Westco Properties Limited

Financial Statements

Year ended 31 March 2021

Contents

Registered under the Companies Act No. 2677745

Company information

Westco Properties Limited

Directors:	Alistair Banks Tony Franklin Andrew Hart
Secretary:	Lisa Maunder (appointed 1 June 2021)
Registered office:	1 Wellington Way Skypark, Clyst Honiton Exeter EX5 2FZ
Auditor:	KPMG LLP Regus, 4th Floor Salt Quay House 6 North East Quay Plymouth PL4 0HP
Principal banker:	National Westminster Bank Plc South West Corporate Business Centre 246 High Street Exeter EX4 3PD
Principal solicitor:	Trowers and Hamlins LLP The Senate Southernhay Gardens Exeter EX1 1UG

Strategic Report
for the year ended 31 March 2021

The company is a subsidiary of LiveWest Homes Limited which is the ultimate parent company and is registered under the Co-operative and Community Benefit Societies Act 2014 (registration number 7724). A copy of the consolidated financial statements can be obtained from the parent company at 1 Wellington Way, Skypark, Clyst Honiton, Exeter, EX5 2FZ.

Business and financial review

The company's principal activity is the development of housing.

As a result of the Covid-19 pandemic the start of the financial year saw nearly three months of restrictions across the whole economy as a result of the first lockdown. This significantly impacted the property market with many building sites closed and sales activity reduced to a minimum. As restrictions lifted and new ways of working were implemented, development and sales activities resumed, but remained slightly below pre-Covid-19 levels.

Turnover decreased by 13.9% to £47.8m (2020: £55.5m). Turnover from open market sales decreased by £1.8m to £26.9m. In total 79 units were sold externally (2020: 84 units). Where these were developed along with a joint venture partnership, the volume represents Westco's share. Westco continues to support LiveWest's affordable housing development and turnover from affordable housing decreased by £5.9m to £20.9m (2020: £26.8m), reflecting a reduction in the affordable homes delivery programme because of the Covid-19 pandemic.

The gross profit margin decreased to 9.3% from 10.1% and generated a gross profit of £4.5m (2020: £5.6m). This year the gross profit includes a one-off cost provision of £1.4m to reflect structural rectification and refurbishment works at a previous site. Despite the early lockdown and uncertainty across the economy sales margins remained strong during the year and house price growth remained positive. Excluding the one-off cost, the gross margin achieved on open market sales increased from 18.7% to 21.1%. The 79 open market properties sold during the year generated profits of £5.7m (2020: £5.4m).

The operating profit amounted to £3.1m (2020: £4.5m) and after interest costs of £2.0m (2020 £2.2m) and a Gift Aid payment to LiveWest of £1.2m (2020: £2.3m) the company retained a profit for the year of £nil (2020: £nil). After adjusting for one-off costs of £1.4m, operating profit remains broadly in line with the previous year.

The company has a 25% interest in Advantage Southwest LLP, a partnership set up to promote modern methods of construction and joint procurement. The company is represented on the board of the partnership by two members of the LiveWest management team. The investment is included in the financial statements at cost. The impact of Covid-19 has not impacted the financial performance for 2020/21.

Future prospects

Westco has a healthy pipeline of both homes being built and landbank. Unsold stock levels remain low. There are currently 84 units (2020: 101) under development and 943 landbank units (2020: 1,006) with the majority of these being delivered through our strategic joint venture partnerships.

Schemes under development provide a forward programme of market sales, with some of the larger sites expected to generate sales for in excess of ten years, and a pipeline of potential schemes that are subject to contract negotiations.

The extent of economic recovery is likely to impact delivery over the next 12-18 months as the uncertainty continues. There is currently a global shortage of timber materials which, whilst not impacting us now could cause build delays and increase costs as we progress through the year. We will continue to work with our joint venture partners to manage delivery and exposure to open market sales within the short and long term.

Streamlined Energy and Carbon Reporting (SECR)

The SECR framework is a mandatory nationwide energy and carbon reporting scheme that aims to increase transparency/understanding and reduce carbon emissions.

Our SECR data is presented in both absolute terms as total energy usage and also greenhouse gas emissions. As the company's principle activity is the development of housing, for which it contracts out the build to third party suppliers, the main areas for operational emissions within our control are an allocation for our office consumption.

This is the first year of reporting our GHG emissions. Our future reports will compare our performance against the prior year

Global GHG emissions and energy use data for period 1 April 2020 - 31 March 2021		**Scope 1 - Direct Emissions**	**Scope 2 - Indirect Emissions**
	kWh	**tonnes Co2e**	**tonnes Co2e**
Emissions from the purchase of electricity, heat, steam and cooling:			
Electricity - offices	15,957	-	3.72
Emissions from activities including for which the company own or control including combustion of gas and operation of facilities:			
Gas - offices	17,394	3.20	-
District Heating - offices	4,927	-	0.85
	38,278	**3.20**	**4.57**
Intensity ratio: **Kgs per office m2**			56.55

Energy efficient actions taken during the year:

All of the electricity we have purchased is with EDF's "Blue for Business" supply, which guarantees that our supply is backed by low-carbon generation.

Our photovoltaic (PV) array at Tolvaddon and Weston offices produce electricity used at the offices or exported to the national grid and contributes 5.40 tonnes CO2e which equates to 0.09 tonnes CO2e for Westco Properties Ltd.

Methodology:

The total emissions for LiveWest Group have been allocated to Westco Properties Ltd by using Westco Properties Ltd FTE's as a % of the Group's overall office-based FTE's.

- Electricity and Gas kwh consumption has been provided by our energy broker for the period 1 April 2020 to 31 March 2021
- Intensity ratio of office m2 as this is an appropriate metric for the company

Greenhouse gas emissions have been calculated using DEFRA (2020) conversions factors in line with Environmental reporting guidelines (2019) as the majority of the financial year falls into the calendar year 2020. These calculations have been verified by a third-party SHIFT Environment.

Going concern

The directors, after reviewing the company's budgets for 2021/22 and the group's medium term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, are of the opinion that, taking account of severe but plausible downsides, the company will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements . The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Key risks

The main external risk to which the company is exposed is the economic recovery from the Covid-19 pandemic particularly in relation to the residential property market and the development programme of its principal registered provider client LiveWest.

Although there maybe future pressure on costs due to shortages, sales are currently strong, and the market is fluid. Market conditions are regularly reviewed by the Board and with the joint venture partners.

Westco will continue to carry out much of the new build element of LiveWest's Development.

A J Banks.

Alistair Banks
Director

Directors' Report

The directors present their report for the year ended 31 March 2021.

Proposed dividend

The directors do not recommend the payment of a dividend (2020: £nil)

Directors

Alistair Banks
Tony Franklin
Andrew Hart

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2020: £nil).

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use 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.

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 responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act

The Board and the Executive Management team of LiveWest Homes, both individually and together have acted in the way, they consider to be in good faith, would be most likely to promote the success of the company for the benefit of the members, and in doing so have regard to the matters set out in s172(1) (a) to (f) of the Companies Act:

- **The likely consequences of any decision in the long term**
  Our group purpose is to enable access to a high quality, affordable home for everyone. We are part of a sector which is well placed, if necessary, to help the government respond to recession through investment in building new homes. We have strong financial performance and tight budgetary controls and we monitor our targets monthly. Our mid-term financial plans show we are a resilient organisation that can withstand and respond to economic shock. This year has been unprecedented in terms of challenge and change and despite this financial and operating performance have remained strong during the Covid-19 pandemic.

- **The interests of company employees**
  Our employees across the group are fundamental to our work, which is why they are at the heart of our strategy. The health, safety and well-being of our employees is one of our primary considerations and we have actively engaged with employees throughout the year to ensure staff are fully supported in their roles. This year we launched Our Behaviours which is about bringing our values and culture to life. Our competitive pay and benefits package allow us to retain existing talent and attract new people to our business.

- **The need to foster the Company's business relationships with suppliers, customers and others**
  Our customers are core to our organisation, and we emphasise the fundamental importance of high-quality services, trust and safety. We focus on quality standards and design as part of building for the long term. Our customer services strategy focuses on achieving convenience for our customers and a cost-effective approach. We aim to act responsibly and fairly in how we engage with our suppliers, our investors and our regulator; all of whom are integral to the successful delivery of our purpose and strategy.

- **The impact of the Company's operating on the community and the environment**
  Operating across the South West of England we are committed to improving the environmental performance of new homes, building new communities where people want to live with good design principles, a focus on placemaking and safety at the heart of every home.
  We continue to invest in modern methods of construction and envisage 20% of all new development will be delivered utilising varying forms of construction and will help deliver our environmental strategy.

- **The desirability of the Company maintaining a reputation for high standards of business conduct**
  Our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good control. Through adopting NHF code of governance the group and therefore the company demonstrates the highest standards of governance.

- **The need to act fairly between members of the company**
  Our intention is to behave responsibly towards all our stakeholders and treat them equally and fairly, so they too benefit from the successfully delivery of our plan.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

A resolution to re-appoint KPMG LLP as auditors will be proposed at the board meeting at which these financial statements are approved.

By order of the Board

Alistair Banks
Director
1 Wellington Way,
Skypark, Clyst Honiton,
Exeter EX5 2FZ

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTCO PROPERTIES LIMITED

Opinion

We have audited the financial statements of Westco Properties Limited ("the company") for the year ended 31 March 2021 which comprise the profit & loss account, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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.

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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit and risk committee, internal audit as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board and audit and risk committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of Group wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5 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.

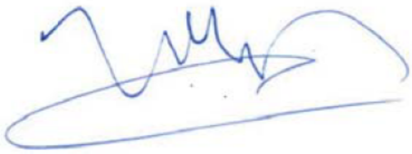
Auditor's responsibilities

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.



Harry Mears (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Regus, 4th Floor
Salt Quay House
6 North East Quay
Plymouth
PL4 0HP

13 August 2021

Westco Properties Limited

Profit and loss account

for the year ended 31 March 2021

	Note	**2021**	2020
		£000	£000
Turnover		**47,763**	55,450
Cost of sales		**(43,311)**	(49,839)
Surplus on property sales		**11**	0
Gross profit		**4,463**	5,611
Other operating expenses	3	**(1,313)**	(1,123)
Operating profit	4	**3,150**	4,488
Interest payable and similar expenses		**(1,964)**	(2,211)
Profit before taxation		**1,186**	2,277
Taxation	7	**-**	-
Profit after taxation and Total Comprehensive Income		**1,186**	2,277

Other comprehensive income for the year ended 31 March 2021

There are no recognised gains or losses in either the current or prior year other than the profit for the year and consequently no separate statement of other comprehensive income.

All amounts relate to continuing activities.

Westco Properties Limited

Company No: 2677745

Balance Sheet

as at 31 March 2021

	Note	2021	2020
		£000	£000
Fixed asset investments			
Investments	9	**5**	5
Retained equity loans		**288**	352
		293	357
Current assets			
Stock and work in progress	10	**73,260**	73,672
Debtors	11	**29,172**	26,188
Cash at bank		**96**	47
		102,528	99,907
Creditors			
Amounts falling due within one year	12	**(17,557)**	(13,655)
Net current assets		**84,971**	86,252
Total assets less current liabilities		**85,264**	86,609
Creditors			
Amounts falling due after more than one year	13	**(83,022)**	(84,367)
Net assets		**2,242**	2,242
Represented by:			
Called up share capital	14	**952**	952
Share premium		**1,290**	1,290
Revenue reserves		**-**	-
Equity shareholder's funds		**2,242**	2,242

These financial statements were approved by the Board on 4 August 2021 and were signed on their behalf by:

A T Hart

Andrew Hart
Director

Tony Franklin
Director

Westco Properties Limited

Statement of changes in Equity at 31 March 2021
For the year ended 31 March 2021

	Called up share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at the 1 April 2019	952	1,290	-	2,242
Total comprehensive income for the period				
Profit or loss	-	-	2,277	2,277
Total comprehensive income for the period	952	1,290	2,277	4,519
	952	1,290	2,277	4,519
Gift aid payment	-	-	(2,277)	(2,277)
Balance at 31 March 2020	952	1,290	-	2,242
Balance at the 1 April 2020	952	1,290	-	2,242
Total comprehensive income for the period				
Profit or loss	-	-	1,186	1,186
Total comprehensive income for the period	952	1,290	1,186	3,428
	952	1,290	1,186	3,428
Gift aid payment	-	-	(1,186)	(1,186)
Balance at 31 March 2021	952	1,290	-	2,242

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards and the Companies Act 2006.

Westco Properties Limited is a company limited by shares and registered in England.

Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, LiveWest Homes Limited (LiveWest) includes the Company in its consolidated financial statements. The consolidated financial statements of LiveWest are prepared in accordance with FRS102, which are available to the public and may be obtained from the address given in note 16. In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes;
- Key Management Personnel compensation; and
- Transactions or balances with entities which form part of the Group.

As the consolidated financial statements of LiveWest Homes Limited (LiveWest) include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in note 2.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The directors, after reviewing the company's budgets for 2021/22 and the group's medium term financial position as detailed in the 30-year business plan, including changes arising from the Covid-19 pandemic, are of the opinion that, taking account of severe but plausible downsides, the company will have sufficient funds to meet its liabilities as they fall due for a period of 12 months from the date of approval of the financial statements . The directors therefore continue to adopt the going concern basis in preparing the annual financial statements.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

Gift aid payment presented within shareholders’ funds

Gift aid payment is only recognised as a liability at the year-end to the extent that it has been paid prior to the year end, there is a deed of covenant prior to the year end or a Companies Act s288 written resolution has been approved by the shareholder in the year to pay the taxable profit for the year to its parent by a certain payment date.

With the exception of changes arising on the initial recognition of a business combination, the tax charge/(credit) is presented either in the Income Statement, Other Comprehensive Income or equity depending on the transaction that resulted in the tax charge/(credit).

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value.

Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Long term contracts

Long term contracts are assessed on a contract by contract basis. Turnover and profit on the sale of individual properties is recognised upon sales completion. Turnover on development contracts is recognised as valuation payments become due, profit is recognised when it becomes reasonably certain. Full provision is made for any foreseeable losses.

Retained equity loans

The profit on sales of open market properties on retained equity terms is recognised in full at the time of sale. The mortgages are granted on interest free terms for five years and are repayable at the mortgagees' option at the then current market value. The maximum mortgage periods are between 10 and 25 years. The mortgages are included as fixed asset investments until the mortgagee exercises the option to repay or the mortgage term is less than one year. The profit or loss on the loan repayments is recognised on repayment.

Investments

Investments are stated at cost but would be written down to recoverable amount if lower.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

2 Accounting estimates and judgements

Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The impact of Covid-19 on accounting estimates has been assessed and is not considered to have a material impact.

Impairment of debtors

The company makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors.

Properties held for sale and work in progress

Completed properties and properties under construction are recognised at the lower of cost and net realisable value. Assessing net realisable value requires use of estimation techniques. In making this assessment, management considers publicly available information and internal forecast on future sales activity. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Critical accounting judgements in applying the Company's accounting policies

There are no such judgements in either the current or prior year.

3 Operating expenses

	2021	2020
	£000	£000
Administration expenses	**1,313**	1,123

4 Operating profit

		2021	2020
		£000	£000
The operating profit is stated after charging:			
Auditors' remuneration	- audit of these financial statements	**11**	7

5 Remuneration of directors

Andrew Hart, Tony Franklin and Alistair Banks were employed with the parent company, LiveWest Homes Limited. Their remuneration is borne by the parent and recharged to the company as a management fee based on time spent on company activities. The amount recharged for the year was £203,000 (2020: £218,000). There were no non executive directors during the year to 31 March 2021 and therefore no fees were paid.

6 Employees

The company's level of activity does not warrant the full time employment of the range of staff required to carry out its various functions. There is a staff sharing arrangement with the parent company, LiveWest Homes Limited, whereby work done by its staff is charged at cost, based on time spent on company activities. This amounted to £1,174,000 (2020: £1,239,000).

7 Taxation

	2021	2020
	£000	£000
UK Corporation tax		
On profit on ordinary activities @ 19%	-	-
Adjustment in respect of prior periods	-	-
	-	-
Reconciliation of tax charge		
Profit for the year	1,186	2,277
Total tax expense	-	-
Profit excluding taxation	**1,186**	**2,277**
Tax on profit on ordinary activities @ 19% (2020: 19%)	225	433
Adjustment for gift aid	(225)	(433)
	-	-

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 March 2021 has been calculated at 19% (2020: 19%).

8 Gift Aid payment

The aggregate amount of Gift Aid payments comprises:

	2021	2020
	£000	£000
Gift Aid approved by written resolution of the shareholder	**1,186**	2,277

9 Investments

	2021	2020
	£000	£000
Investment at cost	**5**	5

The company is one of four equal partners in Advantage Southwest LLP (ASW), which is a consortium to obtain value for money in purchasing off site manufactured units and property components.

10 Stock and work in progress

	2021 £000	2020 £000
Completed units	**2,338**	1,319
Units in progress	**70,922**	72,353
	73,260	73,672

Units in progress reflect the pipeline of both homes being built and landbank mostly through our contractual joint venture partnerships. There are currently 84 units (2020: 101) under development for outright sale and 943 landbank units (2020: 1,006).

11 Debtors: due within one year

	2021 £000	2020 £000
Amounts owed by group companies	2,910	644
Other debtors	26,262	25,544
	29,172	**26,188**

Included in other debtors are £13.7m (2020: £15.8m) which will fall due after more than one year.

12 Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	**118**	970
Contracts for capital works	**8,760**	8,010
Amounts owed to group companies	**491**	619
Other taxation and social security	**21**	21
Accruals and deferred income	**8,167**	4,035
	17,557	13,655

Amounts owed to group companies are trading balances repayable on demand and non-interest bearing. Included within contracts for capital works are land payments on two large sites falling due within one year of £6.7m, and falling due after more than one year of £6.7m, the remaining balance of £2.0m are retentions.

13 Creditors: Amounts falling due after more than one year

	2021 £000	2020 £000
Grant on retained equity loans	**136**	150
Contracts for capital works	**6,736**	13,477
Amounts owed to group companies	**76,150**	70,740
	83,022	84,367

The loan is repayable in July 2026 and is secured by a debenture. Interest is payable at Libor plus 2.5%.

14 Called up share capital

	2021	2020
	£000	£000
At 31 March 2021 and 31 March 2020:		
Authorised - 8,000,000 ordinary shares of 50p	**4,000**	4,000
1,903,574 allotted and fully paid ordinary shares of 50p	**952**	952

15 Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1a of the provisions of FRS102 Related Party Disclosures, on the grounds that it is a wholly owned subsidiary of LiveWest, and the LiveWest consolidated financial statements are publicly available.

16 Parent company and related parties

LiveWest Homes Limited (LiveWest) is the parent company and is registered under the Co-operative and Community Benefit Societies Act 2014 (registration number 7096). A copy of the consolidated financial statements can be obtained from the parent company at 1 Wellington Way, Skypark, Clyst Honiton, Exeter EX5 2FZ.