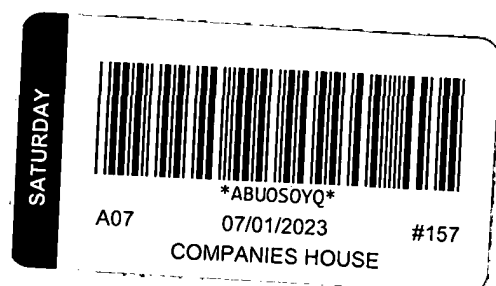


Broadthorpe Limited

Annual report and financial statements  
for the year ended 31 May 2022

Registered number: 00716577



# Broadthorpe Limited

## Annual report and financial statements for the year ended 31 May 2022

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# **Broadthorpe Limited**

## **Directors and advisors**

### **Directors**

E Davis MCIOB  
T Higgins OBE FCIS Hon D.Tech  
G Higgins BA Hons Solicitor  
M Halley FCA  
J Eddershaw  
L Cooke  
G Davis  
W Davis  
H Hellman  
P Higgins  
G Newcombe  
R Pratt  
A Reeves

### **Company Secretary**

R Irons BA ACA

### **Registered office**

Forest Field  
Forest Road,  
Loughborough  
Leicestershire, LE11 3NS

### **Bankers**

Barclays Bank PLC  
One Snowhill  
Snow Hill Queensway  
Birmingham, B3 2WN

### **Solicitors**

Moss Solicitors  
80-81 Woodgate  
Loughborough, LE11 2XE

Bird, Wilford & Sale  
20 Churchgate  
Loughborough, LE11 1UD

### **Independent auditors**

PricewaterhouseCoopers LLP  
Statutory Auditors  
Donington Court  
Pegasus Business Park  
Castle Donington  
East Midlands, DE74 2UZ

# **Broadthorpe Limited**

## **Strategic report for the year ended 31 May 2022**

The directors present their strategic report for the year ended 31 May 2022.

### **Principal activities**

The principal activity of the companies within the group is that of house building. The company is a non-trading holding company.

### **Business review**

The group operates principally as a large regional housebuilder across the East and West Midlands with significant opportunities to expand further South. The group has a large directly employed workforce of tradespeople and an apprentice scheme for young people which has been in operation for over 50 years.

The group has had a strong year to 31 May 2022. Whilst sales volume was constrained by the availability of plots for sale, legal completions of private homes remained similar to the previous year at 358 (2021: 364). The group continued to invest for the future with five new developments commencing in the year which will provide the platform for future growth. Operating profit fell slightly from the previous year, due to increases in provisions, at £15,848,000 (2021: £16,949,000). The average selling price of private houses increased to £342,000 from £321,000 in the previous year. Sales of affordable homes reduced to 116 (2021: 140).

Net assets increased to £153,830,000 at 31 May 2022 and compares to £147,299,000 at 31 May 2021.

The group commenced five new developments in the year, but none contributed sales in the current year. The group is continuing its strategy of land purchases to drive growth.

The group has retained its Home Builders Federation 5 Star status for the seventh year in a row. The award which is based on the quality of the homes and service provided to customers indicates that the group is continuing to maintain the highest standards throughout all its developments.

The group closed the financial year with cash reserves of £30,809,000. It has a revolving credit facility with Barclays Bank plc, which was extended on 3 October 2022 through to 31 March 2025 under the same terms and conditions. These cash reserves together with the revolving credit facility provide adequate funding to deliver the group's future growth plans and further strengthens the group's going concern position.

### **Results and dividends**

The group's profit for the financial year was £12,840,000 (2021: £13,840,000). The results for the year are set out on page 12. The group paid dividends during the financial year amounting to £6,313,000 (2021: £4,666,000).

### **Principal risks and uncertainties**

The management of the business and the execution of the group's strategy are subject to a number of risks, managed by the board through monitoring of the market and utilisation of the group's long-term land stocks.

The key business risks affecting the group are considered to relate to competition from both national and independent house builders and contractors, the availability of land at an economic price and government regulations and the uncertainty of the current economic environment.

In the housing market the availability of funds to potential customers may affect turnover.

### **Health and Safety**

The wellbeing of the Group's workforce, customers and local communities remains a key priority and the group has continued to operate effective Covid-19 safe operating procedures during the year, both in the office environment and on its building sites. Since the year end the group has relaxed these procedures and re-opened its offices to visitors.

# Broadthorpe Limited

## Strategic report for the year ended 31 May 2022 (continued)

### Key Performance Indicators (“KPIs”)

Given the straightforward nature of the business, the directors are of the opinion that there are no additional KPIs to disclose apart from those already disclosed as part of the results of the business.

### Section 172 statement

Section 172 of the Companies Act requires the directors of the group to have regard to:

- The likely consequences of any decision in the long term
- The interest of the group's employees
- The need to foster the businesses relationships with suppliers, customers, and others
- The impact of the group's operations on the community and environment
- The desirability of the group maintaining a reputation for high standards of business conduct, and;
- The need to act fairly between members of the group.

The directors have delegated the day-to-day management of the group to the Board of Directors of William Davis Limited headed by the Managing Director. This team brings a wide range of commercial, housebuilding and financial experience and is collectively responsible for the long-term success of the group.

The group uses a variety of methods of communication to keep its employees informed on matters affecting them. Such communication includes – the group's intranet called the HUB, annual publication of its Insite magazine, periodic newsletters, together with regular meetings with employees' representatives to discuss group companies' financial positions, market conditions, employment requirements and the day-to-day operating situation. The group encourages and supports personal development of its employees and rewards employee performance.

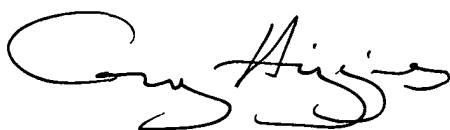
The group is committed to maintaining good customer relations and has spent considerable time and effort this year to enhance customer satisfaction. This is independently verified, and we strive to maintain these high standards. The above has helped to support a seventh consecutive 5-Star Quality Award from the Home Builders' Federation.

The directors recognise the need to behave responsibly toward shareholders and treat them fairly and equally. An annual board meeting is held with all shareholders to update them with the group's results and future plans. Where appropriate trading and other updates are provided to shareholders throughout the year.

Other major stakeholders include the group's insurers, bankers, advisors, contractors, and suppliers. The Executive Management Team maintain regular dialogue to ensure that all parties are kept informed. This includes holding periodic supplier forums to ensure both suppliers and contractors are informed and aligned with the group's forward plans.

Our aim is always to enhance the locations and communities in which we develop. We take a holistic approach to site planning and focus on delivering public open spaces and amenities that enhance the built environments we deliver. We aim to minimise and mitigate the impact on the environment. We have robust processes in place to address issues around ecology and biodiversity. We also support local schemes and charities in the regions where we develop.

By order of the board



G S Higgins  
Director

16 November 2022

# Broadthorpe Limited

## Directors' report for the year ended 31 May 2022

The directors present their annual report and the audited consolidated financial statements of the company for the year ended 31 May 2022.

### Directors

The following were directors of the company during the year and up to the date of signing the financial statements:

E Davis MCIOB	R Pratt
T Higgins OBE FCIS Hon D.Tech	P Higgins
J Eddershaw	G Newcombe
G Higgins BA Hons Solicitor	L Cooke
W Davis	H Hellman
G Davis	A Reeves
M Halley FCA	

### Results and dividends

The group's profit for the financial year was £12,840,000 (2021: £13,840,000). The results for the year are set out on page 12. The aggregate dividends recorded during the financial year amounted to £6,313,000 (2021: £4,666,449). Details of dividends paid are shown in note 8 to the financial statements.

Subsequent to the year end, in October 2022, the company paid dividends totalling £3,156,500. The dividends have not been accounted for within the current year financial statements as they were not approved at the year end. Prior to the dividends being paid, the company received dividends totalling £3,157,200 from William Davis Limited.

### Future developments

The Board are positive about the group's future growth prospects and whilst the group already operates in the West Midlands, it has recently created a dedicated West Midlands team to further strengthen and grow its presence in the West Midlands, Northamptonshire, Warwickshire, and Worcestershire, and has made a number of senior appointments to this team to lead this expansion. In addition, the group has appointed a new dedicated Land Director to lead its East Midlands land team.

During the year to May 2022 the group commenced five new developments. These new sites will replace completing sites and provide additional plots to deliver our projected sales growth in the year to 31 May 2023. In addition, the group continues to plan new sites with a further seven targeted to commence during the calendar year 2023 which will provide the platform for growth in 2024 and beyond.

The group has recently formed a project team to drive its ESG agenda forward and will deliver its ESG plan for approval in late 2022. In advance of this and in response to changes in the building regulations we have entered on a journey to develop two schemes which move along the path to net zero. At Sutton Bonington all the properties will be EPC A rated, the site's carbon dioxide emissions will be 75% lower and energy use will be cut by 42% kilowatt hours compared with current building regulations compliance. In the joint venture with North West Leicestershire District Council we are developing the concept of a scheme which should commence in 2023 which will feature homes that are net zero in operation.

However, the Directors are conscious of the potential fragility of the economy and that the prospects for the wider economy, and in the medium term the new homes market, remains uncertain, in particular due to the rise in inflation and interest rates. The Directors are monitoring the demand levels closely to be able to adapt the business as necessary.

The group has a very strong balance sheet with net assets of £153,830,000, which includes cash reserves of £30,809,000, which will provide resilience to manage any future uncertainties.

# **Broadthorpe Limited**

## **Directors' report for the year ended 31 May 2022 (continued)**

### **Financial risk management**

The group's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The group has been maintaining cash balances for liquidity and has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group. Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

#### *Price risk*

The group is exposed to commodity price risk because of its operations. However, given the size of the group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The group has indirect exposure to equity securities price risk through the equity investments held by the pension scheme which are managed as part of the longer-term nature of the pension liabilities.

#### *Credit risk*

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

#### *Interest rate cash flow risk*

The group has interest bearing assets. Interest bearing assets include only cash balances, all of which are placed with banks with a strong credit rating. The group has a policy of maintaining debt, when utilised, at a fixed rate to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

#### *Liquidity risk*

The group held cash of £30,809,000 at the year end and has a revolving credit facility with Barclays Bank plc for £20,000,000 which was extended on 3<sup>rd</sup> October 2022 through to 31 March 2025 on the same terms and conditions. As such, the directors consider that the group has sufficient liquidity available to meet its foreseeable needs.

### **Employee involvement**

Regular meetings are held with employees' representatives to discuss group companies' financial positions, market conditions, employment requirements and the day-to-day operating situation. Information on matters of concern to employees is given through information bulletins, reports, and newsletters.

The group is an equal opportunity employer and the aim of its policy is to ensure that no job applicant or employee receives less favourable treatment on the grounds of sex, marital status, physical disability, race, colour, nationality, or ethnic or national origins, or is disadvantaged by conditions or requirements which cannot be shown to be justifiable. Selection criteria and procedures will be frequently reviewed to ensure that individuals are selected, promoted, and treated on the basis of their relevant merits and abilities. All employees will be given equal opportunity and, where appropriate, special training, to progress within the organisation. The group is committed to a programme of action to make this policy fully effective.

### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered taking into account the aptitudes and abilities of the applicant concerned. Where employees become disabled, the group endeavours to continue to employ such people provided there are duties which they can perform bearing in mind the handicap or disability. It is the policy of the group that training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

# Broadthorpe Limited

## Directors' report for the year ended 31 May 2022 (continued)

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR)

	This reporting year (Jun 2021 – May 2022)	Prior reporting year (Jun 2020 – May 2021)
Total electricity use	663,201 kWh	1,179,885 kWh
Total gas use	339,722 kWh	465,553 kWh
Total transport fuel	552,900 kWh	767,734 kWh
Total energy diesel incl DERV	815,947 kWh	612,479 kWh
Total gas oil	2,425,944 kWh	3,204,683 kWh
Total propane	28,022 kWh	51,411 kWh
Total energy use (all sources)	4,825,736 kWh	6,281,745 kWh
Total carbon emissions (electricity)	193 tCO <sub>2</sub> e	344 tCO <sub>2</sub> e
Total carbon emissions (gas)	73 tCO <sub>2</sub> e	100 tCO <sub>2</sub> e
Total carbon emissions (transport fuel)	185 tCO <sub>2</sub> e	269 tCO <sub>2</sub> e
Total carbon emissions (diesel incl DERV)	240 tCO <sub>2</sub> e	180 tCO <sub>2</sub> e
Total carbon emissions (gas oil)	766 tCO <sub>2</sub> e	1,012 tCO <sub>2</sub> e
Total carbon emissions (propane)	7 tCO <sub>2</sub> e	12 tCO <sub>2</sub> e
Total carbon emissions	1,464 tCO <sub>2</sub> e	1,917 tCO <sub>2</sub> e
Total estate size	75,018 sqft	57,280 sqft
Carbon intensity ratio	19.52 kgCO <sub>2</sub> e per sqft	33.47 kgCO <sub>2</sub> e per sqft

### Carbon and Energy efficiency actions

The group is committed to responsible carbon management and will practise energy efficiency throughout our organisation, wherever it is cost-effective. We recognise that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

We have implemented the policies below to increase the business's energy efficiency in the relevant financial year.

- On-going upgrades to LED lighting and sensors in offices and canteens.
- On-going upgrades to more efficient laptops.
- On-going upgrades to site compound heating in drying rooms and lighting in containers with sensors.
- Increased usage of video conferencing, saving on travel.
- Introduced online training, saving on travel.
- Introduced hybrid electrical cars and reduced the choice of diesel company cars.
- Instigated a Carbon Neutral Report.



# Broadthorpe Limited

## Directors' report for the year ended 31 May 2022 (continued)

### Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) (continued)

#### *Methodology used in the calculation of disclosures*

ESOS methodology (as specified in Complying with the Energy Savings Opportunity Scheme version 6, published by the Environment Agency, 21.01.21) is used in conjunction with Government GHG reporting conversion factors.

For carbon-only related matters, the SECR methodology as specified in "Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting and greenhouse gas reporting" was used in conjunction with Government GHG reporting conversion factors.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/850130/Env-reporting-guidance\\_inc\\_SECR\\_31March.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/850130/Env-reporting-guidance_inc_SECR_31March.pdf)

#### **Going Concern**

The Group meets its day-to-day working capital requirements through its cash balances and bank facilities. These facilities were renewed in December 2020 and extended on 3 October 2022 through to 31 March 2025 under the same terms and conditions, including the option to increase the facility by £10,000,000. The directors consider the group has adequate funding for the foreseeable future.

The directors have considered the risks and uncertainty of current economic environment on the business and believe it could most likely manifest in lower volumes. The directors have considered several scenarios involving plausible downsides through the remainder of 2023 and through 2024 reflecting lower than expected volumes. Whilst any downside would result in a fall in volume and have an impact on profitability, the directors believe that a significant fall in volume is unlikely. Therefore, the scenarios indicate that the Group would continue to remain profitable under a market downturn. In addition, any downturn in volume would allow delays to new site starts which would enable the group to remain within in banking facility.

In the base case we have assumed that market conditions remain significantly unchanged and that demand for new homes continues. The base case scenario is based on forward orders and sales of private houses as at August 2022. Post 31 May 2023, we have assumed that the commencement of the planned new sites will provide the platform for sales growth in year to 31 May 2024 and beyond.

The directors believe that the Group is well placed to manage its financing and other business risks satisfactorily and has adequate resources to continue to grow as planned and that following the extension of its bank facility through to March 2025 has sufficient liquidity to meet its future needs. The group therefore continues to adopt the going concern basis in preparing its financial statements.

#### **Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

# **Broadthorpe Limited**

## **Directors' report for the year ended 31 May 2022 (continued)**

### **Statement of directors' responsibilities in respect of the financial statements (continued)**

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### **Directors' confirmations**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

### **Qualifying third party indemnity provision**

The group has provided an indemnity for its directors and the secretary, which is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006. This was held during the year and currently continues to be held.

### **Independent auditors**

A resolution to confirm and reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



G S Higgins

Director

16 November 2022

# **Broadthorpe Limited**

## **Independent auditors' report to the members of Broadthorpe Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Broadthorpe Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 May 2022 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Consolidated and company balance sheets as at 31 May 2022; the Consolidated profit and loss account, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Company statement of changes in equity and the Consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

# **Broadthorpe Limited**

## **Independent auditors' report to the members of Broadthorpe Limited (continued)**

### **Reporting on other information (continued)**

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 May 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

#### **Auditors' responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, pension laws and regulations, employment law, building regulations and health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue, and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

## **Broadthorpe Limited**

### **Independent auditors' report to the members of Broadthorpe Limited (continued)**

#### **Responsibilities for the financial statements and the audit (continued)**

Auditors' responsibilities for the audit of the financial statements (continued)

- enquiry of management and those charged with governance around actual and potential frauds, litigations or claims against or by the company;
- understanding of management's internal controls designed to prevent and detect irregularities;
- auditing the risk of management override of controls, through identifying and testing journal entries (using our data analysis tools to confirm completeness of data) by adopting a risk based approach for appropriateness including focusing on any unusual account combinations, and evaluating the business rationale and accounting for significant or unusual transactions outside the normal course of business;
- challenging assumptions and judgements made by management to test their significant accounting estimates (as defined in the notes to the financial statements) because of the risk of potential management bias;
- auditing the risk of fraud in revenue recognition by using our data analysis tools to identify unusual credits to revenue for further investigation;
- designing audit procedures to incorporate unpredictability around the nature, timing, or extent of our testing;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- reviewing minutes of meetings of the Board of Directors and following up with management on points noted within these.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Paul Norbury (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands

17 November 2022

## Broadthorpe Limited

### Consolidated profit and loss account for the year ended 31 May 2022

	Note	2022 £'000	2021 £'000
<b>Turnover</b>	4	<b>139,239</b>	140,037
<b>Operating profit</b>	4	<b>15,848</b>	16,949
Share of profits in Joint Venture	11	503	-
Interest payable and similar expenses	6	(358)	(110)
<b>Profit before taxation</b>		<b>15,993</b>	16,839
Tax on profit	7	(3,153)	(2,999)
<b>Profit for the financial year</b>		<b>12,840</b>	13,840

All results are derived from continuing operations.

There is no material difference between the profit before taxation and the profit for the financial year stated above and their historical cost equivalents.

### Consolidated statement of comprehensive income for the year ended 31 May 2022

	Note	2022 £'000	2021 £'000
<b>Profit for the financial year</b>		<b>12,840</b>	13,840
<b>Other comprehensive income/ (expense)</b>			
Pension scheme gains recognised		-	30
Deferred tax	16	4	(2)
<b>Total comprehensive income for the year</b>		<b>12,844</b>	13,868

# Broadthorpe Limited


## Consolidated and company balance sheets as at 31 May 2022

		Group		Company	
		2022	2021	2022	2021
	Note	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	9	(154)	-	-	-
Tangible assets	10	4,543	4,463	-	-
Investments	11	-	-	3,413	3,413
		<b>4,389</b>	<b>4,463</b>	<b>3,413</b>	<b>3,413</b>
<b>Current assets</b>					
Stocks	12	184,615	142,921	-	-
Debtors (including £1,972,000 (2021: £892,000) due after one year).	13	5,262	4,036	-	-
Cash at bank and in hand	20	30,809	45,782	7	8
		<b>220,686</b>	<b>192,739</b>	<b>7</b>	<b>8</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(51,044)</b>	<b>(44,035)</b>	<b>-</b>	<b>-</b>
<b>Net current assets</b>		<b>169,642</b>	<b>148,704</b>	<b>7</b>	<b>8</b>
<b>Total assets less current liabilities</b>		<b>174,031</b>	<b>153,167</b>	<b>3,420</b>	<b>3,421</b>
Creditors: amounts falling due after one year	15	(16,047)	(3,000)	-	-
Provisions for liabilities	16	(4,154)	(2,868)	-	-
<b>Net assets</b>		<b>153,830</b>	<b>147,299</b>	<b>3,420</b>	<b>3,421</b>
<b>Capital and reserves</b>					
Called up share capital	19	36	36	36	36
Share premium account		3,262	3,262	3,262	3,262
Other reserves		8,865	8,865	-	-
Profit and loss account		141,667	135,136	122	123
<b>Total equity</b>		<b>153,830</b>	<b>147,299</b>	<b>3,420</b>	<b>3,421</b>

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year amounted to £6,312,000 (2021: £4,665,000) before dividend payments of £6,313,000 (2021: £4,666,000).

These financial statements on pages 12 to 36 were approved by the board on 16 November 2022.

Signed on behalf of the board of directors on 16 November 2022.

  
G S Higgins  
Director

16 November 2022

Registered number 00716577

# Broadthorpe Limited

## Consolidated statement of changes in equity for the year ended 31 May 2022

		Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	Note	£'000	£'000	£'000	£'000	£'000
As at 1 June 2020		36	3,262	8,865	125,934	138,097
Profit for the financial year		-	-	-	13,840	13,840
Other comprehensive income for the year		-	-	-	28	28
<b>Total comprehensive income for the year</b>		-	-	-	<b>13,868</b>	<b>13,868</b>
Dividends	8	-	-	-	(4,666)	(4,666)
<b>As at 31 May 2021</b>		<b>36</b>	<b>3,262</b>	<b>8,865</b>	<b>135,136</b>	<b>147,299</b>
Profit for the financial year		-	-	-	12,840	12,840
Other comprehensive income for the year		-	-	-	4	4
<b>Total comprehensive income for the year</b>		-	-	-	<b>12,844</b>	<b>12,844</b>
Dividends	8	-	-	-	(6,313)	(6,313)
<b>As at 31 May 2022</b>		<b>36</b>	<b>3,262</b>	<b>8,865</b>	<b>141,667</b>	<b>153,830</b>

Other reserves relate to a pre-acquisition reserve, a merger reserve and a capital reserve arising on consolidation.



## Broadthorpe Limited

### Company statement of changes in equity for the year ended 31 May 2022

		Called up share capital	Share premium account	Profit and loss account	Total equity
	Note	£'000	£'000	£'000	£'000
As at 1 June 2020		36	3,262	124	3,422
Profit for the financial year		-	-	4,665	4,665
Dividends	8	-	-	(4,666)	(4,666)
<b>As at 31 May 2021</b>		<b>36</b>	<b>3,262</b>	<b>123</b>	<b>3,421</b>
Profit for the financial year		-	-	6,312	6,312
Dividends	8	-	-	(6,313)	(6,313)
<b>As at 31 May 2022</b>		<b>36</b>	<b>3,262</b>	<b>122</b>	<b>3,420</b>

# Broadthorpe Limited

## Consolidated cash flow statement for the year ended 31 May 2022

	Note	2022 £'000	2021 £'000
<b>Net cash (outflow)/inflow from operating activities</b>	20	<b>(5,376)</b>	33,840
UK corporation tax paid		<b>(3,429)</b>	(3,752)
<b>Net cash (used in)/generated from operating activities</b>		<b>(8,805)</b>	30,088
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets	10	<b>(1,056)</b>	(1,130)
Proceeds from sale of tangible fixed assets		<b>30</b>	110
Interest received	6	<b>70</b>	42
Cash on acquisition of Heatherton Developments Limited	11	<b>1,984</b>	-
Loans to joint venture	23	<b>(167)</b>	(80)
<b>Net cash generated/(used in) investing activities</b>		<b>861</b>	(1,058)
<b>Cash flow from financing activities</b>			
Interest paid	6	<b>(213)</b>	(152)
Dividends paid	8	<b>(6,313)</b>	(4,666)
Cash (paid to)/ received from related parties		<b>(503)</b>	2
<b>Net cash used in financing activities</b>		<b>(7,029)</b>	(4,816)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(14,973)</b>	24,214
Cash and cash equivalents at the beginning of the year		<b>45,782</b>	21,568
<b>Cash and cash equivalents at the end of the year</b>		<b>30,809</b>	45,782

# **Broadthorpe Limited**

## **Notes to the financial statements**

### **for the year ended 31 May 2022**

#### **1 General Information**

The company is a private limited company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is Forest Field, Forest Road, Loughborough LE11 3NS.

#### **2 Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements were prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

##### **Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention (as modified by revaluation of certain fixed assets).

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

##### **Going Concern**

The Group meets its day-to-day working capital requirements through its bank facilities. These facilities were renewed in December 2020 and extended on 3 October 2022 through to 31 March 2025 under the same terms and conditions, including the option to increase the facility by £10,000,000. The directors consider that this facility provides the group with adequate funding for the foreseeable future.

The directors have considered the risks and uncertainty of the current economic environment on the business and believe it would most likely manifest in lower volumes. The directors have considered several scenarios involving a severe but plausible downside through the remainder of the financial year ending 31 May 2023 and 2024. The severe case was based on an immediate slowing of reservations resulting in a 31% fall in completions in the second half of the financial year to 31 May 2023. Whilst any downside would result in a fall in volume and have an impact on profitability, the directors believe that a long-term significant fall in volume is very unlikely. Therefore, the scenarios indicate that the Group would continue to remain profitable under a market downturn. In addition any downturn in volume would allow delays to new site starts which would enable the group to remain within its banking facility.

In the base case we have assumed that market conditions remain significantly unchanged and that demand for new homes continues. The base case scenario is based on forward orders and sales of private houses as at August 2022. Post 31 May 2023, we have assumed that sales will increase and that the commencement of the planned new sites will provide the platform for this sales growth in year to 31 May 2023 and beyond.

The directors believe that the Group is well placed to manage its financing and other business risks satisfactorily and has adequate resources to continue in operational existence for the foreseeable future and that following the extension of its bank facility has sufficient liquidity to meet its future needs. The group therefore continues to adopt the going concern basis in preparing its financial statements.

##### **Group financial statements and basis of consolidation**

The group financial statements comprise a consolidation of the results and net assets of the company and its subsidiaries for the year ended 31 May 2022. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Intra-group trading and balances including any profit or loss are eliminated on consolidation. Acquisitions are accounted for under the acquisition method. Group reorganisations are accounted for under the merger accounting method.

Under section 479A - 479C of the Companies Act 2006 Heatherton Developments Limited is exempt from an audit of its individual accounts. The accounts of Heatherton Developments Limited are consolidated herewith and its ultimate holding company, Broadthorpe Limited has provided a guarantee under section 479C.

# **Broadthorpe Limited**

## **Notes to the financial statements for the year ended 31 May 2022 (continued)**

### **2 Accounting policies (continued)**

#### **Exemptions for qualifying entities under FRS102**

The company has taken advantage of the exemption to prepare a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows.

#### **Turnover**

Turnover represents sales of property and land to third parties and to affiliated companies. Turnover is recognised on legal completion for property or land sales.

#### **Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the year necessary to match them with the costs that they are intended to compensate.

#### **Stocks**

Stocks have been valued at the lower of cost and net realisable value. Provisions are made by management to ensure stock values are accurately stated at their net realisable value on resale or for development.

Land options are only recognised as assets where valuable realisation can be reasonably foreseen.

#### **Maintenance guarantees**

Provision for maintenance guarantees has been made for the estimated future cost of the company's liability for remedial work in respect of private houses sold and any specific remedial work on completed contracts.

#### **Intangible fixed assets – goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its estimated useful economic life of 5 years. Provision is made for any impairment. No amortisation is provided in the year of acquisition.

Goodwill in the year arises from the acquisition of the 50% shares of Heatherton Developments Limited in January 2022. Negative goodwill is released to profit and loss in the years expected to be benefitted from the excess recovery exceeding the fair value of the non-monetary assets acquired.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at historical purchase cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to its working condition for its intended use. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. Impairment reviews are performed by the directors when there has been an indication of potential impairment. The asset lives used are as follows:

Freehold buildings	10-50 years
Plant & machinery	3-5 years
Motor Vehicles	4 years

Freehold land is not depreciated.

#### **Investments**

Investments are held at cost less amounts charged for any impairment in value.

# **Broadthorpe Limited**

## **Notes to the financial statements for the year ended 31 May 2022 (continued)**

### **2 Accounting policies (continued)**

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Financial Instruments**

The group has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

##### *(i) Financial assets*

Basic financial assets including trade and other receivables, cash and bank balances are initially reported at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets' original effective interest rate. The impairment loss is recognised in the profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying value amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

Financial assets are derecognised when a) the contractual right to the cash flows from the assets expire or are settled, or b) subsequently all the risks and rewards of the ownership of the asset are transferred to another party or c) despite having retained some significant risks and rewards of ownership, control of the assets has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### *(ii) Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the payment is due within one year or less, if not, they are presented as non-current liabilities, trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Land Creditors**

Land creditors on extended terms are recorded at their fair values at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the year of the credit term and charged to finance costs.

# **Broadthorpe Limited**

## **Notes to the financial statements for the year ended 31 May 2022 (continued)**

### **2 Accounting policies (continued)**

#### **Taxation**

UK corporation tax is provided at amounts, expected to be paid (or recovered), using the tax rates and laws that have been enacted in respect of the financial year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

#### **Pension costs**

The group operates a defined benefit pension scheme and three money purchase pension schemes.

The defined benefit pension scheme fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. A resulting pension scheme deficit is fully recognised and a surplus recognised to the extent it is realisable by the group on the balance sheet net of deferred taxation and any resulting actuarial gains and losses are recognised immediately in the statement of recognised gains and losses.

Contributions to the money purchase pension schemes are charged to profit and loss account as they become payable in accordance with rules of the schemes.

#### **Distributions to equity holders**

Dividends and other distributions to the Group's shareholders are recognised in the financial statements in the year in which the dividends and other distributions are paid. These amounts are recognised in the statement of changes in equity.

#### **Related party transactions**

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group's financial statements.

### **3 Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **(a) Critical judgements in applying the entity's accounting policies**

##### *Exemptions of transition to FRS102*

The group has elected to use the previous UK GAAP valuation of certain items of land and buildings as the deemed cost on transition to FRS102. The items are being depreciated from the date of transition in accordance with the company's accounting policies.

# **Broadthorpe Limited**

## **Notes to the financial statements for the year ended 31 May 2022 (continued)**

### **3 Critical accounting judgements and estimation uncertainty (continued)**

#### **(b) Critical accounting estimates and assumptions**

##### *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. These are assessed annually. They are amended when necessary to reflect current estimates, future investments, and the physical condition of the assets. See note 10 for the carrying amount of tangible assets and note 2 for the useful lives of each class of assets.

##### *Land*

The group acquires land for property development in the normal course of business. All land has been reviewed by the directors to assess whether future development of that land supports its value in the balance sheet. Where this is not the case, appropriate impairments are made.

Land at Houlton Rugby was acquired in the year on deferred terms based on future selling prices and has been included at its fair value based on the latest sales prices achieved on houses sold at Houlton to date, discounted by the group's cost of debt at 31 May 2022.

Land options are only recognised as assets where valuable realisation can be reasonably foreseen. In the year an option at Garendon of £4,878,000 has been given value and included on the balance sheet.

##### *Stock and work in progress*

The recoverability of stock and work in progress is subject to underlying demand for new houses and thus it is necessary to consider the associated provisioning required. When considering the stock provision, management considers the nature and condition of stock, as well as the assumptions around the saleability of completed properties. Provision for impairment on development sites and individual properties are provided in full when foreseen.

##### *Maintenance provisions*

The group has a liability to carry out remedial work on private houses sold for a period of two years after the sale. The company estimates the provision required for such repairs to each property at its year end based on its recent experience of repairs carried out and the nature of such repairs. The majority of such repairs are carried out by its own employees. The group also makes provisions for the estimated cost of specific remedial work identified on completed contracts, obtaining third party quotes where appropriate.

##### *Defined benefit pension scheme*

The group has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend upon a number of factors, including; life expectancy, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 18 for the disclosures relating to the defined benefit scheme.

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2022 (continued)

### 4 Operating profit

#### Analysis of operating profit:

	2022	2021
	£'000	£'000
<b>Turnover</b>	<b>139,239</b>	<b>140,037</b>
<b>Less:</b>		
Change in work in progress	11,437	(10,473)
Impairment provision for site losses	(539)	-
Raw materials and consumables	(31,075)	(31,156)
Other external charges	(70,688)	(54,357)
Staff costs:		
Wages and salaries	(23,750)	(21,050)
Social security costs	(2,876)	(2,330)
Other pension costs	(1,633)	(1,439)
Depreciation (note 10)	(973)	(809)
Other operating charges	(3,404)	(2,258)
	<b>(123,501)</b>	<b>(123,872)</b>
	<b>15,738</b>	<b>16,165</b>
Other operating income:		
Coronavirus Job Retention Scheme grant (note 2)	-	716
Rent receivable	110	68
<b>Operating profit</b>	<b>15,848</b>	<b>16,949</b>

The company has no staff costs (2021: nil)

#### Operating profit is arrived at after charging / (crediting):

	2022	2021
	£'000	£'000
Auditors' remuneration		
- for the audit of the parent company and consolidated financial statements	1	1
- for the audit of the company's subsidiaries pursuant to legislation	126	104
- for other non-audit services	10	35
- for taxation compliance services	15	30
Hire of plant and machinery	559	633
Profit on sale of tangible fixed assets	(27)	(110)

Turnover and results all arise in the United Kingdom from the principal activity of the group.



# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2022 (continued)

### 5 Directors and employees

#### Directors

	2022	2021
	£'000	£'000
Directors' aggregate emoluments	2,245	1,208
Highest paid directors' emoluments	1,799	894
	2021	2021
	Number	Number
Number of directors who are members of defined benefit or contribution pension schemes	Nil	Nil

The amount of the accrued pension of the highest paid director in 2022 is £nil (2021: £nil).

#### Employees

The monthly average number of persons (including executive directors) employed by the group during the year was:

	2022	2021
	Number	Number
Management & administration	87	79
Production & sales	356	353
	443	432

The company has no employees (2021: nil).

#### Key management compensation

Key management compensation includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2022	2021
	£'000	£'000
Salaries and other short-term benefits	4,467	2,151
Post – employment benefits	167	128
	4,634	2,279

### 6 Interest payable and similar expenses

	2022	2021
	£'000	£'000
Interest imputed on land purchase creditors	(215)	-
Bank interest payable and similar charges	(213)	(152)
Bank interest received and similar income	70	42
Net interest payable and similar expenses	(358)	(110)

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2022 (continued)

### 7 Tax on profit

#### a) Tax expense included in the consolidated profit and loss account

	2022 £'000	2021 £'000
<b>Current taxation</b>		
UK corporation tax on profit for the year	2,906	3,274
Share of joint venture taxation	95	-
Adjustments in respect of prior years	(33)	(73)
Total current taxation	2,968	3,201
<b>Deferred taxation</b>		
Origination and reversal of timing differences	202	(261)
Impact of tax rate changes	(16)	75
Adjustments in respect of prior years	(1)	(16)
Total deferred taxation (note 16)	185	(202)
<b>Tax on profit</b>	<b>3,153</b>	<b>2,999</b>

#### b) Tax (credit)/charge included in other comprehensive income

	2022 £'000	2021 £'000
<b>Deferred taxation</b>		
Credit on depreciation on revalued property	(4)	(4)
Charge on pension scheme gains recognised	-	6
Total tax (credit)/charge included in other comprehensive income	(4)	2

#### c) Reconciliation of tax charge

The standard rate of tax for the year was based on the UK standard rate of corporation tax of 19.0% (2021: 19.0%). The tax assessed for the current year is higher (2021: lower) than the standard rate for the reasons set out in the following reconciliation:

	2022 £'000	2021 £'000
<b>Profit before taxation</b>	<b>15,993</b>	<b>16,839</b>
Tax on profit before taxation at the standard rate of 19.0% (2021: 19.0%)	3,038	3,199
<b>Effects of:</b>		
Expenses not deductible	26	7
Timing difference on release of non-deductible provision	-	(190)
Other timing differences	139	(3)
Deferred tax rate change	(16)	75
Adjustments in respect of prior years	(34)	(89)
<b>Tax charge for the year</b>	<b>3,153</b>	<b>2,999</b>

# Broadthorpe Limited

## Notes to the financial statements

### for the year ended 31 May 2022 (continued)

#### 7 Tax on profit (continued)

##### d) Tax rate changes

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Substantive enactment occurred on 24 May 2021 and therefore its effects are included in these financial statements. The overall effect of the change is to increase the tax expense for the year by £56,000, and to increase the deferred tax liability by £56,000.

#### 8 Dividends paid

	2022 £'000	2021 £'000
Interim paid October 2021 £208.64 per ordinary share	2,999	-
Interim paid October 2021 3.00 pence per A ordinary share	1	-
Final paid October 2021 £115.20 per ordinary share (October 2020: £209.33 per ordinary share)	1,656	3,009
Final paid October 2021 1.66 pence per A ordinary share (October 2020: 3.01 pence per A ordinary share)	1	1
Interim paid April 2022 £115.20 per ordinary share (April 2021: £115.20 per ordinary share)	1,656	1,656
	6,313	4,666

#### 9 Intangible assets

##### The group

	2022 £'000	2021 £'000
<b>Goodwill</b>		
<b>Cost</b>		
At June	2,324	2,324
Additions (note 11)	(154)	-
<b>At 31 May</b>	<b>2,170</b>	<b>2,324</b>
<b>Accumulated amortisation</b>		
At June	2,324	2,324
<b>At 31 May</b>	<b>2,324</b>	<b>2,324</b>
<b>Net book value</b>	<b>(154)</b>	<b>-</b>

##### The company

The company does not have any intangible assets (2021: £nil).

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2022 (continued)

### 10 Tangible assets

#### The group

	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1 June 2021	3,387	5,727	1,180	10,294
Additions	100	816	140	1,056
Disposals	-	(93)	(87)	(180)
<b>At 31 May 2022</b>	<b>3,487</b>	<b>6,450</b>	<b>1,233</b>	<b>11,170</b>
<b>Accumulated depreciation</b>				
At 1 June 2021	654	4,461	716	5,831
Charge for the year	119	700	154	973
Disposals	-	(93)	(84)	(177)
<b>At 31 May 2022</b>	<b>773</b>	<b>5,068</b>	<b>786</b>	<b>6,627</b>
<b>Net book value</b>				
<b>At 31 May 2022</b>	<b>2,714</b>	<b>1,382</b>	<b>447</b>	<b>4,543</b>
At 31 May 2021	2,733	1,266	464	4,463

The cost of land included in freehold land and buildings is £87,311 (2021: £87,311).

The group applied the transitional arrangements of section 35 of FRS102 and used the previous valuation as the deemed cost for freehold properties. The properties are being depreciated from the valuation date. All such assets were revalued on 18 May 2004 on the basis of open market value by E.surv Chartered Surveyors. As the assets are depreciated or sold an appropriate transfer is made from the revaluation reserve to retained earnings.

#### The company

The company does not have any tangible assets (2021: £nil).

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2022 (continued)

### 11 Investments

	Group Interest in joint ventures		Company Shares in subsidiary companies	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At 1 June and 31 May	-	-	3,413	3,413

#### Interest in joint ventures

The Group's interest in Joint Ventures at 31 May 2022 relates to a 50% interest in Waterworks Road Housing Development LLP which was set up on 22 November 2021 with initial capitalisation of £100. The remaining 50% is owned by North West Leicestershire District Council. The registered office of Waterworks Road Housing Development is Forest Field, Forest Road, Loughborough, Leicestershire, LE11 3NS. The prior year interest in joint ventures amounted to £50 re the 50% holding in Heatherton Developments Limited.

#### Shares in subsidiaries

On 21 January 2022, William Davis Limited acquired the remaining 50% shares in Heatherton Developments Limited for cash consideration of £252,066 of which £252,065 was deferred until the remaining land in Heatherton Developments Limited is sold or developed which is not expected to be within one year.

The acquisition of Heatherton Developments Limited provides for additional consideration to be paid if the land included in the business is sold for an amount higher than the book value at the date of acquisition. This will be dependent upon the land market and the status of the land regarding planning permission at the time of sale. No allowance has been included for any additional amount payable as at the date of acquisition as it was it is not deemed to be probable.

There was no material trading revenue or profit in Heatherton Developments Limited since the acquisition date of 21 January 2022.

The following amounts of assets and liabilities were recognised at the acquisition date. All assets and liabilities were deemed to have a fair value equivalent to their book value.

	Book and Fair value at 21 January 2022 £'000
Land held for development	838
Cash	1,984
Trade and other debtors	2,024
Trade and other creditors	(4,033)
Total net assets	813

	At 21 January 2022 £'000
Goodwill arising on the acquisition is calculated as follows.	
Net assets acquired (50%)	406
Total consideration	252
<b>Excess over cost (negative goodwill) (note 9)</b>	<b>154</b>

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2022 (continued)

### 11 Investments (continued)

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The subsidiary companies and proportions of ordinary shares held are:

	Percentage of ordinary share capital held	Principal activity
<b>Holdings of the parent company</b>		
William Davis Limited	100	House Building
Davis (Forest Field) Limited	100	Management company
<b>Holdings of William Davis Limited</b>		
Heatherton Developments Limited	100	Property development
Davis Westbridge Limited	100	Dormant

All subsidiary companies and joint ventures are incorporated in United Kingdom and registered in England and Wales.

The registered office of all subsidiary companies is; Forest Field, Forest Road, Loughborough, Leicestershire, LE11 3NS.

### 12 Stocks

#### The group

	2022 £'000	2021 £'000
Raw materials and consumables	1,544	1,051
Land held for development	104,967	74,664
Work in progress:		
Net cost less foreseeable losses	78,104	67,206
	184,615	142,921

There is no significant difference between the replacement cost of stock and its carrying value.

Land stocks are stated after provision for impairment of £1,284,000 (2021: £1,284,000) and work in progress after impairment provisions of £539,000 (2021: £nil).

#### The company

The company does not hold any stock at 31 May 2022 or at 31 May 2021.

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2022 (continued)

### 13 Debtors

#### The group

	2022	2021
	£'000	£'000
Trade debtors	1,633	354
Amounts owed by related parties (note 23)	4	1
Loan to joint venture company (note 23)	500	1,399
Equity share debtors	814	1,016
Other debtors	193	58
Corporation tax	366	1
VAT	1,315	864
Prepayments and accrued income	437	343
	5,262	4,036

The loan to joint venture company is unsecured, interest free, and repayable on demand.

Included in debtors above are the following amounts due after more than one year; trade debtors of £1,257,000 (2021: £nil) and equity share debtors of £715,000 (2021: £892,000).

#### The company

The company does not have any debtors (2021: £nil).

### 14 Creditors: amounts falling due within one year

#### The group

	2022	2021
	£'000	£'000
Payments received on account	705	681
Trade creditors	10,876	10,513
Land purchase creditors	11,253	10,127
Amount owed to related parties (note 23)	27	27
Other taxation and social security	1,352	1,328
Accruals and deferred income	26,831	21,359
	51,044	44,035

Land creditors on extended terms are recorded at their fair values at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the year of the credit term and charged to finance costs.

#### The company

The company does not have any creditors (2021: £nil).

# Broadthorpe Limited

## Notes to the financial statements

### for the year ended 31 May 2022 (continued)

#### 15 Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Land purchase creditor	16,047	3,000

#### 16 Provisions for liabilities

##### The group

##### Maintenance, guarantees and other provisions

	2022	2021
	£'000	£'000
At 1 June	2,859	3,189
Utilised in the year	(797)	(739)
Charge for the year	1,902	409
<b>At 31 May</b>	<b>3,964</b>	<b>2,859</b>

The provision for maintenance, guarantees and other provisions relates to the estimated cost of future remedial works which will become due within the next two years on private housing, the estimated future guarantee cost of remedial works on completed contracts and provisions for litigation, or penalties.

The group has taken advantage of the exemption not to disclose all information required by section 21.14 of FRS102 to show each class of provision as it is of the opinion that this would disclose sensitive information and might prejudice the outcome of any litigation or claim.

##### Deferred taxation

The movements in deferred taxation as calculated on the liability approach at 25.0% (2021: 19.0%) and are set out below:

	2022	2021
	£'000	£'000
At 1 June	9	209
Profit and loss credit for the year (note 7a)	185	(202)
Other comprehensive income (credit)/charge for the year (note 7b)	(4)	2
<b>At 31 May</b>	<b>190</b>	<b>9</b>

The amounts of deferred taxation provided in the financial statements are as follows:

	2022	2021
	£'000	£'000
Depreciation in excess of capital allowances	270	131
Other timing differences	(80)	(122)
<b>At 31 May</b>	<b>190</b>	<b>9</b>



# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2022 (continued)

### 16 Provisions for liabilities (continued)

#### Deferred taxation (continued)

Freehold land and buildings were fair valued on acquisition of Davis (Forest Field) Limited in a prior year. A taxation liability would arise on the sale of the freehold land and buildings if sold at its revalued amount. Deferred tax has been provided in full on the undepreciated amount in accordance with FRS102.

There are no unprovided amounts in relation to deferred taxation.

#### The company

The company does not have any provisions (2021: £nil).

### 17 Financial Instruments

#### The group

The group has the following financial instruments:

	Note	2022 £'000	2021 £'000
Financial assets at fair value through profit or loss	13	814	1,016
Equity share debtors		814	1,016
Financial assets that are debt instruments measured at amortised cost			
Trade receivables	13	1,633	354
Other receivables	13	1,063	60
		2,696	414
Financial liabilities measured at amortised cost			
Trade creditors	14	(10,876)	(10,513)
Land purchase creditors	14 & 15	(27,300)	(10,127)
Accruals and other creditors	14	(26,831)	(21,359)
Amount owed to related parties	14	(27)	(27)
Payments on account	14	(705)	(681)
		(65,739)	(42,707)

#### The company

The company does not have any financial instruments.

# Broadthorpe Limited

## Notes to the financial statements

### for the year ended 31 May 2022 (continued)

#### 18 Post-employment benefits

##### The group

##### Money purchase pension schemes

The group makes payments to three money purchase pension schemes, the assets of which are held separately in independently administered funds. The employer contributions in the year were £1,026,515 (2021: £949,578).

##### Pension and life assurance scheme

The group sponsors the Davis (Forest Field) Limited Pension and Life Assurance Scheme, which is a defined benefit arrangement. This disclosure note is based on membership information current as at 31 May 2022.

A full actuarial valuation was carried out by a qualified independent actuary on 1 September 2020 which reported a funding level of 117.0%. The actuarial method used is a projected unit method. The principal actuarial assumptions are pre-retirement valuation rate of interest of 3.3% per annum; post retirement valuation rate of interest of 3.3% per annum, increases in pensionable salaries is no longer applicable due to scheme closure and an increase of 2.5% per annum for inflation.

The employer contributions to the scheme over the financial year ended 31 May 2022 have been £nil (2021: £nil). The scheme was closed to new members on 31 May 2002 and closed in respect of future benefit accrual at 31 August 2010.

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	2022	2021
	%	%
Inflation rate	3.8	3.6
Discount rate	3.4	1.8
Pension in payment increases		
Post88GMP	2.6	2.6
1997-2005	3.7	3.5
Post 2005 pension	2.4	2.3

##### The mortality assumptions used were as follows:

	2022	2021
	£'000	£'000
Life expectancy – currently aged 65		
- men	22.1	21.3
- women	24.4	23.6
Life expectancy future pensioner – currently aged 45		
- men	23.4	22.6
- women	25.9	25.2

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2022 (continued)

### 18 Post-employment benefits (continued)

The fair value of the plan assets in the scheme was:

	2022	2021
	£'000	£'000
Equities	908	4,989
Bonds	7,066	5,988
Gilts	6,139	6,243
Property	4,511	3,460
Other	472	2,336
Cash	5,419	4,686
Annuities	897	1,063
Total market value of scheme assets	25,412	28,765

The plan assets do not include any of the group's financial investments nor are any properties occupied by any group entity.

#### Reconciliation of Scheme's assets and defined benefit obligation

	Assets	Defined benefit obligation	Net position
	£'000	£'000	£'000
<b>At 1 June 2021</b>	<b>28,765</b>	<b>(28,015)</b>	<b>750</b>
Benefits paid	(1,239)	1,239	-
Interest income/(cost)	493	(493)	-
Actuarial gains	-	3,470	3,470
Return on assets excluding interest income	(2,607)	-	(2,607)
<b>As at 31 May 2022</b>	<b>25,412</b>	<b>(23,799)</b>	<b>1,613</b>

The surplus is not recognised as, following, cessation of benefit accrual, it is neither realisable by repayment nor by a reduction in future service contributions.

#### Analysis of the amount charged to Profit and loss

There is no current service cost. The pensions of active members are now subject to index linking and not to any further salary increases.

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2022 (continued)

### 18 Post-employment benefits (continued)

#### Analysis of the amount recognised in other comprehensive income

	2022 £'000	2021 £'000
Actuarial loss on defined benefit obligation	3,470	639
Actual return on assets less interest	(2,607)	(555)
Limit on recognition of assets less interest	(863)	(54)
Amount recognised in other comprehensive income	-	30

#### The return on the plan assets was:

	2022 £'000	2021 £'000
Interest income	493	432
Return on assets excluding interest income	(2,607)	(555)
Net return	(2,114)	(123)

#### The company

The company had no post – employment benefits at 31 May 2022 (2021: £nil).

### 19 Called up share capital

#### Group and Company

	2022 £	2021 £
<b>Allotted and fully paid</b>		
14,376 (2021: 14,376) ordinary shares of £1 each	14,376	14,376
21,564 (2021: 21,564) A ordinary shares of £1 each	21,564	21,564
	35,940	35,940

The A ordinary shares rank Pari Passu with the ordinary shares except on any distribution, return of capital or on a sale of the entire issued share capital of the Company.

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2022 (continued)

### 20 Notes to the consolidated cash flow statement

	2022	2021
	£'000	£'000
<b>Group profit for the financial year</b>	<b>12,840</b>	13,840
Adjustments for:		
Share of joint venture profits	(503)	-
Tax on profit	3,153	2,999
Net interest paid	358	110
<b>Group operating profit (note 4)</b>	<b>15,848</b>	16,949
Depreciation charges	973	809
Profit on disposal of tangible fixed assets	(27)	(110)
Past service cost recognised in the profit and loss	-	30
(Increase) in stock	(40,856)	(9,807)
Decrease in debtors	267	2,686
Increase in creditors	18,419	23,283
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(5,376)</b>	33,840

### Analysis of changes in net funds

	As at 31 May 2021	Cash flow	As at 31 May 2022
	£'000s	£'000	£'000
Cash at bank and in hand	45,782	(14,973)	30,809

### 21 Capital commitments

#### Group

At 31 May 2022, the group had capital commitments of £549,254 (2021: £nil).

The group had no other off-balance sheet arrangements.

#### Company

At 31 May 2022 and 31 May 2021, the company had no capital or other commitments.

The company had no other off-balance sheet arrangements.

### 22 Contingent liabilities and guarantees

A subsidiary company has entered into Performance Bonds in the normal course of its business totalling £30,757,453 at 31 May 2022 (2021: £19,649,776). It has also entered into certain option agreements and conditional contracts to purchase land which, if exercised, will result in the acquisition of assets which the Directors consider will have a value at least equal to cost.

The company is party to a group banking arrangement with other group companies. The maximum contingent liability under this guarantee was £nil (2021: £nil).

# Broadthorpe Limited

## Notes to the financial statements for the year ended 31 May 2022 (continued)

### 23 Related party transactions

See note 5 for disclosure of the directors' remuneration and key management compensation.

During the year and prior year, the following transactions occurred between the group and companies related to it by virtue of common ownership and directors. All such transactions have been undertaken in the normal course of business and constitute arm's-length transactions:

	2022 Sales to	2022 Purchased from	2022 Debtor	2022 Creditor
	£'000	£'000	£'000	£'000
William Davis & Co (Loughborough) Limited	25	60	3	-
Waterworks Road Housing Development LLP	-	-	500	-
William Davis Settlement Trust	-	-	1	-
J Eddershaw	-	-	-	27
	2021 Sales to	2021 Purchased from	2021 Debtor	2021 Creditor
	£'000	£'000	£'000	£'000
Heatherton Developments Limited	-	-	1,399	-
William Davis & Co (Loughborough) Limited	21	127	1	-
J Eddershaw	-	-	-	27

On 21 January 2022, William Davis Limited acquired the remaining 50% shares in Heatherton Developments Limited and thus it is no longer reported as a related party (note 11).

On 22 November 2021, William Davis Limited acquired a 50% interest in Waterworks Road Housing Development LLP and loaned the LLP £500,000 to pay a deposit on land at Waterworks Road, Coalville.

See note 5 for disclosure of directors' remuneration.

### 24 Ultimate controlling party

Broadthorpe Limited is the smallest and largest group to consolidate these financial statements. The company is owned by a number of private shareholders, accordingly there is no parent entity.

The ultimate controlling party is William Davis Settlement Trust.

### 25 Events after the end of the reporting period

Since the year end, in October 2022, the company paid dividends totalling £3,156,500 (2021: £4,656,528). The dividends have not been accounted for within the current year financial statements as they were not approved at the year end. Prior to the dividends being paid, the company received dividends totalling £3,157,200 from William Davis Limited (2021: £4,656,600).