financial Statements
for the year ended 31 March 2020

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 MCIQB MRICS
Michael Newey D.Sc (Hon) BSc FRICS FCIH FRSA
MAHI (Chair)
Sean Tompkins D.Eng (Hon) ACII FIDM MIOD
DipIOD
Helen Skoyles BA (Hons) CIHCM
Julian Foster MA (Hons) ACA FCT (to 30th
November 2019)
Iain Grieve BSc FCCA CMIIA (from 21st October
2019)

Secretary

Sarah Wyatt MA ACIS

Bankers

NatWest Bank
45 London Street
Norwich
NR1 4LX

External Auditors

RSM UK Audit LLP
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk
IP32 7FA

Broadland St Benedicts Limited

Report and Financial Statements for the year ended 31 March 2020

Contents

Page:

3	Report of the directors
6	Independent auditor's report
9	Profit and loss account
10	Balance sheet
11	Statement of changes in equity
12	Notes to the financial statements

Broadland St Benedicts Limited

Report of the directors for the year ended 31 March 2020

The directors present their report and the financial statements of the company for the year ended 31 March 2020.

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 completed a further loan facility of £6.77m with Lloyds Bank plc to assist in the development of Canary Quay.

Results and dividends

There was a profit before taxation for the financial year amounting to £449,483 (2019: £27,225). The directors have not recommended a dividend but are proposing to make a gift aid payment to the parent company of £449,483 during 2020, being the cumulative profit to 31 March 2020. 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;
- Future exposure to open market fluctuations of property values and sales, impacting on our ability to repay any related loans; and
- Covid-19 impacts business-as-usual operations and results in the inability to progress the aims of the company.

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 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 to a minimum level.

The impact of Covid-19 is being managed in conjunction with the parent company, which has instigated a number of mitigating controls including:

- Leadership meetings three times a week to address key strategic/operational issues arising from Covid-19;
- Re-setting of budget and building out of stress-testing of Business Plan to provide assurance over financial resilience; and
- Clear communication and guidance.

Broadland St Benedicts Limited

Report of the directors for the year ended 31 March 2020 *(continued)*

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 DipIOD

Martin Clark MCIOB MRICS

Helen Skoyles BA (Hons) CIHCM

Julian Foster MA (Hons) ACA FCT (to 30th November 2019)

Iain Grieve BSc FCCA CMIIA (from 21st October 2019)

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.

Broadland St Benedicts Limited

Report of the directors for the year ended 31 March 2020 (*continued*)

On behalf of the board



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

9 September 2020

Broadland St Benedicts Limited

Independent auditor's report for the year ended 31 March 2020

Opinion

We have audited the financial statements of Broadland St Benedicts Limited (the 'company') for the year ended 31 March 2020 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 2020 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 2020 (*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 2020 (*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 *15 September 2020*

Broadland St Benedicts Limited

Profit and loss account for the year ended 31 March 2020

	Note	2020 £	2019 £
Turnover		3,044,872	1,522,000
Cost of sales		(2,424,311)	(1,409,062)
Gross profit		620,561	112,938
Operating costs		(100,183)	(59,799)
Operating profit	4	520,378	53,139
Interest receivable		263	1,587
Interest and financing costs	5	(71,158)	(27,501)
Profit before tax		449,483	27,225
Tax (charge)		(3,376)	(5,570)
Profit for the financial year		446,107	21,655
Other comprehensive income		-	-
Profit and total comprehensive income for the financial year		446,107	21,655

All activities relate to continuing operations.

The accompanying notes form part of these financial statements.

Broadland St Benedicts Limited

Balance sheet at 31 March 2020

Company number 05734119

	Note	2020 £	2019 £
Current assets			
Stock: Housing properties for sale	6	16,241,694	5,247,804
Trade and other debtors	7	131,096	121,823
Cash and cash equivalents		316,509	225,760
		<u>16,689,299</u>	<u>5,595,387</u>
Creditors: amounts falling due within one year	8	(1,041,372)	(695,071)
Net current assets		15,647,927	4,900,316
Creditors: amounts falling after more than one year	9	(15,201,504)	(4,900,000)
Net assets		<u>446,423</u>	<u>316</u>
 Capital and reserves			
Called-up equity share capital	10	1	1
Income and expenditure reserve		446,422	315
		<u>446,423</u>	<u>316</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 9 September 2020 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 2020

	Income and expenditure reserve (deficit) £
Balance as at 1 April 2018	(21,340)
Profit for the year	21,655
Balance at 31 March 2019	<u>315</u>
Profit for the year	446,107
Balance at 31 March 2020	<u><u>446,422</u></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 2020

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

There was an outbreak of Covid-19 in China during the winter of 2019-20, which spread to become a global pandemic. In March 2020, the British Government introduced significant restrictions on daily life for the entire UK population, which has required significant changes to the way we operate as a business, including:

- Temporary closure of our offices;
- All office-based staff are working from home;
- All face-to-face business meetings taking place over video conference.

As discussed in the report of the director’s, the Leadership Group of the parent company formed a taskforce which:

- Met regularly to discuss the operational impacts of Covid-19;
- Reset our budget to consider the potential in year impact of Covid-19;
- Led on operational guidance, support and communications to staff.

One of our key considerations was to consider the long-term viability of the business in light of Covid-19, as well as other scenarios that could adversely impact the Group. The key conclusions from this exercise were as follows:

- Even in the most adverse of scenarios, we have sufficient cash facilities to keep the business running for over two years;
- Our business plan can withstand our most extreme Covid-19 scenario with minimal mitigating actions being taken;
- Our ‘perfect storm’ scenario (which includes the impact of Covid-19, Brexit, adverse changes to economic conditions, adverse changes to Government legislation and a fall in the housing market) can be mitigated.

Further to the above, 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 £9.9m (£9.25m currently drawn) to enable the company to achieve its business plan. A further loan of £6.77m (£6.09m currently drawn) has been secured

Broadland St Benedicts Limited

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

from Lloyds Bank plc with a repayment date of July 2021 as at 31st March 2020. Subsequent to the year end, the repayment date of the loan has been extended to 7th August 2022. 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.

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

Broadland St Benedicts Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current and deferred tax assets and 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.

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.

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

Broadland St Benedicts Limited

Notes to the financial statements for the year ended 31 March 2020 *(continued)*

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

	2020	2019
	£	£
The operating profit is arrived at after charging:		
Auditor's remuneration (excluding VAT)	6,750	5,000

5 Interest and financing costs

	2020	2019
	£	£
Bank loans	152,114	15,629
Inter-group parent company loan	403,964	150,258
Total interest paid and payable	556,078	165,887
Interest capitalised on construction of housing properties	(484,920)	(138,386)
Total interest charged to the profit & loss account	71,158	27,501

6 Stock: Housing properties for sale

	2020	2019
	£	£
Homes under construction	1,940,729	5,247,804
Completed homes for sale	14,300,965	-
	16,241,694	5,247,804

7 Debtors

	2020	2019
	£	£
VAT recoverable	14,625	16,998
Prepayments and accrued income	116,471	101,449
Deferred taxation	-	3,376
	131,100	121,823

131,096 121,823

Broadland St Benedicts Limited

Notes to the financial statements for year ended 31 March 2020 (continued)

8 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	67	-
Deposits held against future sales	9,960	-
Amounts owed to group undertakings	1,006,508	663,223
Accruals	24,837	31,848
	<u>1,041,372</u>	<u>695,071</u>

9 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Subordinated loan	1,000,000	1,000,000
Unsubordinated loan	8,250,000	3,900,000
	<u>9,250,000</u>	<u>4,900,000</u>
Total parent company loan	9,250,000	4,900,000
Bank loan	5,951,504	-
	<u>15,201,504</u>	<u>4,900,000</u>

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 with a repayment date of July 2021.

10 Equity share capital

Allotted, called up and fully paid:

	2020		2019	
	No	£	No	£
Ordinary shares of £1 each	1	1	1	1
	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Broadland St Benedicts Limited

Notes to the financial statements for year ended 31 March 2020 (continued)

11 Capital commitments

	2020 £	2019 £
Commitments contracted but not provided for: Development	638,137	14,806,854
Commitments approved by the Board but not contracted for: Development	<u>8,613,473</u>	<u>5,187,229</u>
	<u>9,251,610</u>	<u>19,994,083</u>

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

Following the year end, Covid-19 restrictions have eased slightly but do continue to impact our development and sales activities. However, we have seen sales of market sale homes over and above what we budgeted at the start of 2020/21.

In light of the above, there are no significant post balance sheet events likely to materially impact these financial statements.

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.