

DERE STREET HOMES LIMITED

Annual Report and Financial Statements
for the Year Ended 31 December 2022

Dere Street Homes Limited

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Dere Street Homes Limited

Company Information

Directors	Mr S F McQuaid Mr J Stores Mrs M E McQuaid
Company secretary	Mrs M E McQuaid
Registered office	Dere Street House Bowburn North Industrial Estate Bowburn Durham DH6 5PF
Solicitors	Swinburne Maddison Venture House Aykley Heads Business Park Durham DH1 5TS
Auditor	Azets Audit Services Chartered Accountants & Statutory Auditor 1 Massey Road Thomaby Stockton-on-Tees TS17 6DY

Dere Street Homes Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the company is a housebuilder operating in the North East of England.

Fair review of the business

Dere Street Homes Limited is known for building high-quality well-designed homes. Demand for product has continued to exceed expectation with our Wynyard Rise development selling out in 2021 and substantially completing the site in 2022. Our Bridleway development continues to receive positive feedback not only from the surrounding local area but from further afield seeing reservations outstripping sales forecast.

In 2022 the business was able to deliver 36 plots across all sites (2021: 49 plots) with a turnover of £16,531,732 (2021: £12,319,668) driven by all the completion of 19 plots at the Wynyard Development selling north of £500,000.

The planning process again continues to prove challenging seeing no new sites breaking ground in 2022 and only one breaking ground in 2023 with a further one planned for 2024 meaning the planned growth we hoped to see during 2023 will fall short of expectation. Notwithstanding this, the sites we are securing suit our standard product well and are in areas that we expect to see deliver good sales rates. The strengthening of the land team has allowed a more focussed approach to seeking out suitable land opportunities.

The team, alongside external stakeholders has developed our existing portfolio of house types in line with customer feedback and everchanging trends to include completely new products as well as imaginative revisions to existing house types.

To keep ahead of the curve Dere Street Homes Limited continually monitor market trends and update not only the product range but also the product spread across all active developments. The size of the business goes hand in hand with this approach and allows it to react quickly in the best interests of its shareholders.

Dere Street Homes Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Principal risks and uncertainties

The Directors have identified the following principal risks and mitigating factors:

- Slowing in demand for houses due to increasing cost of living with inflation (CPI) showing a persistent upward trend.
- Increasing interest rates affecting the availability of mortgages.
- Availability of sufficient materials and skilled labour - Improved focus on proactive planning well ahead of site requirements.
- Increased prices on materials and labour - Minimise through contractual negotiations with suppliers and offset through incremental house market rises.
- Achieve & maintain a sustainable land bank - The proven track record of the land delivery team for delivering high quality developments combined with additional departmental strengthening of through recruitment.
- Obtaining planning permissions - The land delivery team continue to review new planning policy and work proactively with LA's to achieve mutually agreeable schemes.
- Availability of Consumer Credit - Ensure value for money is maintained & LABC Warranty is recognised by most lenders as well as access government backed schemes.
- Health and Safety - Developments are monitored by our H&S consultant for compliance with HSE regulations as well as continual training for staff.
- People - We continually review the needs of all the staff to ensure they have the tools and skills to deliver in line with the business model.

Approved and authorised for issue by the Board on 29 September 2023 and signed on its behalf by:

.....

Mr S F McQuaid

Director

Dere Street Homes Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors of the company

The directors who held office during the year were as follows:

Mr S F McQuaid

Mr J Stores

Mrs M E McQuaid - Company secretary and director

Financial instruments

Objectives and policies

The company finances its activities with a combination of cash and intercompany funding arrangements. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the company's operating activities.

Price risk, credit risk, liquidity risk and cash flow risk

Price risk

Price risk is the risk that changes in raw material prices have the potential to impact on the profitability of the company. The company does not consider that it is materially exposed to price risk.

Credit risk

Credit risk is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Company policies are aimed at minimising such losses and require customers to satisfy credit worthiness procedures prior to acceptance of contracts. The company also utilises insurance policies to protect against non-payment of debt. The company does not consider that it is materially exposed to credit risk.

Cash flow and liquidity risk

Cash flow and liquidity risk is the risk that a company's available cash will not be sufficient to meet its financial obligations. The company actively manages its cash flow position including collection of debts and timely payment of creditors. This, coupled with the strong cash position of the Company is deemed sufficient to minimise the Company's exposure to cash flow and liquidity risk.

Foreign Exchange risk

Foreign exchange risk refers to the potential for loss from exposure to foreign exchange rate fluctuations. Company policies are aimed at minimising this risk. The company does not consider that it is materially exposed to foreign exchange risk.

Future developments

See disclosures within the Strategic Report regarding future developments of the Company.

Dere Street Homes Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Going concern

The financial statements have been prepared on a going concern basis.

The company meets its day to day working capital requirements through cash generated from operations and group and intercompany borrowings.

The company's forecasts and projections for the next twelve months show that the company should be able to continue in operational existence for that period, taking into account possible changes in trading performance.

Having considered the current cash forecasts of the company the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved and authorised for issue by the Board on 29 September 2023 and signed on its behalf by:

.....

Mr S F McQuaid

Director

Dere Street Homes Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Dere Street Homes Limited

Independent Auditor's Report to the Members of Dere Street Homes Limited

Opinion

We have audited the financial statements of Dere Street Homes Limited (the 'company') for the year ended 31 December 2022, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, 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 company's affairs as at 31 December 2022 and of its 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 company 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 director's 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 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 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.

Dere Street Homes Limited

Independent Auditor's Report to the Members of Dere Street Homes Limited (continued)

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the company and its 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [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, 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 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 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 of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- enquiries of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- challenging assumptions and judgements made by management in their significant accounting estimates;

Dere Street Homes Limited

Independent Auditor's Report to the Members of Dere Street Homes Limited (continued)

- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- reviewing financial statement disclosures and testing to support documentation.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); anti-bribery and corruption; and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. 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.

.....
Christopher Potter BA (Hons) ACA (Senior Statutory Auditor)

For and on behalf of Azets Audit Services

Statutory Auditor

Chartered Accountants

1 Massey Road

Thornaby

Stockton-on-Tees

TS17 6DY

29 September 2023

Azets Audit Services is a trading name of Azets Audit Services Limited

Dere Street Homes Limited

Income Statement for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	<u>3</u>	16,531,732	12,319,668
Cost of sales		<u>(14,875,320)</u>	<u>(11,558,921)</u>
Gross profit		1,656,412	760,747
Administrative expenses		(1,073,650)	(779,807)
Other operating income	<u>4</u>	<u>212,012</u>	<u>152,560</u>
Operating profit	<u>5</u>	794,774	133,500
Other interest receivable and similar income		2,627	-
Interest payable and similar expenses	<u>6</u>	<u>(8,392)</u>	<u>-</u>
Profit before tax		789,009	133,500
Taxation	<u>10</u>	<u>(170,204)</u>	<u>(27,357)</u>
Profit for the financial year		<u>618,805</u>	<u>106,143</u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

Dere Street Homes Limited

(Registration number: 05369404)

Statement of Financial Position as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	<u>11</u>	159,426	72,609
Current assets			
Stocks	<u>12</u>	6,786,730	6,493,803
Debtors	<u>13</u>	405,208	1,189,331
Cash at bank and in hand		<u>1,853,407</u>	<u>1,555,662</u>
		9,045,345	9,238,796
Creditors: Amounts falling due within one year	<u>14</u>	<u>(7,329,717)</u>	<u>(8,065,973)</u>
Net current assets		<u>1,715,628</u>	<u>1,172,823</u>
Total assets less current liabilities		1,875,054	1,245,432
Creditors: Amounts falling due after more than one year	<u>14</u>	(21,389)	(30,240)
Provisions for liabilities	<u>16</u>	<u>(37,329)</u>	<u>(17,661)</u>
Net assets		<u>1,816,336</u>	<u>1,197,531</u>
Capital and reserves			
Called up share capital	<u>18</u>	100	100
Profit and loss account		<u>1,816,236</u>	<u>1,197,431</u>
Total equity		<u>1,816,336</u>	<u>1,197,531</u>

Approved and authorised for issue by the Board on 29 September 2023 and signed on its behalf by:

.....
Mr S F McQuaid
Director

Dere Street Homes Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £	Profit and loss account £	Total £
At 1 January 2021	100	1,091,288	1,091,388
Profit for the year	-	106,143	106,143
Total comprehensive income	-	106,143	106,143
At 31 December 2021	100	1,197,431	1,197,531

	Share capital £	Profit and loss account £	Total £
At 1 January 2022	100	1,197,431	1,197,531
Profit for the year	-	618,805	618,805
Total comprehensive income	-	618,805	618,805
At 31 December 2022	100	1,816,236	1,816,336

Dere Street Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is Dere Street House, Bowburn North Industrial Estate, Bowburn, Durham, DH6 5PF.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are presented in sterling which is the functional currency of the entity.

Summary of disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

The company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Name of parent of group

These financial statements are consolidated in the financial statements of Vestbrown (Newco) Limited.

The financial statements of Vestbrown (Newco) Limited may be obtained from Dere Street House, Bowburn North Industrial Estate, Bowburn, Durham, United Kingdom, DH6 5PF.

Dere Street Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates 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.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual 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:

Valuation of Work in Progress- management appraise all developments for technical, economic and financial feasibility through an established internal criteria.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts, rebates and value added taxes.

The company recognises turnover when:

- a) the significant risks and rewards of ownership have been transferred to the buyer;
- b) the company retains no continuing involvement or control over the goods;
- c) the amount of revenue can be measured reliably
- d) it is probable that future economic benefits will flow to the entity;
- e) when the specific criteria relating to each of the company's sales channels have been met as detailed below.

Property sales

Turnover on property sales is recognised upon legal completion of legal title to the customer.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

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

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Dere Street Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	20% straight line
Plant and machinery	20% reducing balance
Office equipment	20% reducing balance
Motor vehicles	25% straight line

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks and work in progress are stated at the lower of cost and estimated selling price less cost to complete and sell. Work in progress comprises direct materials, labour costs, associated professional charges and other attributable overheads.

Investments in land without the benefit of planning consent are initially included at cost. Regular reviews are carried out to identify any impairment in the value of the land with consideration to the existing use value of the land, likelihood of achieving a planning consent, and the value thereof. Provision is made to reflect any irrecoverable amounts.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Dere Street Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance costs in the income statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

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.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Turnover

The analysis of the company's Turnover for the year from continuing operations is as follows:

	2022	2021
	£	£
Sale of goods	16,531,732	12,319,668

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

Dere Street Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

4 Other operating income (continued)

	2022	2021
	£	£
Recharged management fee	212,012	152,560

5 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	36,052	16,616
Operating lease expense - plant and machinery	41,390	39,859
Loss on disposal of property, plant and equipment	983	-

6 Interest payable and similar expenses

	2022	2021
	£	£
Interest expense on other finance liabilities	8,392	-

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	1,277,713	1,172,972
Social security costs	155,916	133,464
Pension costs, defined contribution scheme	30,634	22,253
	1,464,263	1,328,689

Included in payroll costs above is £802,333 (2021: £812,885) that has been recharged to work in progress.

Dere Street Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

7 Staff costs (continued)

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Administration and support	28	29
	<u>28</u>	<u>29</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	258,697	237,633
Contributions paid to money purchase schemes	5,283	3,955
	<u>263,980</u>	<u>241,588</u>

In respect of the highest paid director:

	2022 £	2021 £
Remuneration	112,594	110,485
Company contributions to money purchase pension schemes	1,761	1,318
	<u>114,355</u>	<u>111,803</u>

9 Auditor's remuneration

	2022 £	2021 £
Audit of the financial statements	8,200	6,900
	<u>8,200</u>	<u>6,900</u>

Dere Street Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Taxation

Tax charged/(credited) in the income statement

	2022 £	2021 £
Current taxation		
UK corporation tax	149,652	14,358
Deferred taxation		
Arising from origination and reversal of timing differences	15,903	8,760
Arising from changes in tax rates and laws	4,649	4,239
Total deferred taxation	20,552	12,999
Tax expense in the income statement	170,204	27,357

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	789,009	133,500
Corporation tax at standard rate	149,912	25,365
Effect of revenues exempt from taxation	(1,895)	(3,575)
Effect of expense not deductible in determining taxable profit (tax loss)	17,538	1,328
Deferred tax expense relating to changes in tax rates or laws	4,649	4,239
Total tax charge	170,204	27,357

Deferred tax

Deferred tax assets and liabilities

2022	Asset £	Liability £
Short term trading differences	493	-
Fixed asset timing differences	-	37,522
	493	37,522

Dere Street Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Taxation (continued)

	Asset £	Liability £
2021		
Short term trading differences	493	-
Fixed asset timing differences	-	16,152
	<u>493</u>	<u>16,152</u>

11 Tangible assets

	Leasehold improvements £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2022	-	25,769	30,493	58,289	114,551
Additions	21,343	78,658	23,851	-	123,852
Disposals	-	-	(12,407)	-	(12,407)
At 31 December 2022	<u>21,343</u>	<u>104,427</u>	<u>41,937</u>	<u>58,289</u>	<u>225,996</u>
Depreciation					
At 1 January 2022	-	17,827	16,559	7,556	41,942
Charge for the year	3,201	15,428	5,351	12,072	36,052
Eliminated on disposal	-	-	(11,424)	-	(11,424)
At 31 December 2022	<u>3,201</u>	<u>33,255</u>	<u>10,486</u>	<u>19,628</u>	<u>66,570</u>
Carrying amount					
At 31 December 2022	<u>18,142</u>	<u>71,172</u>	<u>31,451</u>	<u>38,661</u>	<u>159,426</u>
At 31 December 2021	<u>-</u>	<u>7,942</u>	<u>13,934</u>	<u>50,733</u>	<u>72,609</u>

Included within the net book value of land and buildings above is £18,142 (2021 - £Nil) in respect of short leasehold land and buildings.

12 Stocks

	2022 £	2021 £
Work in progress	<u>6,786,730</u>	<u>6,493,803</u>

Dere Street Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Debtors

		2022 £	2021 £
Current	Note		
Trade debtors		80,463	94,945
Amounts owed by related parties	<u>20</u>	125,203	424,598
Other debtors		166,819	597,051
Prepayments		31,881	72,737
Directors loan accounts		842	-
		<u>405,208</u>	<u>1,189,331</u>

14 Creditors

	2022 £	2021 £
Due within one year		
Loans and borrowings	8,851	8,851
Trade creditors	751,680	1,430,028
Amounts owed to group undertakings	4,422,511	5,745,486
Social security and other taxes	79,122	57,453
Other creditors	214,379	671,704
Accrued expenses	1,703,502	138,093
Corporation tax liability	149,672	14,358
	<u>7,329,717</u>	<u>8,065,973</u>
Due after one year		
Loans and borrowings	<u>21,389</u>	<u>30,240</u>

15 Loans and borrowings

	2022 £	2021 £
Current loans and borrowings		
Hire purchase and finance lease liabilities	<u>8,851</u>	<u>8,851</u>
	<u>2022 £</u>	<u>2021 £</u>
Non-current loans and borrowings		
Hire purchase and finance lease liabilities	<u>21,389</u>	<u>30,240</u>

16 Provisions for liabilities

	Deferred tax £	Total £
At 1 January 2022	16,777	16,777
Increase (decrease) in existing provisions	<u>20,552</u>	<u>20,552</u>
At 31 December 2022	<u>37,329</u>	<u>37,329</u>

Dere Street Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £30,634 (2021 - £22,253).

Contributions totalling £5,915 (2021 - £4,590) were payable to the scheme at the year end and are included in creditors.

18 Share capital

Allotted, called up and fully paid shares

	No.	2022 £	No.	2021 £
Ordinary shares of £1 each	100	100	100	100

Dere Street Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	51,801	33,440
Later than one year and not later than five years	112,690	69,239
	<u>164,491</u>	<u>102,679</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £47,982 (2021 - £26,329).

20 Related party transactions

Transactions with directors

	At 1 January 2022 £	Advances to director £	At 31 December 2022 £
2022 Mrs M E McQuaid	-	830	830
Mr M C Hogan	-	12	12

	At 1 January 2021 £	Advances to director £	Repayments by director £	At 31 December 2021 £
2021 Mrs M E McQuaid	4,804	35,682	(40,486)	-

Dere Street Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

20 Related party transactions (continued)

Summary of transactions with entities with joint control or significant interest

During the year the company received management recharges to the value of £85,961 (2021 - £22,491) from a company with joint control.

During the year the company purchased land from companies with joint control for a total of £169,645 (2021 - £253,863).

At the year end the company owed £3,823 (2021 - £123,945) to companies with joint control and was owed £103,014 (2021 - £nil) from companies with joint control.

Other than the transactions disclosed above, the company's other related party transactions were with other members of a wholly owned group and so have not been disclosed.

21 Parent and ultimate parent undertaking

The company's immediate parent is VB Turnbull Limited, incorporated in England and Wales.

The ultimate parent is Vestbrown (Newco) Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is Vestbrown (Newco) Limited. These financial statements are available upon request from The Farm House, Hedley Hill Farm, Cornsay Colliery, Durham, County Durham, DH7 9EX.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.