

Company number: 05322443

PURCHASE GROUP LIMITED
Directors' report and accounts
for the year ended
31 December 2021

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PURCHASE GROUP LIMITED
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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 2021.

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
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

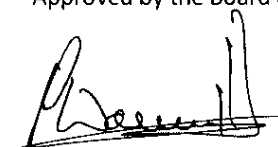
The directors have reviewed the forecast future performance of the Wates Group and the company and have prepared a cash flow forecast for 12 months from the date of approval of these financial statements. The directors consider that the Wates Group has sufficient cash reserves to continue trading, whilst 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 9 March 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'P.M. Wainwright', with a horizontal line drawn underneath it.

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
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000s	2020 £000s
Administrative expenses		-	70
Other operating income	2	831	-
Profit before taxation		831	70
Taxation on profit	4	-	-
Profit for the financial year		831	70
Profit and loss account at 1 January		<u>3,261</u>	<u>3,191</u>
Profit and loss account at 31 December		<u>4,092</u>	<u>3,261</u>

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 profit for those financial years.

PURCHASE GROUP LIMITED
Company number: 05322443
BALANCE SHEET AS AT 31 DECEMBER 2021

	Note	2021 £000s	2020 £000s
Fixed assets			
Investments	5	1,785	7,438
Current assets			
Cash at bank and in hand		5,561	378
Creditors: amounts falling due within one year	6	-	(1,301)
Net current assets/(liabilities)		5,561	(923)
Net assets		7,346	6,515
Capital and reserves			
Called up share capital	7	400	400
Share premium account	7	2,854	2,854
Profit and loss account	7	4,092	3,261
Shareholders' funds		7,346	6,515

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

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

For the year ending 31 December 2021 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.

Approved by the Board of Directors on 9 March 2022 and signed on its behalf by:



P.M. Wainwright
 Director

PURCHASE GROUP LIMITED
31 DECEMBER 2021
NOTES TO THE ACCOUNTS

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 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.

Under FRS 102 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

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 2021, the company had cash and access to debt under the Wates Group Coronavirus Large Business Interruption Loan Scheme (CLBILS) of £45.0m and to £120.0m of undrawn bank facilities (through the Group's £120.0m Revolving Credit Facility (RCF) which expires in mid-March 2023). The Directors regularly review the working capital requirements 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 Group. Turnover levels are forecast to continue to increase throughout 2022 and to exceed pre-Covid levels. Within these forecasts, a significant proportion of the 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 the 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 for the subsidiaries for the year ended 31 December 2021. 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 and CLBILS facilities. The Wates Group is not forecasting a need to draw down on its £120m Revolving Credit Facility in the next 12 months.

PURCHASE GROUP LIMITED
31 DECEMBER 2021
NOTES TO THE ACCOUNTS CONTINUED

1. Accounting policies continued

ii) Going concern continued

The Wates Group recognises the economic and trading uncertainties resulting from the pandemic and has deemed it appropriate to consider 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 have continued throughout each of the national lockdowns. The Group's cash has remained resilient throughout 2021 and it has not utilised any of its RCF throughout this period. Whilst the cash flow impacts of these scenarios are materially different to the current forecast, the Wates Group forecasts 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 accounted for at cost less any 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
31 DECEMBER 2021
NOTES TO THE ACCOUNTS CONTINUED

1. Accounting policies continued

v) Taxation

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

	2021 £000s	2020 £000s
Dividend income	<u>831</u>	<u>-</u>

3. Staff numbers and costs

There are no employees other than the directors. No director received remuneration from the company during the year (2020: £nil).

4. Taxation on profit

a) Analysis of the charge in the year	2021 £000s	2020 £000s
Current tax		
UK corporation tax on the profit for the year	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
Total tax on profit	<u>-</u>	<u>-</u>

PURCHASE GROUP LIMITED
31 DECEMBER 2021
NOTES TO THE ACCOUNTS CONTINUED

4. Taxation on profit continued

b) Factors affecting the total tax charge for the year

The total tax charge is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£000s	£000s
Profit before taxation	831	70
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	158	13
Effects of:		
Permanent disallowable costs	-	(13)
Income not taxable in determining taxable profit	(158)	-
Total tax charge for the year	-	-

5. Investments

	Shares in Group undertakings £000s
At 1 January 2021	7,438
Return of investment	(5,653)
At 31 December 2021	1,785

The cost of shares in Group undertakings is £10,070,000 (2020: £10,070,000). The value of shares in Group undertakings of £1,792,000 (2020: £7,438,000) is net of cumulative impairments of £2,632,000 (2020: £2,632,000) and a return of investment received during the year of £5,646,000 (2020: £nil).

At 31 December 2021 the company held 100% of the issued share capital of the following companies, all of which are incorporated in the United Kingdom and registered in England and Wales, all with registered office at Wates House, Station Approach, Leatherhead, Surrey KT22 7SW:

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

PURCHASE GROUP LIMITED
31 DECEMBER 2021
NOTES TO THE ACCOUNTS CONTINUED

6. Creditors: amounts falling due within one year

	2021	2020
	£000s	£000s
Amounts owed to group undertakings	<u>-</u>	<u>1,301</u>

7. Called up share capital and reserves

	2021	2020
	£000s	£000s
Allotted, called up and fully paid		
400,001 (2020: 400,001) ordinary shares of £1 each	<u>400</u>	<u>400</u>

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 received and paid.

8. Related party transactions

The company has taken advantage of exemptions within FRS 102 from disclosing transactions between wholly owned members of a group.

9. 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, which are all incorporated in Great Britain 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.