

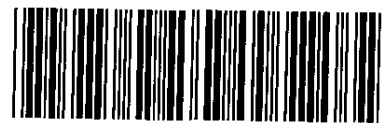
Company number: 05322443

PURCHASE GROUP LIMITED

Directors' report and accounts

for the year ended 31 December 2022

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**PURCHASE GROUP LIMITED
DIRECTORS' REPORT**

The directors present their annual report and the unaudited accounts for the company for the year ended 31 December 2022.

Principal activity

The principal activity of the company was that of management services.

Directors

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

D.O. Allen (resigned 16 August 2022)
D.K.E. Morgan
P.C. Rowan
P.M. Wainwright

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Going concern

The directors have reviewed the forecast future performance of the Wates Group and the company and have prepared a cash flow forecast for 12 months from the date of approval of these financial statements. The directors consider that the Wates Group has sufficient cash reserves to continue trading, whilst meeting the financial covenants set within its banking facilities.

Accordingly, the directors continue to adopt the going concern basis in preparing the company's accounts. Further details regarding the adoption of the going concern basis can be found in note 1 to the accounts.

Post balance sheet events

There were no post balance sheet events requiring disclosure.

Approved by the Board of Directors on 24 March 2023 and signed on its behalf by:



P.M. WAINWRIGHT
Director

Registered office:
Wates House
Station Approach
Leatherhead
Surrey
KT22 7SW

PURCHASE GROUP LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

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

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

The directors of the ultimate parent company are responsible for the maintenance and integrity of the of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**PURCHASE GROUP LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000s	2021 £000s
Administrative expenses		(204)	-
Other operating income	2	-	831
Operating (loss)/profit		(204)	831
Interest receivable	4	19	-
(Loss)/profit before tax		(185)	831
Tax on (loss)/profit	5	-	-
(Loss)/profit for the financial year		(185)	831

The above results have been derived from continuing operations.

Statements of comprehensive income and changes in equity have not been presented as the only changes to the equity of the company for the above two financial years are the (loss)/profit for these financial years.

PURCHASE GROUP LIMITED
Company number: 05322443
BALANCE SHEET AS AT 31 DECEMBER 2022

	Note	2022 £000s	2021 £000s
Fixed assets			
Investments	6	1,581	1,785
Current assets			
Debtors	7	5,560	-
Cash at bank and in hand		21	5,561
		5,581	5,561
Creditors: amounts falling due within one year	8	(1)	-
Net current assets		5,580	5,561
Net assets		7,161	7,346
Capital and reserves			
Called up share capital	9	400	400
Share premium account	9	2,854	2,854
Profit and loss account	9	3,907	4,092
Shareholders' funds		7,161	7,346

The notes on pages 5 to 9 form part of these accounts.

For the year ending 31 December 2022 the company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with Section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

Approved by the Board of Directors on 24 March 2023 and signed on its behalf by:



P.M. WAINWRIGHT
 Director

**PURCHASE GROUP LIMITED
NOTES TO THE ACCOUNTS
31 DECEMBER 2022**

1. Accounting policies

The principal accounting policies, which have all been applied consistently throughout the year and the preceding year, are set out below.

i) General information and basis of accounting

Purchase Group Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activity are set out in the Directors' report.

These accounts have been prepared under the historical cost convention in accordance with the Companies Act 2006 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the company is considered to be pounds sterling because that is the currency of the economic environment in which the company operates.

Purchase Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions in relation to presentation of a cash flow statement and intra-group transactions.

ii) Going concern

The activities of the Wates Group, along with the factors that may affect its future performance and position are set out in the Directors' report.

As at 31 December 2022, the company had cash and access to £90.0m of undrawn bank facilities (through the Wates Group's £90.0m Revolving Credit Facility (RCF) which expires in March 2025 with the potential for a one year extension). The directors regularly review the working capital requirements and financial resilience of the company and the Wates Group as part of reviewing scenarios that test a range of sensitivities to future performance.

The directors have reviewed the forecast performance of the Wates Group based on their current expectations about the future. This expectation draws on management's understanding of each sector that the Wates Group operates in and anticipates a continuation of the current level of activity across the Wates Group. Turnover levels are forecast to continue to increase throughout 2023. Within these forecasts, a significant proportion of the Wates Group's revenue is already secured.

Due to the potential volatility at the subsidiary level, Wates Group Limited intends to provide sufficient operational and financial support to subsidiaries, to the extent that it is required to enable them to meet their liabilities as and when they fall due for a period of at least 12 months from the date of approval of the financial statements of the subsidiaries for the year ended 31 December 2022. The Wates Group has prepared a cash flow forecast for 12 months from the date of approval of these financial statements and the Wates Group considers it has sufficient cash reserves to continue trading, whilst meeting the financial covenants set within its RCF.

PURCHASE GROUP LIMITED
NOTES TO THE ACCOUNTS CONTINUED
31 DECEMBER 2022

1. **Accounting policies continued**

ii) Going concern continued

In addition, the Wates Group has considered a range of potential scenarios of escalating impact and duration. Some reasonable downside scenarios include: a significant contract loss, a reduction in contracting turnover similar to that experienced in 2020, an increase in costs without any client recovery, and reductions in prices for both housing and land sales. The Wates Group does not consider a prolonged shut down of construction or contracting activities as a likely scenario as these activities continued throughout the recent pandemic. The Wates Group's cash has remained resilient throughout 2022 and it only utilised a portion of the RCF following the early repayment of its Coronavirus Large Business Interruption Loan Scheme facility during the year. While the cash flow impacts of these scenarios are materially different to the current forecast, the Wates Group's forecast and reasonable worst case scenarios indicate that it would be able to continue trading for at least 12 months from the date of approval of the financial statements.

After making enquiries and considering the factors and sensitivities outlined above for a range of scenarios, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

iii) Investments

Investments are stated at cost less impairment.

iv) Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss account immediately.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss on assets, the prior impairment loss is tested to determine reversal. An impairment is reversed to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets, which are carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

PURCHASE GROUP LIMITED
NOTES TO THE ACCOUNTS CONTINUED
31 DECEMBER 2022

1. Accounting policies continued

v) Tax

Current tax is provided at the amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Other operating income

	2022 £000s	2021 £000s
Dividend income	-	831

3. Operating (loss)/profit

There are no employees other than the directors. No director received remuneration from the company during the year (2021: £nil).

4. Interest receivable

	2022 £000s	2021 £000s
Group undertakings	19	-

5. Tax on (loss)/profit

a) Analysis of the charge in the year	2022 £000s	2021 £000s
Current tax		
UK corporation tax on the profit for the year	-	-
Total current tax	-	-
Total tax on (loss)/profit	-	-

PURCHASE GROUP LIMITED
NOTES TO THE ACCOUNTS CONTINUED
31 DECEMBER 2022

5. **Tax on (loss)/profit continued**

b) **Factors affecting the total tax charge for the year**

The total tax charge is higher (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £000s	2021 £000s
(Loss)/profit before tax	(185)	831
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(35)	158
Effects of:		
Income not taxable in determining taxable profit	-	(158)
Permanent disallowable costs	39	-
Group relief	(4)	-
Total tax charge for the year	-	-

6. **Investments**

	Shares in subsidiary undertakings £000s
At 1 January 2022	1,785
Impairment	(204)
At 31 December 2022	1,581

The cost of shares in subsidiary undertakings is £10,070,000 (2021: £10,070,000). The value of shares in subsidiary undertakings of £1,581,000 (2021: £1,785,000) is net of cumulative impairments of £2,836,000 (2021: £2,632,000) and a return of investment received during the year of nil (2021: £5,653,000).

All subsidiary undertakings are incorporated in the United Kingdom and registered in England and Wales. The registered office of all subsidiary undertakings is Wates House, Station Approach, Leatherhead, Surrey KT22 7SW. The company's subsidiary undertakings, which are wholly owned, are:

G. Purchase Construction Limited
 GW 217 Limited
 Purchase Home Improvements Limited
 Purchase Homes Limited
 Purchase Support Limited

PURCHASE GROUP LIMITED
NOTES TO THE ACCOUNTS CONTINUED
31 DECEMBER 2022

7. Debtors

	2022	2021
	£000s	£000s
Amounts owed by group undertakings	5,560	-

8. Creditors: amounts falling due within one year

	2022	2021
	£000s	£000s
Accruals and deferred income	1	-

9. Called up share capital and reserves

	2022	2021
	£000s	£000s
Issued and fully paid:		
400,001 (2021: 400,001) ordinary shares of £1 each	400	400

The company has one class of ordinary shares which carry no right to fixed income.

The share premium account reserve contains the premium arising on the issue of equity, net of issue expenses.

The profit and loss account reserve represents cumulative profits or losses, net of dividends paid.

10. Ultimate parent company

The company's immediate parent company, intermediate parent company and ultimate parent company are, respectively, Wates Property Services Limited, Wates Construction Limited and Wates Group Limited, all of which are incorporated in the United Kingdom and registered in England and Wales. The smallest group into which the results of the company are consolidated is Wates Property Services Limited and the largest group into which the results of the company are consolidated is Wates Group Limited.

The consolidated accounts for Wates Property Services Limited, Wates Construction Limited and Wates Group Limited are available to the public and may be obtained from Wates House, Station Approach, Leatherhead, Surrey, KT22 7SW.