Gilbert and Goode Limited

Annual report and financial statements

Registered number 01050991

31 March 2024

Contents

Strategic Report

Principal Activities
The principal activity of the Company is new build housing for open market sale and for social / affordable rent, in partnership with registered providers of social housing. The Company operates within the counties of Devon and Cornwall.

Business Review
The Company maintains a forward-looking Business Plan to 2030 that is reviewed annually. The Plan underpins an annual budget that is monitored throughout the year. In addition, there is a continual drive to add to the land pipeline to ensure that the Company meets the objectives outlined in the Business Plan. The strategic intent of the business is to be a thriving residential developer with a focus on increasing open market sales, and framework new build opportunities with selected local registered social landlords including Ocean Housing Limited. The Company is on a journey of culture shift in pursuit of becoming a residential developer with strong values and a solid track record of success to support sustainable growth.

The Company has performed ahead of expectation in financial year 2023/24, exceeding its financial and non-financial targets presented in the Business Plan.

The Company's flagship development at Copper Hills, Hayle has contributed strongly to the continuously improving Company performance delivering 32 (2022/23:35) legal open market sale completions in financial year 2023/24. In addition, the Company sold a further 8 (2022/23:0) houses at their site in Merton and 2 (2022/23:0) at the site in Folly Gate. Gilbert and Goode are pleased to receive again in 2023/24 the In-House Gold award for Customer Service, which has been a key objective for the business.

The Company continues to receive recognition for its good work and upholding its strong commitment to construction excellence, the highest standards of health and safety, employee welfare and support of the local economy. The Company continues to hold ISO accreditations for Quality Management (9001), Health and Safety (45001) and Environmental (14001). In addition, the Company is Investor in People Gold accredited.

The business ended the year in a strong position in terms of future workload. The Company are on-site at their 4 open market sites at Hayle, Merton, Folly Gate and St Erth, together with positive progress on 2 new build sites contracted to Ocean Housing Limited at Polgrean and LiveWest Ltd. at Troon. In addition, as at 31 March 2024, the Company has a land bank of secured opportunities of 719 plots.

Financial Position and Liquidity
The Company has seen an increase in its turnover from the previous year to £26,510,000 (2022/23: £20,319,000) which can be attributed to increased open market completions and improved construction contract margins. The Company recorded a profit on ordinary activities before taxation of £2,038,000, (2022/23: £496,000).

The Company's Balance Sheet shows Net Assets of £4,937,000 (2022/23: £3,559,000). The Company is in a strong position to deliver its aspirations for growth reflected in its Business Plan to the end of the decade and Ocean Group Corporate Strategy, as a result of retained profit and a secure Intra-Group loan facility. As at 31 March 2024, Gilbert and Goode's drawn borrowings from the intergroup facility amounted to £8.75 million (2022/23: £3.2 million), against an agreed facility of up to £11.5 million.

Principal risks and uncertainties
The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties are presented on the Group's risk management system, with the Risk Assurance Framework monitored by Board at every meeting. Key summary risks and uncertainties relate to:

- Securing longer term land development opportunities
- Influence of government stimulus on the UK housing sector
- Health and safety or environmental incidents that cause harm to an individual or the community
- Continuing inflationary pressure on labour and raw materials
- Capacity constraints and skills shortages across the key construction disciplines
- The loss of consumer confidence following rising cost of living pressures and increasing mortgage interest rates
- Downturn in the housing market and construction price inflation significantly outstripping changes in sales values.

In identifying potential risks, the Company is able to better prepare itself to offset the pitfalls they may bring and thus mitigate the risk of occurrence. Early warning signs, with set triggers against each risk, permit proactive management of challenges and ability to implement mitigating actions, as required, to prevent greater risk exposure. Day to day operations give rise to the potential for safety, health and environmental risks and these are proactively managed. The Company prides itself on its exemplary safety, health and environmental standards, ensuring employees, contractors, trades, residents and the general public are not exposed to any adverse risk from Company activities. A proactive approach to occupational health risks, wellbeing and drug and alcohol screening ensures that the Company provides a safe and healthy place of work.

The inherent risks associated with speculative development are monitored and controlled throughout the internal processes but due to the nature of the business, activities will naturally retain a level of risk. The Company Board have therefore set their risk appetite as 'Risk Open' through the Groups Risk Appetite matrix.

At every meeting of the Board, up to 2 key risks of the Company from its risk register are subject to a Deep Dive report which aids board members to understand how management are mitigating and managing such risks and the threats that remain.

The Group Board annually sets limits ("Red Lines") on the value of work in progress, cash holding, profit margin and total loan finance. These Red Lines are subject to robust stress testing so as to demonstrate that the Company could cope with any significant adverse movement in the property market, articulating any necessary mitigating actions.

Financial key performance indicators
The Company operates and monitors performance indicators in relation to revenues and costs, throughout the development process, from land acquisition to expiry of customer care, and benchmarks overall performance against its competitors and internal policies.

The key detailed financial indicators for the scheme developments in the business are the return on capital employed and gross profit margin on a site-by-site basis, together with cash flow fluctuations for each site compared to budget.

Employees
The Company is strongly committed to protecting the health, safety and wellbeing of our staff, and everyone who comes into contact with the business. Gilbert and Goode are committed to a diverse and inclusive work environment and helping employees gain skills that support their personal development and that of the business.

The Company recognises the need to ensure effective communication with employees and delivers this through virtual briefings, leadership briefings, in-house newsletters and intranet updates. The IT infrastructure enables staff to work flexibly whilst ensuring safe working practices in all operational environments.

Under the Group Board People Strategy, the Company is committed to the ongoing training and development of staff to ensure the necessary and effective culture of the business and smooth succession planning to effectively manage change. The Group holds Investor in People Gold accreditation with a strategy to secure Platinum ranking before 2028.

Customers
The Company aims to develop long-term relationships with clients, partners and customers.

One of the Company's core principles is "customer first". Gilbert and Goode apply this value in delivering all house sales and when contracting with housing associations and local authorities. The Company carefully considers the needs of customers and aims to drive excellence by focusing on quality of delivery and customer experience.

Challenges
Gilbert and Goode operate in a challenging environment. The key threats and risks the Company are facing ate this current time are'

- Cooling of the housing market, particularly in Devon
- Continuing higher level of interest costs than in recent years,
- Difficult recruitment market
- Availability of sub-contractors
- Tougher marketplace for sourcing warranties and bonds

Outlook

The continued investment in staff, business systems and supply chain partnerships, whilst restoring financial strength and controlling risk through stress testing and improved risk management, has put Gilbert and Goode in a strong position for sustainable growth and delivering its Group strategic targets by 2030. However, whilst 2023/24 has been a year of success with the Company continuing to restore its financial resilience and holding a land bank to provide a solid flow of future work, the housing market is volatile, and headwinds exist that could restrict the Company's future plans.

As such, Board and senior management have focused significant time in ensuring that early warning signs and decision triggers are strengthened to enable the Company to respond swiftly and effectively and limit on-site exposure in the event of adverse market movements. It is considered that the Company has suitable experience, skills and processes within its board and senior employee structure to manage the business through any downturn in the next 18 months to 2 years.

Bernard Rooney
Director
The registered office is at:
Stennack House, Stennack Road
St Austell, Cornwall, PL25 3SW

Date: 7th of August 2024

Directors' report

Proposed dividend

The directors do not recommend the payment of a dividend (2023: £nil).

Directors

The directors who held office during the year and up to the date of signing were as follows:

Christopher Spencer, chair (chair until 5 December 2023)
Mark Gardner
Kevin Pearce
John Titcombe
Claire Davis
Gordon Innes
Bernard Rooney (chair from 1 January 2024)
Nigel Turner (appointed 10 January 2024)

Employees

At 1 April 2023 the Company had 34 employees. By the end of the year this had decreased to 33.

Disclosure of information to auditor

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 or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 3.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its fellow subsidiary company, Ocean Housing Limited to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's fellow subsidiary company, Ocean Housing Limited not seeking repayment of the amounts currently due to the company, which at 31 March 2024 amounted to £8.75 million (2022/23 £3.2 million). Ocean Housing Limited has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Bernard Rooney
Director
The registered office is at:
Stennack House, Stennack Road
St Austell, Cornwall, PL25 3SW

Date: 7th of August 2024

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.

KPMG LLP
Tollgate
Chandler's Ford
Eastleigh
Hampshire
SO53 3TG

Independent auditors' report to the members of Gilbert and Goode Limited

Opinion

We have audited the financial statements of Gilbert and Goode Limited ("the company") for the year ended 31 March 2024 which comprise the profit and loss account, statement of changes in equity, balance sheet 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 2024 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 the Board, the audit and risk committee, internal audit and inspection of policy documentation 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, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that property sales income is overstated through recording revenues in the wrong period.

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 the Company-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. These included journals containing key words, journals posted to accounts linked to a fraud risk, unbalanced journal entries, journals posted to suspense account codes and unexpected journals posted to stock and work in progress and cash at bank and in hand.
- Assessing whether the judgements made in the accounting estimates are indicative of potential bias including assessing the assumptions used in the value of housing stock held in current assets.

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 and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management 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. We identified the following areas as those most likely to have such an effect: health and safety, recognizing the nature of the Company's activities. Auditing standards limited the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management 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 8, 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
KPMG LLP
Tollgate
Chandler's Ford
Eastleigh
Hampshire
SO53 3TG

27 September 2024

Profit and Loss Account

for the year ended 31 March 2024

	Note	**Year ended 31 March 2024 £000**	Year ended 31 March 2023 £000
Turnover	2	**26,510**	20,319
Cost of sales		**(21,890)**	(17,728)
Gross profit		**4,620**	2,591
Administrative expenses		**(2,494)**	(2,017)
Operating profit		**2,126**	574
Interest receivable and similar income	6	**17**	-
Interest payable and similar charges	7	**(105)**	(78)
Profit on ordinary activities before taxation		**2,038**	496
Tax on profit on ordinary activities	8	**(410)**	(176)
Profit for the financial year and total comprehensive income		**1,628**	320

There are no items of comprehensive income for the period other than the profit for the year; hence no Statement of Comprehensive Income has been presented. All activities are continuing.

The accompanying notes on pages 16 to 27 form part of these financial statements.

Statement of Changes in Equity
for the year ended 31 March 2024

	Share capital £000	Profit and loss account £000	**Total Equity £000**
Balance at 1 April 2022	-	3,239	**3,239**
Profit for the financial year	-	320	**320**
Balance at 31 March 2023	-	3,559	**3,559**

	Share capital £000	Profit and loss account £000	**Total Equity £000**
Balance at 1 April 2023	-	3,559	**3,559**
Profit for the financial year	-	1,628	**1,628**
Gift aid payment	-	(250)	**(250)**
Balance at 31 March 2024	-	4,937	**4,937**

The accompanying notes on pages 16 to 27 form part of these financial statements.

Balance Sheet
at 31 March 2024

	Note	**At 31 March 2024 £000**	At 31 March 2023 £000
Fixed assets			
Tangible assets	9	**-**	38
Investments	10	**-**	-
Total fixed assets		**-**	38
Current assets			
Stocks	11	**17,498**	11,876
Debtors	12	**4,010**	2,674
Cash at bank and in hand		**1,215**	1,108
Total current assets		**22,723**	15,658
Current liabilities			
Creditors: amounts falling due within one year	13	**(9,036)**	(8,937)
Net current assets		**13,687**	6,721
Total assets less current liabilities		**13,687**	6,759
Creditors: amounts falling due after more than one year	14	**(8,750)**	(3,200)
Net assets		**4,937**	3,559
Capital and reserves			
Called up share capital	18	-	-
Profit and loss reserve		**4,937**	3,559
Equity shareholder's funds		**4,937**	3,559

The notes contained on pages 16 to 27 form an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 7th of August 2024 and were signed on its behalf by:

Bernard Rooney
Director

Company registered number: 01050991

Notes (forming part of the financial statements)

1 Accounting policies

Gilbert and Goode Limited (the "Company") is a company limited by shares and incorporated and domiciled in England.

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"*) as issued in August 2018. 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, Ocean Housing Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Ocean Housing Group Limited are available to the public and may be obtained from Stennack House, Stennack Road, St Austell, Cornwall, PL25 3SW. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Transactions with group entities;
- Reconciliation of the number of shares outstanding from the beginning to end of the period; and
- Cash Flow Statement and related notes.

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 discussed in note 21.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its fellow subsidiary company, Ocean Housing Limited to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's fellow subsidiary company, Ocean Housing Limited not seeking repayment of the amounts currently due to the company, which at 31 March 2024 amounted to £8.75 million (2023: £3.20 million). Ocean Housing Limited has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. 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, less any impairment losses in the case of trade debtors. 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 for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes *(continued)*

1.3 Basic financial instruments *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Depreciation commences in the year after acquisition.

The estimated useful lives are as follows:

- Plant and equipment: 5 years
- Motor vehicles: 5 years
- Office equipment: 5 years
- IT equipment: 5 years

1.5 Construction contract debtors

Construction contract debtors represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date (see the revenue accounting policy) less a provision for foreseeable losses and less progress billings. Variations are included in contract revenue when they are reliably measurable, and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract revenue only when they are reliably measurable, and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction contract debtors are presented as part of debtors in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as accruals and deferred income in the balance sheet.

1.6 Stock & Work in Progress

Stocks comprising predominantly of completed housing property are stated at the lower of cost and estimated selling price less costs to complete and sell which includes expenditure incurred in acquiring the stocks, construction or conversion costs and other costs in bringing them to their existing location and condition.

Work in Progress is stated at the lower of cost and estimated selling price less costs to complete and sell. The cost of Work in Progress comprises of the actual costs incurred for direct materials and direct sub- contractors and where applicable, direct labour costs and those overheads that have been incurred in bringing the Work in Progress to its present location and condition.

Preliminary expenses on speculative schemes that are considered unrecoverable at the date of the Financial Statements are provided for in full through the income and expenditure account.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are charged as part of the cost of the asset.

1.7 Impairment excluding stocks, and deferred tax assets

Assets at each reporting date are reviewed for any indication of impairment. Upon review if an impairment below the current carrying value is required this is recognised through profit and loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income and expenditure account.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.9 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.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.10 Turnover

Revenue comprises the fair value of the consideration received or receivable, net of value added tax, rebates and discounts. Revenue and profit are recognised as follows:

Private housing development properties and land sales

Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the purchaser. Revenue in respect of the sale of residential properties is recognised at the fair value of the consideration received or receivable on legal completion.

Contracting work and social housing contracts

Where the outcome of a long-term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by surveys of work performed to date. Variations in contract work, claims and incentive payments are included to the extent that it is probable that they will result in revenue, and they are capable of being reliably measured. Where the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.11 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the lease expense.

Interest receivable and Interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Gift aid distributions to the company's parent are either recognised as an expense on the date of payment, or may be accrued where 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.

Notes *(continued)*

2 Turnover

	2024	2023
	£000	£000
Private housing development properties and land sales	**13,717**	11,151
Contracting work and social housing contracts	**12,793**	9,168
Total Turnover	**26,510**	20,319

All turnover relates to activities carried out in the United Kingdom.

3 Operating Profit

Operating profit is stated after charging the following:

	2024	2023
	£000	£000
Auditor's remuneration (audit)	**31**	29
Auditor's remuneration (other services)	**9**	11
Depreciation of tangible fixed assets	**38**	38
Operating lease rentals	**3**	5

4 Staff numbers and costs

The full time equivalent average number of persons employed by the Company (excluding directors) during the year was 33 (2023: 29). The aggregate payroll costs of these persons were as follows:

	2024	2023
	£000	£000
Wages and salaries	**2,476**	1,763
Social security costs	**265**	217
Contributions to defined contribution plans	**86**	59
Total	**2,827**	2,039

Notes *(continued)*

5 Directors' remuneration

	2024	2023
	£000	£000
Emoluments - Board Members	**24**	32
Emoluments - Executive officers	**172**	32
Social security costs - Executive officers	**14**	5
Pension costs - Executive officers	**6**	1
Total	**216**	70

The aggregate remuneration of the highest paid director was £172,000 *(2023: £32,000)* and Company pension contributions of £6,000 *(2023: £1,000)* were made to a defined contribution scheme on their behalf.

6 Interest receivable and similar income

	2024	2023
	£000	£000
Interest received from deposit accounts	**17**	-
Total interest receivable and similar income	**17**	-

7 Interest payable and similar charges

	2024	2023
	£000	£000
Bank interest paid	**-**	-
Interest payable on loans from group companies	**105**	78
Total interest payable and similar charges	**105**	78

Notes *(continued)*

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2024 £000	2023 £000
Current tax		
UK Corporation tax on income for the period at 25%	-	-
Adjustments in respect of prior periods	-	-
Total current tax charge	-	-
Deferred tax (see note 15)		
Deferred tax charge/(credit) in current year	458	177
Other timing differences	(48)	(1)
Total deferred tax charge	410	176
Total tax recognised in equity	-	-
Total tax recognised for the year	410	176

Analysis of current tax recognised in profit and loss

Reconciliation of effective tax rate

	2024 £000	2023 £000
Profit on ordinary activities after taxation	1,628	320
Total tax charge	410	176
Profit excluding taxation	2,038	496
Tax on profit on ordinary activities at standard CT rate of 25% (PY:19%)	510	94
Expenses not deductible for tax purposes	8	-
Income not chargeable for tax purposes	-	-
Chargeable gains/(losses)	-	-
Group relief surrendered	3	41
Deferred tax rate movements	-	-
Adjustments in respect of previous periods	(48)	(1)
Remeasurement of deferred tax for changes in tax rates	-	42
Gift aid distribution	(63)	-
Tax charge for the period	410	176

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The UK deferred tax asset as at 31 March 2024 has been calculated at 25% (2023: 25%).

Notes *(continued)*

9 Tangible fixed assets

	Plant and equipment £000	Office & IT equipment £000	Total £000
Cost			
Balance at 1 April 2023	5	199	204
Additions	-	-	-
Balance at 31 March 2024	5	199	204
Depreciation and impairment			
Balance at 1 April 2023	5	161	166
Depreciation charge for the year	-	38	38
Balance at 31 March 2024	5	199	204
Net book value			
At 1 April 2023	-	38	38
At 31 March 2024	**-**	**-**	**-**

10 Investments

The company holds the following investments:

Company Name	Principle activity	Country of Registration	Share Capital
Cornelius Drive Residents Management (Truro) Ltd.	Residents Management	England	£Nil
Lannanta Forge Residents Management (Lelant) Ltd.	Residents Management	England	£Nil
Melin Drive Residents Management Company Ltd.	Residents Management	England	£Nil
Copper Hills Management Company Ltd.	Residents Management	England	£Nil
The Maltings (Merton) Management Company Ltd.	Residents Management	England	£Nil
The Grove (FollyGate) Management Company Ltd.	Residents Management	England	£Nil

Share capital	**2024 £000**	2023 £000
Cornelius Drive Residents Management (Truro) Ltd.	**-**	-
Lannanta Forge Residents Management (Lelant) Ltd.	**-**	-
Melin Drive Residents Management Company Ltd.	**-**	-
Copper Hills Management Company Ltd	**-**	-
The Maltings (Merton) Management Company Ltd.	**-**	-
The Grove (FollyGate) Management Company Ltd.	**-**	-
Total	**-**	-

Notes *(continued)*

11 Stocks

	2024 £000	2023 £000
Work in Progress	**16,116**	10,010
Stock	**1,382**	1,866
Total	**17,498**	11,876

12 Debtors

	2024 £000	2023 £000
Trade debtors	**440**	94
Amounts owed by group companies	**877**	1,059
Deferred tax asset (Note 16)	**241**	651
VAT	**69**	91
Performance Bond (Defect Rectification)	**2,325**	712
Prepayments and accrued income	**58**	67
Total	**4,010**	2,674

13 Creditors: amounts falling due within one year

	2024 £000	2023 £000
Trade creditors	**1,495**	1,077
Amounts payable to group companies	**2,274**	3,289
Short term bank loans	**381**	0
Taxation and social security	**95**	87
Accruals and deferred income	**4,779**	4,474
Other creditors	**12**	10
Total	**9,036**	8,937

Amounts payable to group companies are trading balances repayable on demand and are non-interest bearing.

14 Creditors: amounts falling due after more than one year

	2024 £000	2023 £000
Loans repayable to group companies (note 15)	**8,750**	3,200
Total	**8,750**	3,200

Notes *(continued)*

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost. These loans are repayable 12 months after the draw down date of which can be extended at the discretion of the lender. Interest is accrued at a daily rate at 5.5% above UK base rate.

The Company's interest-bearing loans and borrowings loans by default are repayable 12 months after the draw down date. This date can be extended at the discretion of the lender. A letter of support has been issued by the lender, Ocean Housing Limited which provides assurance that a requirement for any outstanding loans to be repaid will not occur in a time frame less than 12 months from the date that these Financial Statements are signed.

	2024 £000	2023 £000
Creditors falling due within more than one year		
Unsecured loans repayable to group companies	**8,750**	3,200
Total	**8,750**	3,200

16 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2024 £000	2023 £000
Deferred taxation		
Accelerated capital allowances	**7**	1
Other timing differences	**2**	(1)
Losses and other deductions	**232**	651
Total	**241**	651
Deferred tax assets		
At start of year	**651**	827
Utilisation of tax losses	**(458)**	(42)
Other timing differences (See Note 8)	**48**	(134)
At end of year	**241**	651

The deferred tax balance is included in debtors in note 12 (2023: debtors in note 11).

17 Employee benefits

The Company operates a defined contribution pension scheme. The expense relating to this plan in the year was £85,597 (2023: £59,491). £18,211 of pension contributions relating to the year were held in creditors: amounts falling due within one year at the balance sheet date (2023: £13,520).

Notes *(continued)*

18 Share capital

	2024	2023
	£	£
Share capital - allotted, called up and fully paid		
100 ordinary shares of £1 each	**100**	100
Total	**100**	100

19 Operating leases

Minimum lease payments under non-cancellable operating leases are payable on leases expiring as follows:

	2024	2023
	£000	£000
Less than one year	**10**	10
Between one and five years	**22**	32
Total	**32**	42

Operating lease costs charged to the profit and loss account in the year were £2,951 (2023: £5,132).

20 Ultimate parent company

The Company is a subsidiary undertaking of Ocean Housing Group Limited, a company registered in England and Wales. The ultimate controlling party is Ocean Housing Group Limited. The smallest and largest group in which the results of the Company are consolidated is that headed by Ocean Housing Group Limited. The consolidated financial statements of this group are available to the public and may be obtained from Stennack House, Stennack Road, St. Austell, Cornwall, PL25 3SW.

Notes *(continued)*

21 Accounting estimates and judgements

21.1 Key sources of estimation uncertainty

Revenue recognition

Where the outcome of a long term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by surveys of work performed to date. Variations in contract work, claims and incentive payments are included to the extent that it is probable that they will result in revenue, and they are capable of being reliably measured.

Recoverability of stock and work in progress on private housing development properties

Stock and work in progress is held at cost at the reporting date without any impairment. This is management's estimate, based on historical sales performance, its assessment of quality of the Company's development properties and its assessment of the current market conditions.

Impairment of trade debtors

Provision is made for doubtful debts based on management's estimate of the prospect of recovering the debt. Where management has determined that the recovery of the debt is doubtful, the amount is provided for immediately. Management have determined that all trade debtors outstanding at the balance sheet date will be recovered in full.

21.2 Critical accounting judgements in applying the Company's accounting policies

There are no critical judgements applied.