

# **DERE STREET HOMES LIMITED**

Annual Report and Financial Statements  
for the Year Ended 31 December 2020

# Dere Street Homes Limited

## Contents

Company Information	<u>1</u>
Strategic Report	<u>2</u> to <u>3</u>
Directors' Report	<u>4</u> to <u>5</u>
Statement of Directors' Responsibilities	<u>6</u>
Independent Auditor's Report	<u>7</u> to <u>9</u>
Income Statement	<u>10</u>
Statement of Financial Position	<u>11</u>
Statement of Changes in Equity	<u>12</u>
Notes to the Financial Statements	<u>13</u> to <u>23</u>

# **Dere Street Homes Limited**

## **Company Information**

<b>Directors</b>	Mr S F McQuaid Mr J Stores Mrs M E McQuaid
<b>Company secretary</b>	Mrs M E McQuaid
<b>Registered office</b>	The Farm House Hedley Hill Farm Cornsay Colliery County Durham DH7 9EX
<b>Solicitors</b>	Swinburne Maddison Venture House Aykley Heads Business Park Durham DH1 5TS
<b>Auditor</b>	MHA Tait Walker 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 2020**

The directors present their strategic report for the year ended 31 December 2020.

### **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 remained strong across the sites despite the period being adversely impacted by the Covid19 Pandemic. With the supply chain unable to trade due to not being categorised as key worker status this inevitably resulted in the temporary closure of our sites during the spring bringing with it reduced productivity in the period and lengthy delays in the planning portfolio.

Notwithstanding these challenges, the business was still able to deliver 56 plot completions in the year with a turnover of £16,956,941 (2019 - £18,201,113) which is to be considered a great achievement by the team under the circumstances.

Demand for our homes has exceeded expectation with our site at Wheatley Hill selling out 18 months earlier than forecast and demand for product at our signature Wynyard Rise development similarly exceeding expectations. During the same period, we commenced our first RSL contract build working alongside a strategic partner to deliver 23 bungalows in the last quarter of 2021.

The current financial year has seen long delays in the planning process due to Covid-19 meaning sites that were forecasted to start in the second quarter of 2021 are now expected as late first quarter of 2022. We anticipate through the recent appointment of an experienced planner that the land and planning team can secure an increased and diverse portfolio for the years ahead.

The team, alongside external stakeholders has developed our existing portfolio of house types in line with customer feedback and ever changing 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 2020 (continued)**

#### **Principal risks and uncertainties**

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

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.

Maintaining sufficient land bank - The proven track record of the Group Land Managers of delivering high quality developments.

Obtaining planning permissions - The Group Land Managers 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.

Impact of COVID-19 virus - The company continues to monitor the ongoing developments and has a business continuity plan in place to ensure we minimise the impact on both our customers and employees.

Approved by the Board on 19 October 2021 and signed on its behalf by:

.....

Mr S F McQuaid

Director

# **Dere Street Homes Limited**

## **Directors' Report for the Year Ended 31 December 2020**

The directors present their report and the financial statements for the year ended 31 December 2020.

### **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 2020 (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.

At the time of signing the financial statements there has been no unmanageable impact of COVID-19 on the company's main income streams, suppliers or employees.

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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditor**

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of MHA Tait Walker as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 19 October 2021 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 2020, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of 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 2020 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's 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 where 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's 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:

## **Dere Street Homes Limited**

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of staff in finance and compliance functions to identify any instances of non-compliance with laws and regulations
- Reviewing board minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Review financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

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](http://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 MHA Tait Walker

Chartered Accountants

Statutory Auditor

1 Massey Road

Thornaby

Stockton-on-Tees

TS17 6DY

29 October 2021

MHA Tait Walker is a trading name of Tait Walker LLP.

## Dere Street Homes Limited

### Income Statement for the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	<u>3</u>	16,956,941	18,201,113
Cost of sales		<u>(15,914,805)</u>	<u>(17,145,495)</u>
Gross profit		1,042,136	1,055,618
Administrative expenses		(722,129)	(646,600)
Other operating income	<u>4</u>	<u>152,711</u>	<u>148,922</u>
Operating profit	<u>5</u>	<u>472,718</u>	<u>557,940</u>
Profit before tax		472,718	557,940
Taxation	<u>9</u>	<u>(91,284)</u>	<u>(107,540)</u>
Profit for the financial year		<u><u>381,434</u></u>	<u><u>450,400</u></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 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	<u>10</u>	26,504	30,585
<b>Current assets</b>			
Stocks	<u>11</u>	5,755,191	8,615,337
Debtors	<u>12</u>	1,650,698	694,404
Cash at bank and in hand		<u>1,016,143</u>	<u>1,608,642</u>
		8,422,032	10,918,383
<b>Creditors:</b> Amounts falling due within one year	<u>13</u>	<u>(7,352,486)</u>	<u>(10,233,814)</u>
<b>Net current assets</b>		<u>1,069,546</u>	<u>684,569</u>
<b>Total assets less current liabilities</b>		1,096,050	715,154
<b>Provisions for liabilities</b>	<u>14</u>	<u>(4,662)</u>	<u>(5,200)</u>
<b>Net assets</b>		<u>1,091,388</u>	<u>709,954</u>
<b>Capital and reserves</b>			
Called up share capital	<u>16</u>	100	100
Profit and loss account		<u>1,091,288</u>	<u>709,854</u>
<b>Total equity</b>		<u>1,091,388</u>	<u>709,954</u>

Approved and authorised by the Board on 19 October 2021 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 2020

	Share capital £	Profit and loss account £	Total £
At 1 January 2019	100	259,454	259,554
Profit for the year	-	450,400	450,400
Total comprehensive income	-	450,400	450,400
At 31 December 2019	100	709,854	709,954

	Share capital £	Profit and loss account £	Total £
At 1 January 2020	100	709,854	709,954
Profit for the year	-	381,434	381,434
Total comprehensive income	-	381,434	381,434
At 31 December 2020	100	1,091,288	1,091,388

# **Dere Street Homes Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2020**

### **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 The Farm House, Hedley Hill Farm, Cornsay Colliery, County Durham, DH7 9EX

### **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 UK and Republic of Ireland'.

#### **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 The Farm House, Hedley Hill Farm, Cornsay Colliery, County Durham, DH7 9EX.

# **Dere Street Homes Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

### **2 Accounting policies (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.

At the time of signing the financial statements there has been no unmanageable impact of COVID-19 on the company's main income streams, suppliers or employees.

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.

#### **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.

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.

#### **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:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation.

Stock provision - The company has made an assumption of writing down the value of stock on items in which they expect the cost to exceed the net realisable value before it is fully sold/utilised. This assumption has involved looking at the historic sales patterns and expected sales in future years.

Impairment of debtors - The company makes an estimate of the recoverable value of the trade and other debtors. When assessing impairment of trade and other debtor, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.



# **Dere Street Homes Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

### **2 Accounting policies (continued)**

#### **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.

#### **Government grants**

Government grants are recognised based on the accruals model and are measured at the fair value of the asset received or receivable. Grants are classified as related either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of the grant relating to an asset is deferred, it is recognised as deferred income.

UK Government assistance provided through the Coronavirus Job Retention Scheme during the Covid-19 pandemic totalled £39,014 in the current year. £11,001 relating to direct wages has been shown in other operating income with the remaining £28,153 being netted off in work in progress.

#### **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.

#### **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:

# Dere Street Homes Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 2 Accounting policies (continued)

Asset class	Depreciation method and rate
Plant and machinery	20% reducing balance
Office equipment	20% reducing balance

#### 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.

#### 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.

#### 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.

# Dere Street Homes Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 2 Accounting policies (continued)

#### 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 Revenue

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

	2020	2019
	£	£
Sale of goods	16,956,941	18,201,113

### 4 Other operating income

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

	2020	2019
	£	£
CJRS grant income	11,001	-
Recharged management fee	141,710	146,027
Rental income	-	2,895
	152,711	148,922

### 5 Operating profit

Arrived at after charging/(crediting)

	2020	2019
	£	£
Depreciation expense	8,714	4,416
Operating lease expense - plant and machinery	21,446	37,853

# Dere Street Homes Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 6 Staff costs

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

	2020 £	2019 £
Wages and salaries	1,039,967	836,774
Social security costs	115,058	169,071
Pension costs, defined contribution scheme	18,841	30,599
	<u>1,173,866</u>	<u>1,036,444</u>

Included in payroll costs above is £670,948 (2019: £591,500) that has been recharged to work in progress.

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

	2020 No.	2019 No.
Administration and support	25	25
	<u>25</u>	<u>25</u>

### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £	2019 £
Remuneration	234,867	250,977
Contributions paid to money purchase schemes	3,653	1,180
	<u>238,520</u>	<u>252,157</u>

In respect of the highest paid director:

	2020 £	2019 £
Remuneration	107,479	106,376
Company contributions to money purchase pension schemes	1,296	1,178

### 8 Auditor's remuneration

	2020 £	2019 £
Audit of the financial statements	<u>6,575</u>	<u>5,650</u>

# Dere Street Homes Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 9 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
<b>Current taxation</b>		
UK corporation tax	91,822	105,270
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(1,150)	2,882
Arising from changes in tax rates and laws	612	(612)
Total deferred taxation	(538)	2,270
Tax expense in the income statement	91,284	107,540

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	472,718	557,940
Corporation tax at standard rate	89,816	106,009
Effect of expense not deductible in determining taxable profit (tax loss)	856	2,143
Deferred tax expense/(credit) relating to changes in tax rates or laws	612	(612)
Total tax charge	91,284	107,540

### Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
<b>2020</b>		
Fixed asset timing difference	-	5,036
Short term timing differences	374	-
	374	5,036

# Dere Street Homes Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 9 Taxation (continued)

	Liability £
2019	
Fixed asset timing difference	5,200
Short term timing differences	-
	<u>5,200</u>

### 10 Tangible assets

	Plant and machinery £	Office equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2020	25,769	23,526	49,295
Additions	-	5,205	5,205
Disposals	-	(2,670)	(2,670)
	<u>25,769</u>	<u>26,061</u>	<u>51,830</u>
At 31 December 2020			
<b>Depreciation</b>			
At 1 January 2020	4,943	13,767	18,710
Charge for the year	6,442	2,272	8,714
Eliminated on disposal	-	(2,098)	(2,098)
	<u>11,385</u>	<u>13,941</u>	<u>25,326</u>
At 31 December 2020			
<b>Carrying amount</b>			
At 31 December 2020	<u>14,384</u>	<u>12,120</u>	<u>26,504</u>
At 31 December 2019	<u>20,826</u>	<u>9,759</u>	<u>30,585</u>

### 11 Stocks

	2020 £	2019 £
Work in progress	<u>5,755,191</u>	<u>8,615,337</u>

### 12 Debtors

	2020 £	2019 £
Trade debtors	38,672	19,932
Amounts owed by group undertakings	1,048,200	15,000
Other debtors	325,237	636,299
Prepayments	34,298	23,161
Gross amount due from customers for contract work	199,475	-

Directors loan accounts

20

<u>4,816</u>	<u>12</u>
<u>1,650,698</u>	<u>694,404</u>

# Dere Street Homes Limited

## Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

### 13 Creditors

	2020 £	2019 £
<b>Due within one year</b>		
Trade creditors	722,518	717,153
Amounts owed to group undertakings	5,369,416	9,224,128
Social security and other taxes	56,287	53,332
Other creditors	1,112,443	224,951
Corporation tax liability	91,822	14,250
	<u>7,352,486</u>	<u>10,233,814</u>

### 14 Provisions for liabilities

	Deferred tax £	Total £
At 1 January 2020	5,200	5,200
Increase (decrease) in existing provisions	<u>(538)</u>	<u>(538)</u>
At 31 December 2020	<u>4,662</u>	<u>4,662</u>

### 15 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 £18,841 (2019 - £30,599). Contributions totalling £4,706 (2019 - £3,186) were payable to the scheme at the year end and are included in creditors.

### 16 Share capital

#### Allotted, called up and fully paid shares

	No.	2020 £	No.	2019 £
Ordinary shares of £1 each	100	100	100	100



## Dere Street Homes Limited

### Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

#### 17 Obligations under leases and hire purchase contracts

##### Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	19,664	31,628
Later than one year and not later than five years	31,453	51,117
	<u>51,117</u>	<u>82,745</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £21,446 (2019 - £37,853).

#### 18 Related party transactions

##### Transactions with directors

	Advances to directors £	At 31 December 2020 £
2020 Mrs M E McQuaid	4,804	4,804

#### Summary of transactions with entities with joint control or significant interest

During the year the company received management recharges to the value of £12,509 (2019 - £14,396) from a company with joint control.

During the year the company purchased land from companies with joint control for a total of £590,754 (2019 - £556,549).

At the year end the company owed £891,259 (2019 - £2,455,510) to companies with joint control and was owed £15,000 (2019 - £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.

## **Dere Street Homes Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)**

#### **19 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, 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.