



Westco Properties Limited

Financial Statements

Year ended 31 March 2018

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Company information

Westco Properties Limited

Board members: Alistair Banks
Tony Franklin
Andrew Hart

Secretary: Jill Farrar

Registered office: 1 Wellington Way,
Skypark, Clyst Honiton,
Exeter EX5 2FZ

Auditors: KPMG LLP
Plym House
3 Longbridge Road
Plymouth PL6 8LT

Principal banker: National Westminster Bank Plc
South West Corporate Business Centre
246 High Street
Exeter EX4 3PD

Principal solicitor: Trowers and Hamlins LLP
The Senate
Southernhay Gardens
Exeter EX1 1UG

Westco Properties Limited

Strategic Report

for the year ended 31 March 2018

The company is a wholly owned subsidiary of LiveWest Homes Limited (LiveWest).

Business and financial review

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

During the year the company continued its development activities. Turnover decreased by 13.4% to £40.1m (2017: £46.3m). Turnover from affordable housing decreased by £11.7m to £19.2m as Westco carried out a lower proportion of LiveWest's affordable housing development. Turnover from open market sales increased by £5.5m to £20.9m.

The gross profit margin increased to 12.8% from 9.3%. The gross margin achieved on open market sales decreased from 32.0% to 27.0%. Gross profit for the year increased by £0.8m to £5.1m. The 134 open market properties sold during the year generated profits of £5.7m (2017: £4.9m).

The operating profit amounted to £4.2m (2017: £3.4m) and after interest costs and a Gift Aid payment to LiveWest of £3.8m (2016: £3.1m) the company retained a profit for the year of £nil (2017: £nil).

Five new developments commenced during the year.

The company has a 25% interest in Advantage Southwest LLP, a partnership set up to promote modern methods of construction and joint procurement. The company is represented on the board of the partnership by two members of the LiveWest management team. The investment is included in the financial statements at cost.

Future prospects

Schemes under development provide a forward programme of market sales for at least the next two years and a pipeline of potential schemes that are subject to contract negotiations.

Key risks

The main external risks to which the company is exposed are the residential property market and the effect of government policy on the development programme of its principal registered provider client LiveWest.

Market conditions are regularly reviewed with the joint venture partners.

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



Andrew Hart
Director

Directors' Report

The directors present their report for the year ended 31/03/2018.

Proposed dividend

The directors do not recommend the payment of a dividend (2017: £nil)

Directors

Alistair Banks
Tony Franklin
Andrew Hart

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2017: £nil).

Statement of Directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

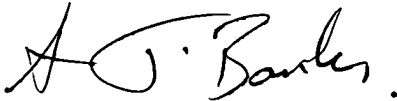
Disclosure of information to auditors

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

Auditor

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

By order of the Board

A handwritten signature in black ink, appearing to read 'A. Banks'.

Alistair Banks
Director

Independent auditor's report to the members of Westco Properties Limited

Opinion

We have audited the financial statements of Westco Properties Limited ("the company") for the year ended 31 March 2018 which comprise the profit & loss account, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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 3, 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.



Victoria Sewell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Plym House
Plymouth, PL6 8LT

18 September 2018

Westco Properties Limited

Profit and loss account

for the year ended 31 March 2018

	Note	2018 £000	2017 (restated) £000
Turnover		40,095	46,293
Cost of sales		(34,980)	(42,009)
Surplus on property sales		6	6
Gross profit		5,121	4,290
Other operating expenses	3	(905)	(875)
Operating profit	4	4,216	3,415
Interest payable and similar expenses		(463)	(288)
Profit before taxation		3,753	3,127
Taxation	7	-	-
Profit after taxation		3,753	3,127

Other comprehensive income for the year ended 31 March 2018

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

All amounts relate to continuing activities.

Westco Properties Limited

Company No: 2677745

Balance Sheet

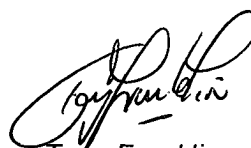
as at 31 March 2018

	Note	2018	2017
		£000	(restated) £000
Fixed asset investments			
Investments	9	5	5
Retained equity loans		401	499
		<u>406</u>	<u>504</u>
Current assets			
Stock and work in progress	10	32,125	29,160
Debtors	11	2,291	1,329
Cash at bank		-	-
		<u>34,416</u>	<u>30,489</u>
Creditors			
amounts falling due within one year	12	(9,028)	(8,432)
Net current assets		<u>25,388</u>	<u>22,057</u>
Total assets less current liabilities		<u>25,794</u>	<u>22,561</u>
Creditors			
amounts falling due after more than one year	13	(23,552)	(20,318)
Net assets		<u>2,242</u>	<u>2,243</u>
Represented by:			
Called up share capital	14	952	952
Share premium		1,290	1,290
Revenue reserves		-	1
Equity shareholder's funds		<u>2,242</u>	<u>2,243</u>

These financial statements were approved by the Board on 17/9/18 and were signed on its behalf by:



Andrew Hart
Director



Tony Franklin
Director

Westco Properties Limited

Statement of changes in Equity at 31 March 2018

For the year ended 31 March 2018

	Called up share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Restated				
Balance at the 1 April 2016	952	1,290	1	2,243
Total comprehensive income for the period				
Profit or loss	-	-	3,127	3,127
Total comprehensive income for the period	952	1,290	3,128	5,370
	952	1,290	3,128	5,370
Gift aid payment	-	-	(3,127)	(3,127)
Balance at 31 March 2017	952	1,290	1	2,243
Balance at the 1 April 2017	952	1,290	1	2,243
Total comprehensive income for the period				
Profit or loss	-	-	3,753	3,753
Total comprehensive income for the period	952	1,290	3,753	5,995
	952	1,290	3,753	5,995
Gift aid payment	-	-	(3,753)	(3,753)
Balance at 31 March 2018	952	1,290	-	2,242

1 Principal accounting policies

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

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

Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

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

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

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

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

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

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The board has approved a 30 year business plan to 2048 and has adequate loan facilities in place from its parent company to deliver that plan. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis in preparing the annual financial statements.

Westco Properties Limited

Notes to the financial statements
For the year ended 31 March 2018

Turnover

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

Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

Gift aid payment presented within shareholders' funds

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

The amendment to FRS102 in relation to gift aid has been adopted early, allowing the tax effect of gift aid to be moved from equity to the profit and loss account. The prior year comparatives have been restated to reflect this change, resulting in the £624k tax credit on gift aid which was previously taken through the statement of changes in equity being offset against the £624k tax charge in the profit and loss account. The net impact on equity shareholder's funds is nil.

Stock and work in progress

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

Basic financial instruments

Trade and other debtors

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

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

Westco Properties Limited

Notes to the financial statements
For the year ended 31 March 2018

Trade and other creditors

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

Cash and cash equivalents

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

Long term contracts

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

Retained equity loans

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

Investments

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

Provisions

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

2 Accounting estimates and judgements

Key sources of estimation uncertainty

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

Impairment of debtors

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

Properties held for sale and work in progress

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

Critical accounting judgements in applying the Company's accounting policies

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

3 Operating expenses

	2018 £000	2017 £000
Administration expenses	<u>905</u>	<u>875</u>

4 Operating profit

	2018 £000	2017 £000
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The operating profit is stated after charging:

Auditors' remuneration	- audit of these financial statements	6	6
	- non audit	-	-
	- tax services	2	2
		<u>8</u>	<u>8</u>

5 Remuneration of directors

Andrew Hart, Tony Franklin and Alistair Banks were employed on joint contracts with the parent company, LiveWest Homes Limited. Their remuneration is borne by the parent and recharged to the company as a management fee based on time spent on company activities. The amount recharged for the year was £207,000 (2017: £105,000). There were no non executive directors during the year to 31 March 2018 and therefore no fees were paid. (2017: £6,000).

6 Employees

The company's level of activity does not warrant the full time employment of the range of staff required to carry out its various functions. During the year 14 employees (2017: 12) were employed on joint contracts with the parent company. The amount recharged for the year was £630,000 (2017: £622,000). There is also a staff sharing arrangement with the parent company, LiveWest Homes Limited, whereby work done by its staff is charged at cost which amounted to £359,000 (2017: £545,000).

7 Taxation

	2018 £000	2017 £000
UK Corporation tax		
On profit on ordinary activities @ 19% (2017: 20%)	-	-
Adjustment in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
Reconciliation of tax charge		
Profit for the year	3,753	3,127
Total tax expense	-	-
Profit excluding taxation	<u>3,753</u>	<u>3,127</u>
Tax on profit on ordinary activities @ 19% (2017: 20%)	713	624
Adjustment for gift aid	<u>(713)</u>	<u>(624)</u>
	<u>-</u>	<u>-</u>

The main rate of corporation tax was reduced to 19% from 1 April 2017. A further reduction to 17% from 1 April 2020 was substantively enacted on 6 September 2016. This will reduce any future current tax charge accordingly

8 Gift Aid payment

The aggregate amount of Gift Aid payments comprises:

	2018 £000	2017 £000
Gift Aid approved by written resolution of the shareholder	<u>3,753</u>	<u>3,127</u>

9 Investments

	2018	2017
	£000	£000
Investment at cost	<u>5</u>	<u>5</u>

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

10 Stock and work in progress

	2018	2017
	£000	£000
Completed units	4,636	2,293
Units in progress	<u>27,489</u>	<u>26,867</u>
	<u>32,125</u>	<u>29,160</u>

11 Debtors: due within one year

	2018	2017
	£000	£000
Other debtors	<u>2,291</u>	<u>1,329</u>

12 Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Bank overdraft	24	3
Trade creditors	1,854	2,061
Amounts owed to group companies	219	193
Other taxation and social security	21	-
Other creditors	461	-
Accruals and deferred income	<u>6,910</u>	<u>6,175</u>
	<u>9,028</u>	<u>8,432</u>

The bank overdraft is unsecured. Amount owed to group companies are trading balances repayable on demand and non-interest bearing.

13 Creditors: Amounts falling due after more than one year

	2018	2017
	£000	£000
Grant on retained equity loans	158	195
Amounts owed to group companies	<u>23,394</u>	<u>20,123</u>
	<u>23,552</u>	<u>20,318</u>

The loan is repayable in March 2023. Interest is payable at Libor plus 2.5%.

14 Called up share capital

	2018	2017
	£000	£000
At 31 March 2018 and 31 March 2017:		
Authorised - 8,000,000 ordinary shares of 50p	<u>4,000</u>	<u>4,000</u>
Allotted and fully paid ordinary shares of 50p	<u>952</u>	<u>952</u>

15 Related party transactions

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

16 Parent company and related parties

On 2 March 2018, Devon and Cornwall Housing Limited and Knightstone Housing Association merged to form LiveWest Homes Limited (LiveWest) which is now the ultimate parent company and is registered under the Co-operative and Community Benefit Societies Act 2014 (registration number 7096). A copy of the consolidated financial statements can be obtained from the parent company at 1 Wellington Way, Skypark, Clyst Honiton, Exeter EX5 2FZ.