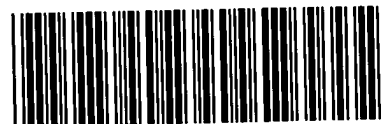


Adderstone 1993 Limited

Report and Financial Statements

31 March 2023

TUESDAY



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COMPANIES HOUSE

Corporate information

Directors

I R Baggett BSc (Hons) PhD

N Baggett BEd (Hons)

M R Shipley BSc (Hons) BFP FCA

Auditor

Haines Watts North East Audit LLP

17 Queens Lane

Newcastle upon Tyne

NE1 1RN

Registered Office

Nelson House, The Fleming

Burdon Terrace

Jesmond

Newcastle upon Tyne

NE2 3AE

Strategic report

Director's report

Adderstone 1993 Limited and its subsidiaries are part of a group of businesses trading and investing as Adderstone Group. Consolidated accounts for the collective Adderstone Group are not a statutory requirement but can be provided by contacting the registered office of Adderstone 1993 Limited.

Within this set of statutory accounts, "Group" refers to the entities included within the statutory structure of Adderstone 1993 Limited only.

The directors present their report and audited financial statements of the Group and the Company for the year ended 31 March 2023.

Results and dividends

In the year, Adderstone 1993 Limited generated a profit before taxation of £1,455,311 (2022 - £3,714,011). The directors do not recommend the payment of a final ordinary dividend (2022 – £nil) and are satisfied with the results in the year.

Principal activity and review of the business

The principal activity of Adderstone 1993 Limited and its subsidiaries during the period was that of property development, land-led affordable housing development as well as asset and property management.

Review of business and future developments

The Adderstone 1993 Group continued to perform in line with the Directors' expectations with year-on-year turnover growth primarily driven by its affordable housing division, Adderstone Living Limited and asset management division, Adderstone Asset Management Limited.

Land-led development

Adderstone 1993 Limited's affordable housing division, Adderstone Living Limited, has continued to grow and take advantage of the increased need for affordable housing in the region. From its standing start in 2020, the company has completed two developments and commenced three new developments, delivering a total of 228 affordable homes.

Investment in staff and technology in the year has driven further growth and a strong pipeline of opportunities. Post year end, a further three developments have commenced with a combined GDV of £21m (119 homes). In addition, there are a further 200 homes in pre-commencement phase with a GDV of £45m.

Asset, property and facilities management

In its first full year of trading, Adderstone Asset Management Limited, a corporate member of the Royal Institution of Chartered Surveyors (RICS), managed various commercial property portfolios, valued at £155m in return for recurring and one-off fee income, including promotes.

Also in the year, Exchange Residential Limited continued to manage residential property for the wider Group as well as a number of long-standing external clients.

Development and construction

The relevant subsidiaries continued to progress residential developments in the year, namely Hanover Point in Newcastle upon Tyne and Meadowcroft Mews in Cambridge.

Strategic report (continued)

Development and construction (continued)

The Meadowcroft Mews development was completed in the year and was sold on 4th November 2022.

Hanover Point reached practical completion, post year end, in August 2023, with the first apartment sale also completing that month.

The team situated in the London office continued to build its development and management portfolio.

Future plans

The Board intends to support Adderstone Living Limited with its growth strategy and for Adderstone Asset Management Limited to continue providing comprehensive management services to the growing number of associated investment companies.

Principal risks and uncertainties

The Board continues to identify, assess and control risk. The principal risks and uncertainties facing Adderstone 1993 Limited are mainly financial and legislative.

The management division carries an extremely low level of financial risk. This business continues to generate profits and cash with no external or intra-group debt. The legislative environment relating to property management has undergone slow evolutionary change over the past decade, but the management team is adept at aligning the company's income generating activities within the evolving regulatory frameworks.

The construction and development divisions of Adderstone 1993 Limited are well managed with oversight from an experienced management team. The selection process for identifying developments and the timing of the developments is critical to this part of the business. A balanced portfolio of developments with different risk profiles is maintained, with sensible gearing levels to ensure liquidity is not put at risk, whilst maintaining strong stakeholder returns.

The Board mitigates financial risk by diversifying lenders to limit exposure and benefit from more favourable financing rates. Consolidated gearing is also restricted to less than 50% of gross asset value. In light of the increased cost of borrowing, the Director's intend to continue using Group reserves to repay loan capital.

Strategic report (continued)

Other activities

In the year, the Group increased its shareholding in engineering business, Turbo Power Systems Group Limited (TPS) to 25%.

On behalf of the Board



M R Shipley BSc (Hons) BFP FCA
Director

15 December 2023

Director's report

Operational performance

The financial year's consolidated turnover can be analysed as follows:

Statutory Group

	Turnover	
	2023	2022
		As restated
	£	£
Adderstone 1993 Limited	20,000	347,500
Adderstone Asset Management Limited	3,758,352	2,103,086
Adderstone Developments (110) Limited	-	-
Adderstone Developments (111) Limited	199,431	-
Adderstone Developments (Stock) Limited	3,906	-
Tyne and Wear (Stock 2) Limited	435,000	-
Exchange Residential Limited	207,878	262,575
Adderstone Living Limited	9,650,655	5,098,830
Willows (Newton) Limited	110,374	89,474
UK Ground Rent Estates (1) Limited	-	362,288
UK Ground Rent Estates (2) Limited	-	-
UK Ground Rent Estates (3) Limited	-	2,360
UK Ground Rent Estates (6) Limited	-	51,553
Adderstone London Limited	-	(25,000)
	<u>14,385,596</u>	<u>8,292,666</u>

Going concern

The Group is expected to generate positive cash flows on its account for the foreseeable future. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt over the ability of the Group to continue as a going concern. Therefore, they continue to adopt the going concern basis in preparing financial statements.

Directors

The directors who served during the year and appointed subsequently was as follows:

I R Baggett BSc (Hons) PhD

N Baggett

M R Shipley BSc (Hons) BFP FCA

Director's report (continued)

Political and charitable contributions

Political donations amounted to £nil (2022 – £nil).

Donations to UK charities amounted to £nil (2022 – £nil).

Post balance sheet events


There have been no events since the balance sheet date which might be considered unusual, significant, or extraordinary.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

On behalf of the Board



M R Shipley BSc (Hons) BFP FCA
Director
15 December 2023

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 the company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the Members of Adderstone 1993 Ltd

Opinion

We have audited the financial statements of Adderstone 1993 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the group income statement, consolidation statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and of the parent company's affairs as at 31 March 2023, and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 and parent 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.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the

Other information (continued)

work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

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

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

Auditor responsibilities for the audit of the financial statements (continued)

of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as building regulations, HSE directives and employment law, as well as the Companies Act 2006, FRS 102 and relevant tax legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements.

Our audit procedures included:

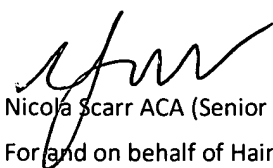
- confirming with the directors and management whether they have any knowledge or suspicion of fraud or non-compliance with laws and regulations;
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the risk of management override including identifying and testing a sample of journal entries, including unusual entries to completed properties held in stock, and unusual pairings to revenue;
- challenging the assumptions and judgement made by management in its significant accounting estimates, particularly property valuation; and
- undertaking audit procedures to gain sufficient audit evidence over the classification of properties as stock or investment properties.

Our audit did not identify any significant risks relating to the detection of irregularities including fraud. However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicola Scarr ACA (Senior Statutory Auditor)

For and on behalf of Haines Watts North East Audit LLP

15th December 2023

Group income statement

for the year ended 31 March 2023

	Notes	2023 £	2022 as restated £
Turnover		14,385,596	8,292,666
Group turnover		14,385,596	8,292,666
Operating costs		(11,518,762)	(6,114,957)
Gross profit		2,866,834	2,177,709
Other operating income		1,342,364	767,477
Administrative expenses		(2,190,588)	(1,396,346)
Group operating profit – continuing operations	5	2,018,610	1,548,840
Share of associates operating profit		220,395	-
Total operating profit – continuing operations		2,239,005	1,548,840
Profit/(loss) on disposal of investments		(100)	2,604,072
Profit before investment income, interest and taxation		2,238,905	4,152,912
Other interest receivable and similar income	7	30,272	1,625
Share of associate interest receivable		-	-
Interest payable and similar charges	8	(813,866)	(440,526)
Profit before taxation		1,455,311	3,714,011
Taxation	9	(356,618)	(32,885)
Share of taxation of associates		-	-
Other comprehensive income		375,000	-
Profit for the financial year and total comprehensive income		1,473,693	3,681,126

All amounts relate to continuing activities.

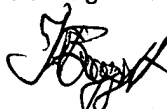
There is other comprehensive income other than the profit attributable to the owners of the parent company of £375,000 (2022 £nil), due to the revaluation within the parent company of Freehold Properties in the year.

Group statement of financial position

at 31 March 2023

	Notes	2023 £	2022 £
Fixed assets			
Intangible assets	10	607,200	759,000
Tangible assets	11	6,987,832	6,482,374
Investment properties	12	946,869	946,869
Investment in associates:			
Share of net assets	13	220,395	-
Other investments	13	-	30,000
		<u>8,762,296</u>	<u>8,218,243</u>
Current assets			
Stocks	14	14,912,574	13,431,245
Debtors	15	10,460,659	12,137,140
Cash at bank and in hand		1,677,408	1,678,475
		<u>27,050,641</u>	<u>27,246,860</u>
Creditors: amounts falling due within one year	16	(6,047,855)	(10,016,641)
		<u>21,002,786</u>	<u>17,230,219</u>
Net current assets			
		<u>29,765,082</u>	<u>25,448,462</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	17	(13,144,590)	(10,301,663)
		<u>16,620,492</u>	<u>15,146,799</u>
Net assets			
		<u>16,620,492</u>	<u>15,146,799</u>
Capital and reserves			
Called up share capital		56	56
Capital redemption reserve		49	49
Share premium		499,995	499,995
Profit and loss account		15,524,997	14,646,699
Revaluation reserve		375,000	-
Other reserves			
Share of associates reserves		220,395	-
		<u>16,620,492</u>	<u>15,146,799</u>
Shareholders' funds			
		<u>16,620,492</u>	<u>15,146,799</u>

These financial statements were approved by the directors and authorised for issue on 28 November 2023, and are signed on their behalf by:


I R Baggett BSc (Hons) PhD
Director

Parent company statement of financial position

at 31 March 2023

	Notes	2023 £	2022 £
Fixed assets			
Tangible assets	11	16,438	6,027
Freehold property	11	6,841,750	6,341,750
Investments	13	3,010,903	3,040,900
		<u>9,869,091</u>	<u>9,388,677</u>
Current assets			
Debtors	15	14,972,788	17,198,105
Cash at bank and in hand		328,806	1,115,309
		<u>15,301,594</u>	<u>18,313,414</u>
Creditors: amounts falling due within one year	16	(2,470,868)	(6,992,495)
		<u>12,830,726</u>	<u>11,320,919</u>
Net current assets		<u>12,830,726</u>	<u>11,320,919</u>
Total assets less current liabilities		<u>22,699,817</u>	<u>20,709,596</u>
Creditors: amounts falling due after more than one year	17	(3,773,585)	(3,768,000)
		<u>18,926,232</u>	<u>16,941,596</u>
Net assets		<u>18,926,232</u>	<u>16,941,596</u>
Capital and reserves			
Called up share capital		56	56
Capital redemption reserve		49	49
Share premium		499,995	499,995
Profit and loss account		18,051,132	16,441,496
Revaluation reserve		375,000	-
		<u>18,926,232</u>	<u>16,941,596</u>
Shareholders' funds		<u>18,926,232</u>	<u>16,941,596</u>

These financial statements were approved by the directors and authorised for issue on 15 December 2023, and are signed on their behalf by:



I R Baggett BSc (Hons) PhD
Director

Consolidated statement of changes in equity

for the year ended 31 March 2023

Group

	<i>Revaluation Reserve</i>	<i>Share capital</i>	<i>Share redemption premium</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£	£	£	£
At 1 April 2022	-	56	499,995	49	14,646,699	15,146,799
Profit for the year	-	-	-	-	878,298	878,298
Share of associates profit	-	-	-	-	220,395	220,395
Revaluation of fixed assets	375,000	-	-	-	-	375,000
At 31 March 2023	375,000	56	499,995	49	15,745,392	16,620,492

Company

	<i>Revaluation Reserve</i>	<i>Share capital</i>	<i>Share redemption premium</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£	£	£	£
At 1 April 2022	-	56	499,995	49	16,441,496	16,941,596
Profit for the year	375,000	-	-	-	1,609,636	1,984,636
At 31 March 2023	375,000	56	499,995	49	18,051,132	18,926,232

The capital redemption reserve represents the nominal value of the shares repurchased.

The share premium account represents the premium over par value subscribed for shares.

The profit and loss account reserve represents cumulative comprehensive income less any dividends paid.

Group statement of cash flows

for the year ended 31 March 2023

	Notes	2023 £	2022 £
Cash generated from operations	18	3,636,274	(3,649,660)
Interest paid		(813,866)	(440,526)
Interest received		30,272	1,625
Tax (paid)/repaid		(356,618)	(32,885)
Net cash generated from/(used in) operating activities		2,496,062	(4,121,446)
Cash flows from investing activities			
Share of associates profit/(loss)		220,395	-
Purchase of tangible fixed assets	11	(93,622)	(6,517,952)
Investments (additions)/disposals		(190,396)	1,415,417
Profit/(loss) on disposal of investments		(100)	2,604,072
Net cash used in investing activities		(63,723)	(2,498,463)
Cash flows from financing activities			
Proceeds from borrowings/(debt repayment)		(2,433,406)	5,425,906
Dividends paid		-	-
Net cash from financing activities		(2,433,406)	5,425,906
Net increase/(decrease) in cash and cash equivalents		(1,067)	(1,194,003)
Cash and cash equivalents at beginning of year		1,678,475	2,872,478
Cash and cash equivalents at the end of the year		1,677,408	1,678,475

Notes to the financial statements

at 31 March 2023

1. General information

The company is a private limited company limited by shares, registered in England and Wales. The address of the registered office is Nelson House, The Fleming, Burdon Terrace, Jesmond, Newcastle upon Tyne, NE2 3AE.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' and the Companies Act 2006. The Group transitioned from previously extant UK GAAP to FRS 102 as at 1 April 2015.

3. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention. The financial statements are prepared in sterling, which is the functional currency of the entity, rounded to the nearest pound.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102.

- (a) No cash flow statement has been presented for the parent company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.
- (d) Disclosure in respect of transactions with wholly owned subsidiaries of the Group.

Going concern

The Group is expected to generate positive cash flows on its account for the foreseeable future. After making the appropriate enquiries and, considering the Group's existing cash reserves and forecasts, the Directors have concluded that there is a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt over the ability of the Group to continue as a going concern. Therefore, they continue to adopt the going concern basis in preparing financial statements.

Consolidation

The consolidated financial statements incorporate the financial statements of Adderstone 1993 Limited and all Group undertakings. These are adjusted, where appropriate, to conform to Group accounting policies. Acquisitions are accounted for under the acquisition method. The results of companies acquired or disposed of are included in the income statement after or up to the date that control passes respectively. As a consolidated income statement is published, a separate income statement for the parent company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006.

Tangible fixed assets

Depreciation is provided to write-off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Office equipment	-	3 years
Fixtures & fittings	-	3 years
Plant & machinery	-	3 years

Notes to the financial statements

at 31 March 2023

3. Accounting policies (continued)

Freehold Property

Freehold properties are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income, and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that effect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows.

Assessing indicators of impairment – In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairment identified during the current financial year.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Accounting estimates include the valuation of work in progress.

Notes to the financial statements

at 31 March 2023

3. Accounting policies (continued)

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation is capitalised, classified as an asset on the statement of financial position and amortised on a straight-line basis over its useful life.

Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life unless it is considered to have an indefinite useful life, in which case it is not amortised but is subject to annual review for impairment. Any impairment charge is included within operating profits. The useful life of purchased goodwill is estimated at 20 years.

Goodwill acquired in a business combination is, from acquisition date allocated to each of the cash generating units that is expected to benefit from synergies of the combination.

If a subsidiary or associate is sold or discontinued, any goodwill arising on acquisition not yet amortised through the profit and loss account is considered in calculating the profit or loss on disposal or discontinuance.

Statement of cash flows

Cash, for the purpose of the statement of cash flows, comprises cash in hand and short-term cash deposits repayable on demand.

Fixed asset investments

Investments are recognised initially at fair value which is normally the transaction price. Subsequently, they are measured at fair value through profit or loss except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value become available.

If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

Stocks

In respect of work in progress, finished goods and properties held for resale, costs include directly attributable finance costs and a relevant proportion of attributable overheads based on normal level of activity and according to the stage of completion. In respect of inventories, they have been valued at the lower of cost and estimated selling price less costs to sell.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured on an undiscounted basis, using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Notes to the financial statements

at 31 March 2023

3. Accounting policies (continued)

Taxation (continued)

The charge for taxation is based on the profit for the year and considers taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial instruments

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Dividends

Revenue is recognised when the Group's right to receive payment is established.

Notes to the financial statements

at 31 March 2023

3. Accounting policies (continued)

Pensions and other post-retirement benefits - defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

4. Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services in the UK from the principal activities of the Group. Turnover in respect of property sales represents the contracted sales value and is recognised on legal completion or when the terms of the contract become unconditional. In respect of long-term contracts, turnover is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Property management fees and incidental income are recognised on an accruals basis.

5. Operating Profit

This is stated after charging/(crediting):

	2023	2022
	£	£
Amortisation of goodwill	151,800	151,800

Notes to the financial statements

at 31 March 2023

6. Staff costs

	2023	2022
	£	£
Wages and salaries	1,533,687	968,559
Social security costs	145,407	91,190
Pension costs	76,164	95,288
	<u>1,755,258</u>	<u>1,155,037</u>

The average monthly number of employees during the year (including directors) was made up as follows:

	2023	2022
	No.	No.
Administration	45	26
	<u>45</u>	<u>26</u>

7. Interest receivable and similar income

	2023	2022
	£	£
Bank interest receivable	262	1,625
Receivable from related undertakings	30,010	-
	<u>30,272</u>	<u>1,625</u>

8. Interest payable and similar charges

	2023	2022
	£	£
Bank loans and overdrafts	645,890	440,526
Other interest	167,976	-
	<u>813,866</u>	<u>440,526</u>

Notes to the financial statements

at 31 March 2023

9. Tax

(a) Tax on profit

The tax charge is made up as follows:

	2023	2022
	£	£
<i>Current tax:</i>		
Current tax on income for the period	395,660	62,265
Adjustments in respect of prior periods	(39,042)	(29,380)
Total current tax (note 9(b))	356,618	32,885
<i>Deferred tax:</i>		
Origination of timing differences	-	-
Total deferred tax (note 9(c))	-	-
	£	£
Tax on profit	356,618	32,885

(b) Factors affecting current tax charge for the period:

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19% (2022 – 19%). The differences are explained below:

	2023	2022
	£	£
Profit before tax	1,455,311	3,714,011
Profit multiplied by standard rate of corporation tax in the UK of 19% (2022 – 19%)	276,509	705,662
<i>Effects of:</i>		
Expenses not deductible for tax purposes	140,247	-
Group relief	-	-
Income not subject to tax	-	(451,920)
Capital allowances in excess of Depreciation	(10,138)	(192,859)
Adjustments to tax charge in respect of previous periods	(39,042)	(29,380)
Other timing differences	-	-
Utilisation of tax losses	(10,958)	1,382
Current tax for the period (note 9(a))	356,618	32,885

Notes to the financial statements

at 31 March 2023

9. Tax (continued)

(c) Factors affecting future tax charges

The UK Corporation Tax rate for the year ended 31 March 2023 was 19%. The main rate of corporation tax rate from 1 April 2023 will increase to 25%. This rate was substantively enacted on 24 May 2021.

10. Intangible assets

Group

	<i>Goodwill</i>
	<i>£</i>
Cost:	
At 1 April 2022 and 31 March 2023	3,036,000
Amortisation:	
At 1 April 2022	2,277,000
Charge for the year	151,800
At 31 March 2023	2,428,800
Net book value:	
At 31 March 2023	607,200
At 31 March 2022	759,000

Notes to the financial statements

at 31 March 2023

11. Tangible fixed assets

Group

	<i>Freehold Property</i>	<i>Plant & Machinery</i>	<i>Office Equipment</i>	<i>Fixtures & Fittings</i>	<i>Total</i>
	£	£	£	£	£
Cost or valuation:					
At 1 April 2022	6,341,750	64,726	20,784	112,418	6,539,678
Additions	-	26,062	5,273	62,287	93,622
Disposals	-	-	-	-	-
At 31 March 2023	6,341,750	90,788	26,057	174,705	6,633,300
Depreciation					
At 1 April 2022	-	5,415	16,283	35,606	57,304
Charge for the period	-	28,436	3,488	56,240	88,165
Disposals	-	-	-	-	-
At 31 March 2023	-	33,851	19,771	91,846	145,468
Revaluations					
At 1 April 2022	-	-	-	-	-
Charge for the period	500,000	-	-	-	500,000
Disposals	-	-	-	-	-
At 31 March 2023	500,000	-	-	-	500,000
Net book value:					
At 31 March 2023	6,841,750	56,937	6,286	82,859	6,987,832
At 31 March 2022	6,341,750	59,311	4,501	76,812	6,482,374

Notes to the financial statements

at 31 March 2023

11. Tangible fixed assets (continued)

Company

	<i>Freehold Property</i>	<i>Plant & Machinery</i>	<i>Office Equipment</i>	<i>Fixtures & Fittings</i>	<i>Total</i>
	£	£	£	£	£
Cost or valuation:					
At 1 April 2022	6,341,750	-	-	6,156	6,347,906
Additions	-	2,495	1,618	12,984	17,097
Disposals	-	-	-	-	-
At 31 March 2023	6,341,750	2,495	1,618	19,140	6,365,003
Depreciation					
At 1 April 2022	-	-	-	129	129
Charge for the period	-	755	222	5,709	6,686
Disposals	-	-	-	-	-
At 31 March 2023	-	755	222	5,838	6,815
Revaluations					
At 1 April 2022	-	-	-	-	-
Charge for the period	500,000	-	-	-	500,000
Disposals	-	-	-	-	-
At 31 March 2023	500,000	-	-	-	500,000
Net book value:					
At 31 March 2023	6,841,750	1,740	1,396	13,302	6,858,188
At 31 March 2022	6,341,750	-	-	6,027	6,347,777

Notes to the financial statements

at 31 March 2023

12. Investment properties

<i>Group</i>	<i>2023</i>
	<i>£</i>
Cost or valuation:	
At 1 April 2022	946,869
At 31 March 2023	946,869

Investment property comprises the acquisition of The Willows in the prior year, a furnished holiday let that is owned by Willows (Newton) Limited.

In accordance with the accounting policy adopted, a valuation of investment properties was carried out at the year-end by the directors. An independent valuer holding a recognised and relevant qualification and having recent experience in similar investment properties is engaged to carry out the valuation at intervals not exceeding five years but was not involved at the year end.

An open market basis was used as the method of valuation having considered comparable data together with the knowledge that there are no restrictions on the reliability of the investment property, income from the investment property or any proceeds on disposal.

13. Fixed asset investments

<i>Group</i>	<i>2023</i>
	<i>£</i>
Associates	-
Other investments	-
At 31 March 2023	-

	<i>Share of tangible net assets</i>
	<i>£</i>
At 1 April 2022	-
Share of profit retained by associates	220,395
Disposal of associate	-
At 31 March 2023	220,395

Company

	<i>Shares in group and other undertakings</i>
	<i>£</i>
Cost:	
At 1 April 2022	3,040,900
Additions/(Disposals)	(29,997)
Fair value adjustment	-
At 31 March 2023	3,010,903

Notes to the financial statements

at 31 March 2023

13. Fixed asset investments (continued)

The undertakings in which the Group's interest at the year-end is more than 20% are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Percentage of ordinary shares held	
			Group	Company
Adderstone Developments (110) Limited	UK	Property development	100%	100%
Adderstone Developments (111) Limited	UK	Property development	100%	100%
Adderstone Developments (112) Limited	UK	Property development	100%	100%
Adderstone Developments (Stock) Limited	UK	Property trading	100%	100%
Tyne and Wear (Stock 2) Limited	UK	Property trading	100%	100%
Exchange Residential Limited	UK	Property management	100%	100%
Adderstone Asset Management Limited	UK	Professional services	100%	100%
Turbo Power Systems Group Limited	UK	Engineering	25%	25%
Adderstone Living Limited	UK	Construction	100%	100%
Adderstone Construction Limited	UK	Construction	100%	100%
Willows (Newton) Limited	UK	Furnished holiday let	100%	100%

14. Stocks

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Work in progress – property development works	14,912,974	13,431,245	-	-
	<u>14,912,974</u>	<u>13,431,245</u>	<u>-</u>	<u>-</u>

15. Debtors

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	1,486,343	1,553,247	-	-
Amounts owed by related undertakings	8,154,426	10,184,144	7,760,389	10,184,144
Amounts owed by subsidiary undertakings	-	-	7,070,405	6,986,810
Prepayments and other debtors	819,890	399,749	141,994	27,151
	<u>10,460,659</u>	<u>12,137,140</u>	<u>14,972,788</u>	<u>17,198,105</u>

Notes to the financial statements

at 31 March 2023

16. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2023	2022	2023	2022
	£	£	£	£
Bank loans and overdrafts	262,411	1,635,163	132,000	132,000
Trade creditors	2,290,569	950,991	77,510	8,935
Other creditors including taxation and social security	373,684	221,142	16,971	45,515
Corporation tax	357,246	184,670	-	-
Accruals	710,974	607,512	36,759	43,756
Amounts owed to subsidiary undertakings	-	-	154,873	391,084
Amounts owed to related undertakings	2,052,971	2,708,582	2,052,755	2,692,624
Other creditors	-	30,000	-	-
Other loans	-	950,000	-	950,000
Directors' loans	-	2,728,581	-	2,728,581
	<u>6,047,855</u>	<u>10,016,641</u>	<u>2,470,868</u>	<u>6,992,495</u>

17. Creditors: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	2023	2022	2023	2022
	£	£	£	£
Bank loans	13,019,590	10,301,663	3,648,585	3,768,000
Deferred tax	125,000	-	125,000	-
	<u>13,144,590</u>	<u>10,301,663</u>	<u>3,773,585</u>	<u>3,768,000</u>

Analysis of debt:

	<i>Group</i>		<i>Company</i>	
	2023	2022	2023	2022
	£	£	£	£
Debt can be analysed as falling due:				
In one year or less, or on demand	262,411	1,635,163	132,000	132,000
After more than one year	13,019,590	10,301,663	3,648,585	3,768,000
	<u>13,282,001</u>	<u>11,936,826</u>	<u>3,780,585</u>	<u>3,900,000</u>

The overdraft facility and bank loans falling due both within one year and after more than one year are secured by a fixed and floating debenture over the assets of the subsidiary company which holds the debt. Other loans are due within one year and are secured by way of a legal charge over the assets held for sale to which the debt relates.

Notes to the financial statements

at 31 March 2023

18. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities:

	2023	2022
	£	£
Operating profit	2,018,610	1,548,840
Depreciation, amortisation and impairment charges	239,965	198,480
(Increase)/decrease in stocks	(1,481,329)	(3,564,140)
(Increase)/decrease in debtors	1,676,481	(3,361,300)
(Decrease)/increase in creditors	1,182,547	1,528,460
Cash (outflow)/inflow from operations	3,636,274	(3,649,660)

19. Related party transactions

The Group has taken advantage of the exemption from disclosing transactions between wholly owned members of Adderstone 1993 Limited.

Transactions with related parties during the year are set out below:

I R Baggett

I R Baggett is a director and controlling shareholder of the ultimate parent undertaking Adderstone 1993 Limited.

Transactions with I R Baggett during the year and balances outstanding are as follows:

	2023	2022
	£	£
Included within creditors amounts falling due within one year:		
Loan owed to I R Baggett	-	(2,125,391)

The loan from I R Baggett is unsecured, bears no interest per annum and has no fixed repayment terms.

N Baggett

N Baggett is a director and shareholder of the ultimate parent undertaking Adderstone 1993 Limited.

Transactions with N Baggett during the year and balances outstanding are as follows:

	2023	2022
	£	£
Included within creditors amounts falling due within one year:		
Loan owed to N Baggett	-	(603,190)

The loan from N Baggett is unsecured, bears no interest per annum and has no fixed repayment terms.

Notes to the financial statements

at 31 March 2023

19. Related party transactions (continued)

Adderstone Holdings Limited

I R Baggett is a director and controlling shareholder of Adderstone Holdings Limited with whom the following loan from Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by Adderstone Holdings Limited	5,680,633	-

The loan from Adderstone 1993 Limited is unsecured, bears no interest per annum and has no fixed repayment terms.

Adderstone (200) Limited

I R Baggett is a director and controlling shareholder of Adderstone (200) Limited with whom the following loan from Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by Adderstone (200) Limited	-	2,438,517

The loan from Adderstone 1993 Limited is unsecured, bears no interest per annum and has no fixed repayment terms.

Adderstone (210) Limited

I R Baggett is a director and controlling shareholder of Adderstone (210) Limited with whom the following loan from Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by Adderstone (210) Limited	107,606	2,364,823

The loan from Adderstone 1993 Limited is unsecured, bears no interest per annum and has no fixed repayment terms.

Adderstone (211) Limited

I R Baggett is a director and controlling shareholder of Adderstone (211) Limited with whom the following loan from Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by Adderstone (211) Limited	330	120,008

The loan from Adderstone 1993 Limited is unsecured, bears no interest per annum and has no fixed repayment terms.

Notes to the financial statements

at 31 March 2023

19. Related party transactions (continued)

Adderstone (213) Limited

I R Baggett is a director and controlling shareholder of Adderstone (213) Limited with whom the following loan from Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by Adderstone (213) Limited	-	798,496

The loan from Adderstone 1993 Limited is unsecured, bears no interest per annum and has no fixed repayment terms.

Adderstone (214) Limited

I R Baggett is a director and controlling shareholder of Adderstone (214) Limited with whom the following loan from Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by Adderstone (214) Limited	-	2,911,778

The loan from Adderstone 1993 Limited is unsecured, bears no interest per annum and has no fixed repayment terms.

Adderstone (216 Fr) Limited

I R Baggett is a director and controlling shareholder of Adderstone (216 Fr) Limited with whom the following loan from Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by Adderstone (216 Fr) Limited	-	3,432

The loan from Adderstone 1993 Limited is unsecured, bears no interest per annum and has no fixed repayment terms.

Adderstone (219) Limited

I R Baggett is a director and controlling shareholder of Adderstone (219) Limited with whom the following loan from Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by Adderstone (219) Limited	1,896	2,211

The loan from Adderstone 1993 Limited is unsecured, bears no interest per annum and has no fixed repayment terms.

Notes to the financial statements

at 31 March 2023

19. Related party transactions (continued)

Adderstone (221) Limited

I R Baggett is a director and controlling shareholder of Adderstone (221) Limited with whom the following loan from Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by Adderstone (221) Limited	-	542,949

The loan from Adderstone 1993 Limited is unsecured, bears no interest per annum and has no fixed repayment terms.

Adderstone (225) Limited

I R Baggett is a director and controlling shareholder of Adderstone (225) Limited with whom the following loan from Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by Adderstone (225) Limited	-	14,157

The loan from Adderstone 1993 Limited is unsecured, bears no interest per annum and has no fixed repayment terms.

Adderstone Barcelona SA

I R Baggett is a member of Adderstone Barcelona SA with whom the following loan from Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by Adderstone Barcelona SA	62,382	55,621

The loan from Adderstone 1993 Limited is unsecured, bears no interest per annum and has no fixed repayment terms.

Adderstone (Sunderland) LLP

I R Baggett is a member of Adderstone (Sunderland) LLP with whom the following loan from Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by Adderstone (Sunderland) LLP	271,101	675,330

The loan from Adderstone 1993 Limited is unsecured, bears no interest per annum and has no fixed repayment terms.

Notes to the financial statements

at 31 March 2023

19. Related party transactions (continued)

Adderstone Projects Limited

I R Baggett is a director and controlling shareholder of Adderstone Projects Limited with whom the following loan to Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by Adderstone Projects Limited	2,000,515	(740,008)

The loan from Adderstone 1993 Limited is unsecured, bears no interest per annum and has no fixed repayment terms.

Adderstone Estates Limited

I R Baggett is a director and controlling shareholder of Adderstone Estates Limited with whom the following loan to Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed to related parties (included within debtors):		
Amounts owed by Adderstone Estates Limited	-	228,248

The loan to Adderstone 1993 Limited is unsecured, bears no interest and has no fixed repayment terms.

Clifton Property Investments Limited

I R Baggett is a director and controlling shareholder of Clifton Property Investments Limited with whom the following loan from Adderstone 1993 Limited is outstanding:

	2022	2023
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by Clifton Property Investments Limited	15,000	15,000

The loan from Adderstone 1993 Limited is unsecured, bears no interest per annum and has no fixed repayment terms.

Latimer Land Limited

I R Baggett is a director and controlling shareholder of Latimer Land Limited with whom the following loan from Adderstone 1993 Limited is outstanding:

	2022	2023
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by Latimer Land Limited	2,800	-

The loan from Adderstone 1993 Limited is unsecured, bears no interest per annum and has no fixed repayment terms.

Notes to the financial statements

at 31 March 2023

19. Related party transactions (continued)

UK Ground Rent Estates Limited

I R Baggett is a director and controlling shareholder of UK Ground Rent Estates Limited with whom the following loan to Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed by related parties (included within debtors):		
Amounts owed by UK Ground Rent Estates Limited	12,163	22,413

The loan to Adderstone 1993 Limited is unsecured, bears no interest and has no fixed repayment terms.

Adderstone Capital Limited

I R Baggett is a director of Adderstone Capital Limited with whom the following loan to Adderstone 1993 Limited is outstanding:

	2023	2022
	£	£
Amounts owed to related parties (included within creditors):		
Amounts owed to Adderstone Capital Limited	(2,052,755)	(1,962,413)

The loan to Adderstone 1993 Limited is unsecured, bears interest at 10% per annum and has no fixed repayment terms.

20. Audit exemption of subsidiary companies

Having received a parental guarantee the following subsidiary companies of the group have taken advantage of exemption from audit under section 479C of the Companies Act 2006.

Subsidiary undertakings	Country of incorporation	Registered number	Percentage of ordinary shares held	
			Group	Company
Adderstone Developments (110) Limited	UK	Property development	100%	100%
Adderstone Developments (111) Limited	UK	Property development	100%	100%
Adderstone Developments (112) Limited	UK	Property development	100%	100%
Adderstone Developments (Stock) Limited	UK	Property trading	100%	100%
Tyne and Wear (Stock 2) Limited	UK	Property trading	100%	100%
Exchange Residential Limited	UK	Property management	100%	100%
Adderstone Asset Management Limited	UK	Professional services	100%	100%
Adderstone Living Limited	UK	Construction	100%	100%
Adderstone Construction Limited	UK	Construction	100%	100%
Willows (Newton) Limited	UK	Furnished holiday let	100%	100%

21. Post balance sheet events

There have been no events since the balance sheet date which might be considered unusual, significant or extraordinary.

Notes to the financial statements

at 31 March 2023

22. Prior year reclassification

During the preparation of the 2023 financial statements, a prior year classification error was noted.

Ancillary income and costs were incorrectly classified within turnover and operating costs. These items have been reclassified to other operating income and administrative expenses. This adjustment reduces prior year gross profit by £485,472 but does not impact operating profit. There is no Balance Sheet impact.

23. Controlling party

The company is controlled by I R Baggett, a director of the company and the majority shareholder.