

Registration number: 04339730

Hungate (York) Regeneration Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 30 June 2021

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Hungate (York) Regeneration Limited

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Hungate (York) Regeneration Limited

Company Information

Directors	P T Millington
	J D Clark
	C T Murphy
	R Marshall
Company secretary	R Marshall
Registered office	Millshaw, Leeds West Yorkshire LS11 8EG
Auditor	KPMG LLP Statutory Auditor 15 Canada Square London United Kingdom E14 5GL

Hungate (York) Regeneration Limited

Strategic Report for the Year Ended 30 June 2021

The directors of Hungate (York) Regeneration Limited present their report for the financial year ended 30 June 2021.

Business review

The Group recorded a profit after tax of £20k (2020: £1.2m). During the year the Group legally completed on 5 units on the Hungate Block F development in York.

The Group finished the year with a net asset position of £9.8m (2020: £9.7m).

Principal risks and uncertainties

The Group takes a prudent approach to risk; risk management is embedded in the organisation, with different types of risk requiring different levels and types of management response.

Although many of the risk factors influencing the business are macroeconomic, others are particular to the Group's operations. The section below highlights some of the risks which affect the Group as a whole, although it is not intended to be an extensive analysis of all such risks.

Macro conditions	The Group's business activities are impacted by prevailing economic conditions in the regions in which it operates.
Capital Markets	Property development is capital intensive and dependent on access to both equity and debt capital from third parties.
Political environment	In each of our operating regions we work with governments as a major customer and stakeholder and as such, our business is susceptible to changes in the political environment.
Competitive Dynamics	The extent to which we are facing competition in our existing markets and sectors, and the threat of new competition.
Maintaining Strong Relationship	Customer and stakeholder focus is critical to delivering resilient products efficiently and on costs.
Eliminating Incidents and Injuries	The safety of our people, our supply chain, and the members of the public we interact with is paramount.

Hungate (York) Regeneration Limited

Strategic Report for the Year Ended 30 June 2021 (continued)

Outlook

With the continuing support of its parent entities, the Group will continue that of property development.

The Company is closely monitoring the situation relating to COVID-19 which emerged in early 2020 and continues into 2021. With the roll out of the vaccine there is optimism that the UK's economy will start to bounce back although the speed of recovery is unknown. The full impact the pandemic will have on the Company is uncertain given the situation is evolving and the wider impact on the economy unknown, however due to the nature of the Company, to date, there has not been a material impact. Refer to note 2 of the financial statements which provides further details around the directors assessment of the Company to continue as a going concern.

Approved by the Board on 22 March 2022 and signed on its behalf by:



.....
J D Clark
Director

Hungate (York) Regeneration Limited

Directors' Report for the Year Ended 30 June 2021

The directors present their report and the consolidated financial statements for the year ended 30 June 2021.

Directors

The following persons held office as directors of the Company during the financial year and up to the date of this report:

P T Millington

J O Pitt (resigned 25 June 2021)

J D Clark

C T Murphy

The following director was appointed after the year end:

R Marshall (appointed 21 July 2021)

Results

The Group's profit after tax for the year was £20k (2020: £1.2m).

Political donations

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

Financial risk management

Information about the Group's financial risks, the Group's objectives, policies and processes for measuring and managing financial risk are detailed in note 14 to the financial statements.

Outlook

With the continuing support of its parent entities, the Group will continue that of property development.

The Company is closely monitoring the situation relating to COVID-19 which emerged in early 2020 and continues into 2021. With the roll out of the vaccine there is optimism that the UK's economy will start to bounce back although the speed of recovery is unknown. The full impact the pandemic will have on the Company is uncertain given the situation is evolving and the wider impact on the economy is unknown, however due to the nature of the Company, to date, there has not been a material impact. Refer to note 2 of the financial statements which provides further details around the director's assessment of the Company to continue as a going concern.

Events after the balance sheet date

There were no material events subsequent to the end of the financial year.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the 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's auditor is aware of that information.

Hungate (York) Regeneration Limited

Directors' Report for the Year Ended 30 June 2021 (continued)

Reappointment of auditor

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

Approved by the Board on ~~22 March 2022~~ and signed on its behalf by:



.....
J D Clark
Director

Hungate (York) Regeneration Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare both the group and parent company financial statements for each financial year. Under that law they have elected to prepare the group and the parent company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the Group and parent 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 Group or parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group 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

Independent Auditor's Report to the Members of Hungate (York) Regeneration Limited

Opinion

We have audited the financial statements of Hungate (York) Regeneration Limited ("the company") for the year ended 30th June 2021 which comprise the Consolidated Statement of Profit or Loss, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Cash Flows and related notes, including the accounting policies in note 3.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30th June 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements 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 group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Independent Auditor's Report to the Members of Hungate (York) Regeneration Limited (continued)

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is transactional in nature.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.
- Assessing significant accounting estimates for bias.

Independent Auditor's Report to the Members of Hungate (York) Regeneration Limited (continued)

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

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

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

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

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

Independent Auditor's Report to the Members of Hungate (York) Regeneration Limited (continued)

Strategic report and Directors' report opinion

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 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, 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 group and 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 they either intend to liquidate the group or the parent 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.

**Independent Auditor's Report to the Members of Hungate (York) Regeneration
Limited (continued)**

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.



.....
Malcolm Footer
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
United Kingdom
E14 5GL

Date: 24 March 2022.....

Hungate (York) Regeneration Limited

Consolidated Statement of Profit or Loss for the Year Ended 30 June 2021

	Note	2021 £ 000	2020 £ 000
Revenue	4	2,100	26,352
Cost of sales		<u>(2,057)</u>	<u>(24,935)</u>
Gross profit		43	1,417
Administrative expenses		<u>(18)</u>	<u>1</u>
Results from operating activities		25	1,418
Finance income		<u>-</u>	<u>5</u>
Profit before tax		25	1,423
Income tax (expense)/credit	8	<u>(5)</u>	<u>(264)</u>
Profit after tax		<u>20</u>	<u>1,159</u>
Profit attributable to:			
Owners of the Company		<u>20</u>	<u>1,159</u>
Total profit after tax		<u>20</u>	<u>1,159</u>

The above results were derived from continuing operations.

The notes to and forming part of these financial statements are set out on pages 19 to 32.

Hungate (York) Regeneration Limited

(Registration number: 04339730)

Consolidated Statement of Financial Position as at 30 June 2021

	Note	2021 £ 000	2020 £ 000
Assets			
Non current assets			
Inventories	10	21,889	-
Total non current assets		21,889	-
Current assets			
Inventories	10	697	24,107
Trade and other receivables	11	170	56
Cash and cash equivalents	12	2,962	2,149
Total current assets		3,829	26,312
Total assets		25,718	26,312
Non current liabilities			
Trade and other payables	14	(14,970)	(11,763)
Total non current liabilities		(14,970)	(11,763)
Current liabilities			
Trade and other payables	14	(990)	(4,572)
Current tax payable		(5)	(244)
Total current liabilities		(995)	(4,816)
Total liabilities		(15,965)	(16,579)
Net assets		9,753	9,733
Equity			
Share capital	13	3,155	3,155
Retained earnings		6,598	6,578
Equity attributable to owners of the Company		9,753	9,733

The notes to and forming part of these financial statements are set out on pages 19 to 32.

Approved by the Board on 22 March 2022 and signed on its behalf by:



J D Clark
Director

Hungate (York) Regeneration Limited

(Registration number: 04339730)

Company Statement of Financial Position as at 30 June 2021

	Note	2021 £ 000	2020 £ 000
Assets			
Non current assets			
Investments	9	-	-
Inventories	10	21,889	-
Total non current assets		21,889	-
Current assets			
Inventories	10	697	24,107
Trade and other receivables	11	170	56
Cash and cash equivalents	12	2,962	2,149
Total current assets		3,829	26,312
Total assets		25,718	26,312
Non current liabilities			
Trade and other payables	14	(14,970)	(11,763)
Total non current liabilities		(14,970)	(11,763)
Current liabilities			
Trade and other payables	14	(1,045)	(4,627)
Current tax payable		(5)	(244)
Total current liabilities		(1,050)	(4,871)
Total liabilities		(16,020)	(16,634)
Net assets		9,698	9,678
Equity			
Share capital	13	3,155	3,155
Retained earnings		6,543	6,523
Total equity		9,698	9,678

The notes to and forming part of these financial statements are set out on pages 19 to 32.

Approved by the Board on 22 March 2022 and signed on its behalf by:



J D Clark
Director

Hungate (York) Regeneration Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2021

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2019	3,155	5,419	8,574
Profit for the year	-	1,159	1,159
Total comprehensive income	-	1,159	1,159
At 30 June 2020	3,155	6,578	9,733

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2020	3,155	6,578	9,733
Profit for the year	-	20	20
Total comprehensive income	-	20	20
At 30 June 2021	3,155	6,598	9,753

The notes to and forming part of these financial statements are set out on pages 19 to 32.

Hungate (York) Regeneration Limited

Company Statement of Changes in Equity for the Year Ended 30 June 2021

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2019	3,155	5,364	8,519
Profit for the year	-	1,159	1,159
Total comprehensive income	-	1,159	1,159
At 30 June 2020	3,155	6,523	9,678

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2020	3,155	6,523	9,678
Profit for the year	-	20	20
Total comprehensive income	-	20	20
At 30 June 2021	3,155	6,543	9,698

The notes to and forming part of these financial statements are set out on pages 19 to 32.

Hungate (York) Regeneration Limited

Consolidated Statement of Cash Flows for the Year Ended 30 June 2021

	Note	2021 £ 000	2020 £ 000
Cash flows from operating activities			
Profit for the year		20	1,159
Adjustments to cash flows from non-cash items			
Finance income		-	(5)
Income tax expense/(credit)		5	264
		25	1,418
Working capital adjustments			
Decrease in inventories	10	1,521	19,459
(Increase)/decrease in trade and other receivables	11	(114)	40
Decrease in trade and other payables	14	(375)	(6,495)
Cash generated from operations		1,057	14,422
Income Taxes Paid		(244)	-
Net cash flow generated from from operating activities		813	14,422
Cash flows from investing activities			
Interest received		-	5
Net cash flow generated from investing activities		-	5
Cash flows from financing activities			
Repayment of bank borrowing		-	(12,969)
Net cash flow used in financing activities		-	(12,969)
Net increase in cash and cash equivalents		813	1,458
Cash and cash equivalents at 1 July		2,149	691
Cash and cash equivalents at 30 June		2,962	2,149

The notes to and forming part of these financial statements are set out on pages 19 to 32.

Hungate (York) Regeneration Limited

Company Statement of Cash Flows for the Year Ended 30 June 2021

	Note	2021 £ 000	2020 £ 000
Cash flows from operating activities			
Profit for the year		20	1,159
Adjustments to cash flows from non-cash items			
Finance income		-	(5)
Income tax expense/(credit)		5	264
		25	1,418
Working capital adjustments			
Decrease in inventories	10	1,521	19,459
(Increase)/decrease in trade and other receivables	11	(114)	40
Decrease in trade and other payables	14	(375)	(6,495)
Cash generated from operations		1,057	14,422
Income taxes paid		(244)	-
Net cash flow generated from operating activities		813	14,422
Cash flows from investing activities			
Interest received		-	5
Net cash flow generated from investing activities		-	5
Cash flows from financing activities			
Repayment of bank borrowing		-	(12,969)
Net cash flow used in financing activities		-	(12,969)
Net increase in cash and cash equivalents		813	1,458
Cash and cash equivalents at 1 July		2,149	691
Cash and cash equivalents at 30 June		2,962	2,149

The notes to and forming part of these financial statements are set out on pages 19 to 32.

Hungate (York) Regeneration Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

1 General information

Hungate (York) Regeneration Limited (the "Company") is a private company limited by share capital incorporated and domiciled in United Kingdom. The company registration number is 04339730.

The consolidated financial statements of the Company for the financial year ended 30 June 2021 comprises the Company and its controlled entities (together referred to as "the Group").

The address of the Company's registered office is:

Millshaw, Leeds

West Yorkshire

LS11 8EG

United Kingdom

The principal activity is that of property development.

2 Basis of preparation

Basis of preparation

Both the parent company financial statements and the group financial statements are general purpose financial statements which have been prepared in accordance with International Financial Reporting Standards and interpretations ("adopted IFRS"). On publishing the parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The financial statements have been prepared in accordance with adopted IFRSs and under the historical cost basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Amounts are presented in pounds sterling, with all values rounded to the nearest thousand pounds unless otherwise indicated.

Basis of consolidation

The Group consolidation comprises all subsidiaries controlled by the Company.

Hungate (York) Regeneration Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

2 Basis of preparation (continued)

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

No income statement is presented for the Company as permitted by section 408 of the Companies Act 2006. The Company made a profit after tax for the financial year of £20,000 (2020 - profit of £1,159,000).

Summary of significant accounting policies and key accounting estimates

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

Changes in accounting policy

The following accounting standards, interpretations and amendments have been adopted by the Company in the year ended 30 June 21:

Amendments to the following standards:

IAS 1 and IAS 8 Definition of Material

IFRS 3 Business Combinations

IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

Amendments to References to the Conceptual Framework in IFRS Standards

These amended standards did not have a material effect on the Company.

Hungate (York) Regeneration Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

2 Basis of preparation (continued)

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate. The Group finished the year with a net asset position of £9.8m (2020: £9.7m). The Directors have considered the liquidity and cash flows of the Group going forward, in particular adverse effects that could arise due to the ongoing COVID-19 pandemic. The Director's downside scenario represents severe but plausible scenarios and include assumptions related to the future sales of remaining units and development strategies going forwards. Following this assessment, the Company is well placed to manage its financing and future commitments over the next 12 months from the date of the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements that comply with IFRS requires management to make judgements, estimates and assumptions which can affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis and revisions are recognised prospectively. Accounting judgements that have the most significant effects on reported amounts and further information about estimated uncertainties are highlighted in the relevant accounting policy in note 3.

3 Accounting policies

Revenue recognition

Revenue from the sale of development properties

The Group develops and sells residential land lots and built form products, including residential apartments, commercial and retail buildings. Sale of residential land lots and apartments typically contain one component and are recognised at a point in time with each contract treated as a single performance obligation to transfer control of an asset to a customer. Residential land lots and apartments are recognised on settlement with the customer.

The sale of retail, commercial and mixed use assets may include land, construction, development management and investment service components. Where there are multiple components within one contract, the transaction price is allocated based on the stand-alone selling prices of each component, typically using the residual approach, and revenue is recognised based on the policies noted above. Sales of commercial and retail buildings are recognised when the customer obtains control of the asset based on the specific terms and conditions of the sales contract.

The Group discounts deferred proceeds to reflect the time value of money where the period between the transfer of control of a development property and receipt of payment from the customer exceeds one year. Deferred proceeds from customers are recognised in trade and other receivables where the right to receive payment is unconditional. Deposits received in advance from customers are recognised as a contract liability until the performance obligation has been met.

The measurement and recognition of revenue from the sale of development properties is an area of accounting judgement as it requires management to exercise judgement in valuing the individual components of a development property sale, given the due consideration to cost inputs, market conditions and commercial factors.

Proceeds from the sale of residential land lots and apartments are received upon settlement, which will typically occur between 6-12 weeks following practical completion on the asset. Proceeds from the sale of retail, commercial and mixed use assets are received in accordance with the specific terms of each contract.

Hungate (York) Regeneration Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

3 Accounting policies (continued)

Other revenue

Other revenue primarily includes dividends, distributions and miscellaneous items. Dividend and distribution revenue is recognised when the right to receive payment is established, usually on declaration of the dividend or distribution.

Net gains and losses on sale/transfer of investments, including consolidated entities and equity accounted investments, are recognised when an unconditional contract is in place.

Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income for the financial year, using applicable tax rates (and tax laws) at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is the expected tax payable or receivable in future periods as a result of past transactions or events and is calculated by comparing the accounting balance sheet to the tax balance sheet. Temporary differences are provided for any differences in the carrying amounts of assets and liabilities between the accounting and tax balance sheets. Temporary differences are not provided for on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they are not likely to reverse in the foreseeable future.

Measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using applicable tax rates and laws at the reporting date.

Recognition of deferred tax assets is only to the extent it is probable that future taxable profits will be available so as the related tax asset will be realised. Deferred tax assets may include deductible temporary differences, unused tax losses and unused tax credits.

Management considers the estimation of future taxable profits to be an area of estimation uncertainty as a change in any of the assumptions used in budgeting and forecasting would have an impact on the future profitability of the Company. Forecasts and budgets form the basis of future profitability to support the carrying value of deferred tax assets.

Presentation of deferred tax assets and liabilities can be offset if there is a legally enforceable right to offset current tax liabilities and assets, they relate to income taxes levied by the same tax authority, and they are intended to be settled on a net basis or realised simultaneously.

Hungate (York) Regeneration Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

3 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, bank overdrafts and other short term highly liquid investments that are readily convertible to known amounts of cash within three months and which are subject to an insignificant risk of changes in value. Bank overdrafts (if applicable) are shown as a current liability on the Statement of Financial Position.

Trade and other receivables

Trade and other receivables are non derivative financial assets with fixed or determinable payments that are not equity securities. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

Trade and other receivables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash receipts over the term of the receivable. Cash flows relating to short term trade and other receivables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as finance income over the remaining term.

The Group assesses provision for impairment of the receivable based on expected loss, if material. The Group considers reasonable and supportable information that is relevant and reliable. This includes both quantitative and qualitative information and analysis, based on the Group's historical impairment experience, credit assessment of customers and any relevant forward-looking information. The amount of provision is recognised in the Statement of Profit or Loss.

Inventories

The gross amount of work in progress consists of costs attributable to work performed, including recoverable pre contract and project bidding costs and emerging profit after providing for any foreseeable losses. In applying the accounting policies on providing for these losses accounting judgement is required.

Work in progress is presented as part of inventories for all contracts in which costs incurred exceeds cost of sales. If cost of sales exceed costs incurred, then the difference is presented in trade and other payables as an other payable.

Once practical completion of a unit has been reached, inventories are classified as Completed units.

The recoverable amount of each property is assessed at each Statement of Financial Position date and accounting judgement is required to assess whether a provision is raised where cost (including costs to complete) exceeds net realisable value.

Inventories are expensed as a cost of sales in the Statement of Profit or Loss. Management uses accounting judgement in determining:

- The apportionment of cost of sales through either land area or sales revenue;
- The amount of cost of sales, which includes costs incurred to date and final forecast costs; and
- The nature of the expenditure, which may include acquisition costs, development costs, borrowing costs and those costs incurred in preparing the property for sale.

Hungate (York) Regeneration Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

3 Accounting policies (continued)

Trade and other payables

Trade and other payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. Trade and other payables are settled in the normal course of business. Trade and other payables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash outflows over the term of the trade and other payables. Cash flows relating to short term trade and other payables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as a finance cost over the remaining term.

Retentions

Retentions are amounts payable for the purpose of security and for the provision of defects in accordance with contract terms. Release of retention amounts are in accordance with contractual terms.

Unearned income

Primarily relates to unearned income and deposits received in advance on presold apartments. These amounts will be recognised as income in line with the 'Sale of development properties' accounting policy in Note 3.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

4 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2021 £ 000	2020 £ 000
Sale of development properties	2,071	26,323
Other revenue	29	29
	<u>2,100</u>	<u>26,352</u>

5 Employees

The group did not employ any staff during the year (2020: nil).

Hungate (York) Regeneration Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

6 Directors' remuneration

The directors are employees of the following entities:

J D Clark: Lendlease Europe Limited ¹
 C T Murphy: Lendlease Development (Europe) Limited ¹
 P T Millington: Evans Management Limited
 J O Pitt: Evans Management Limited
 R Marshall: Evans Management Limited

Any qualifying services in respect of the Company are considered to be incidental and part of the directors' overall management services for the above entities. The directors' remuneration for the current year and prior year is included in the financial statements of the above entities.

Note 1: The director was directly employed by Lendlease Construction (Europe) Limited during the financial year, however their costs were recharged to the above entities.

7 Auditor's remuneration

	2021 £ 000	2020 £ 000
Audit of financial statements	<u>(9)</u>	<u>(6)</u>

8 Taxation

Tax charged/(credited) in the Statement of Profit or Loss

	2021 £ 000	2020 £ 000
Current tax		
UK corporation tax	<u>5</u>	<u>244</u>
Total current tax	<u>5</u>	<u>244</u>
Deferred tax		
Current year	-	26
Effect of change in tax rates	-	(3)
Adjustment in respect of previous periods	<u>-</u>	<u>(3)</u>
Total deferred tax	<u>-</u>	<u>20</u>
Total income tax charge/(credit)	<u>5</u>	<u>264</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

Hungate (York) Regeneration Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

8 Taxation (continued)

	2021 £ 000	2020 £ 000
Profit before tax	25	1,423
Income tax using the domestic corporation tax rate 19% (2020: 19%)	5	270
Adjustment in respect of previous periods	-	(3)
Effect of changes in tax rates	-	(3)
Total income charge/(credit)	5	264

Budget 2021 announced an increase to the main rate of UK corporation tax from 19% to 25%. This was substantively enacted on 24 May 2021 and will be effective from 1 April 2023.

9 Investments

The total cost and carrying amount of the investments held by the Company as at 30 June 2021 is £1 (2020: £1).

Group subsidiaries

Details of the group subsidiaries as at 30 June 2021 are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Note	Ownership and voting rights %	
				2021	2020
Hungate (York) Retail Limited	Property development	United Kingdom	1	100%	100%

Notes - registered addresses:

1. Millshaw, Leeds, West Yorkshire, United Kingdom, LS11 8EG

Hungate (York) Regeneration Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

10 Inventories

	Group		Company	
	2021 £ 000	2020 £ 000	2021 £ 000	2020 £ 000
Current				
Completed units	697	2,942	697	2,942
Work in progress	-	21,165	-	21,165
Total current inventories	697	24,107	697	24,107
Non current				
Work in progress	21,889	-	21,889	-
Total inventories	22,586	24,107	22,586	24,107

The Group has also considered the impacts of COVID-19 on its recoverability assessment of inventories at 30 June 2021. As part of its semi-annual review of development property projects, the Group has considered slow down in sales volumes in the short-term, longer production timeframes, and increased costs for its projects. From this assessment the directors have determined that no impairment is required for the year ended 30 June 2021.

11 Trade and other receivables

	Group		Company	
	2021 £ 000	2020 £ 000	2021 £ 000	2020 £ 000
Current				
Trade receivables	3	-	3	-
Other receivables	167	56	167	56
Total current trade and other receivables	170	56	170	56
Total trade and other receivables	170	56	170	56

In the current reporting period, additional reviews were undertaken to assess recoverability in light of the COVID-19 pandemic. No additional risk has been identified.

There is no impairment recognised on any receivables and no receivables past due.

12 Cash and cash equivalents

	Group		Company	
	2021 £ 000	2020 £ 000	2021 £ 000	2020 £ 000
Cash at bank	2,962	2,149	2,962	2,149

Hungate (York) Regeneration Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

13 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary A Shares of £1 each	300	300	300	300
Ordinary B Shares of £1 each	300	300	300	300
Ordinary C Shares of £1 each	300	300	300	300
Deferred Ordinary Shares of £1 each	2,255	2,255	2,255	2,255
	<u>3,155</u>	<u>3,155</u>	<u>3,155</u>	<u>3,155</u>

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The holders of ordinary shares have the right to receive declared dividends from the Company and are entitled to one vote per share at meetings of the Company.

Deferred ordinary shares have the following rights, preferences and restrictions:

Confer no voting rights and no right to dividend. The shares' right to return of assets in the assets in the event of winding up or other distribution is subordinated to that of the "A", "B" and "C" shares.

14 Trade and other payables

		Group		Company	
		2021 £ 000	2020 £ 000	2021 £ 000	2020 £ 000
Current					
Trade payables		(7)	(23)	(7)	(23)
Amounts due to related parties	16	-	-	(55)	(55)
Retentions and deferred payments		(961)	(961)	(961)	(961)
Accrued expenses		(9)	(3,413)	(9)	(3,413)
Other Payables		(9)	(172)	(9)	(172)
Unearned Income		(4)	(3)	(4)	(3)
Total current trade and other payables		<u>(990)</u>	<u>(4,572)</u>	<u>(1,045)</u>	<u>(4,627)</u>
Non current					
Amounts due to related parties	16	(11,763)	(11,763)	(11,763)	(11,763)
Accrued expenses		(3,207)	-	(3,207)	-
Total non current trade and other payables		<u>(14,970)</u>	<u>(11,763)</u>	<u>(14,970)</u>	<u>(11,763)</u>
Total trade and other payables		<u>(15,960)</u>	<u>(16,335)</u>	<u>(16,015)</u>	<u>(16,390)</u>

The group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in note 15.

Hungate (York) Regeneration Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

15 Financial risk management and impairment of financial assets

Group

Liquidity risk

Liquidity risk is the risk of having insufficient funds to settle financial liabilities as and when they fall due. This includes having insufficient levels of committed credit facilities.

The exposure is managed by maintaining sufficient levels of cash and committed credit facilities to meet financial commitments and working capital requirements, managing to funding portfolio benchmarks, and timely review and renewal of credit facilities.

Maturity analysis

	Within 1 year £ 000	After 1 year £ 000	Total £ 000
2021			
Trade and other payables	990	14,970	15,960
	<u>990</u>	<u>14,970</u>	<u>15,960</u>
	Within 1 year £ 000	After 1 year £ 000	Total £ 000
2020			
Trade and other payables	4,572	11,763	16,335
	<u>4,572</u>	<u>11,763</u>	<u>16,335</u>

Company

Liquidity risk

Liquidity risk is the risk of having insufficient funds to settle financial liabilities as and when they fall due. This includes having insufficient levels of committed credit facilities.

The exposure is managed by maintaining sufficient levels of cash and committed credit facilities to meet financial commitments and working capital requirements, managing to funding portfolio benchmarks, and timely review and renewal of credit facilities.

Maturity analysis

	Within 1 year £ 000	After 1 year £ 000	Total £ 000
2021			
Trade and other payables	1,045	14,970	16,015
	<u>1,045</u>	<u>14,970</u>	<u>16,015</u>
	Within 1 year £ 000	After 1 year £ 000	Total £ 000
2020			
Trade and other payables	4,627	11,763	16,390
	<u>4,627</u>	<u>11,763</u>	<u>16,390</u>

Capital risk management

Hungate (York) Regeneration Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

15 Financial risk management and impairment of financial assets (continued)

The Group assesses its capital management model as part of the Board's strategic plan. When investing capital, the Group's objective is to deliver strong shareholder returns and to continue to generate high levels of liquid assets in line with the capital management goals.

The Group actively manages the working capital on a daily basis and operates a strict regime of contract billings and debtor payment cycles to maximise liquidity.

There were no changes to the Group's approach to capital management during the year. The Group is not exposed to externally imposed capital requirements.

There has been no event or circumstance since the balance sheet date that would significantly affect the Group.

16 Related party transactions

16.1 Transactions with key management personnel

Further details of directors' remuneration is disclosed in note 6.

16.2 Summary of transactions with related parties

Summary of transactions with parent entities

Transactions with the parent entity include a loan to fund working capital.

Summary of transactions with subsidiaries

Transactions with subsidiaries include a loan to fund working capital.

16.3 Related party payables

	2021 £ 000	2020 £ 000
Parent entities	(11,763)	(11,763)
Subsidiaries	(55)	(55)
Total related party payables	(11,818)	(11,818)

Hungate (York) Regeneration Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

17 Parent and ultimate parent undertaking

The company's immediate parent is Lendlease Residential (Yorkshire) Limited and White Rose Property Investments No.2 Limited.

The ultimate parent is Lendlease Corporation Limited and Drachs Investments No.3 Limited.

The Company is jointly controlled by Lendlease Residential (Yorkshire) Limited and White Rose Property Investments No.2 Limited.

The ultimate parent undertaking for Lendlease Residential (Yorkshire) Limited is Lendlease Corporation Limited, a company incorporated in Australia, which is the parent of the largest group in which these financial statements are consolidated.

The address of Lendlease Corporation Limited is:

Level 14 Tower Three
International Towers Sydney
Exchange Place
300 Barangaroo Avenue
Barangaroo NSW 2000

The consolidated financial statements of the group may be obtained from www.lendlease.com

The smallest group in which the share relating to Lendlease Residential (Yorkshire) Limited is consolidated is headed by Lendlease Europe Holdings Limited, a company incorporated in England and Wales.

The address of Lendlease Europe Holdings Limited is:

20 Triton Street
Regent's Place
London NW1 3BF

The consolidated financial statements of that group may be obtained from:

The registrar of Companies
Companies House
Crown Way
Maindy, Cardiff

The ultimate parent undertaking for White Rose Property Investments No.2 Limited is Drachs Investments No.3 Limited, a company incorporated in Jersey. This is the largest and smallest group for which the share relating to White Rose Property No.2 Limited is consolidated.

The address of Drachs Investments No.3 Limited is:

28 Esplanade St
Helier
Jersey JE2 3QA

The consolidated financial statements of Drachs Investments No.3 Limited are not publicly available.

Hungate (York) Regeneration Limited

Notes to the Financial Statements for the Year Ended 30 June 2021 (continued)

18 Subsequent events

There has been no event or circumstance subsequent to the end of the financial year that would significantly affect the Group.