

Registered number: 06776742

STEPNELL DEVELOPMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022



STEPNELL DEVELOPMENTS LIMITED

COMPANY INFORMATION

Directors	P G Wakeford T B Wakeford C E Wakeford E D Wakeford
Registered number	06776742
Registered office	Stepnell House Lawford Road Rugby Warwickshire CV21 2UU
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Boulevard Milton Keynes MK9 1AU
Bankers	National Westminster Bank Plc 9 North Street Rugby CV21 2AH
Solicitors	Hewitsons LLP Elgin House Billing Road Northampton Northamptonshire NN1 5AU

STEPNELL DEVELOPMENTS LIMITED

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STEPNELL DEVELOPMENTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

Introduction

This strategic report reviews Stepnell Developments Limited for the year ended 31 March 2022 and its prospects for the coming year.

Business review

The Company experienced a small reduction in the rental Income in the year largely due to some Commercial Tenants seeking a lower rent to manage their costs during the pandemic. In return a longer Lease length was granted to provide the Landlord with greater security.

The portfolio continues to be affected by void costs and loss of rent from the vacant office suites at Myson House. The Directors have had a positive pre-app consultation with the Rugby Council Planning Officers for redevelopment of the site for low cost housing. Since the year end the Directors have submitted Planning Application for redevelopment of the site.

Works to convert the former Regent Street nightclub into flats was completed shortly after the year end. Most of the flats are now let and Rents achieved exceed those anticipated at the outset.

The Directors reviewed the valuations of the Property Assets. The Company agreed terms for the sale of a 6 Acre plot of Land at Ogee Business Park to an Aggregates Business, with the benefit of negotiated Construction Contract. The sale completed post year end after planning Consent was granted.

The Company continued to promote and support a Planning Application for the development of Land at Malabar Farm for 1100 Houses on the outskirts of Daventry on behalf of High Cross Farm Ltd. The Company negotiated a successful sale on behalf of the Landowner exchanged in January 2022 with payments phased over two years.

Principal risks and uncertainties

There remain a number of key risks and the Business must remain mindful of and structure its approach to manage these. They include:

Market Risks for Investment Properties

The Company is at risk from the marketplace for the demand for Tenanted Commercial and Residential Premises; however, the re- occupation of vacant space continued during the year, as an indication that the market for commercial premises continued to be sustainable at present.

People Risks

The Company relies on the competence and capabilities of the Stepnell Property Team Rugby who can be supplemented from other resources within the Stepnell Construction business or from external consultancies where appropriate. The Directors recognise that the success of the businesses is predicated on the professionalism of our staff and Directors work hard to ensure that this professionalism is maintained through good communications and training.

Macro-Economic Risks and Cash Flow

The Directors are aware that occupiers of Investment properties are subject to many economic and financial factors that can affect their ability to pay the prevailing economic rent that maybe out of their control. The impact of these pressures on Rental and other receipts may adversely affect cash flow whilst measure to assess and remedy the situation are considered and implemented as appropriate.

Cash flow pressure during this year improved with more positive vigilance of receipts and expenditure when taking account of perceived relevant factor to address potential adverse circumstances.

STEPNELL DEVELOPMENTS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Financial Risk Management

The Company uses various financial instruments, including cash, trade debtors, inter-group loans and trade creditors that arise directly from the Company's operations. The existence of these financial instruments exposes the Company to a number of financial risks, which include liquidity risk, interest rate risk and credit risk, which are managed as described below:

- o Liquidity risk – The Company seeks to manage the liquidity risks by ensuring that there is sufficient liquidity available to meet foreseeable needs and to invest its cash assets safely.
- o Interest rate risk – The Company finances its operations through a mixture of retained profits and cash balances. Cash is managed to maximise income from interest while avoiding inherent risks.
- o Credit risk – The Company's principal financial assets are cash and trade debtors, the latter of which are prone to credit risk. Directors manage this through setting credit limits, based upon a combination of trading history and third party credit references. Credit levels are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history.
- o Inflation risk – The Company is aware that all Building occupiers are prone to inflationary prices and cost pressures that may be accentuated by sterling's devaluations. Directors maintain vigilance on the impact of such pressures on occupiers financial ability to meet their commitments.

Key performance indicator

The Company experienced a decrease in rental income in the year 2021/2022.

The Company experienced no environmental or health and safety reportable incidents within this year (2021: Zero).

This report was approved by the board and signed on its behalf.

Tom Wakeford

T B Wakeford

Director

Date: 22/12/2022

STEPNELL DEVELOPMENTS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £57,007 (2021 - loss £5,076,462).

The directors have paid a dividend of £170,000 in the year (2021: Nil).

Directors

The directors who served during the year were:

P G Wakeford
T B Wakeford
C E Wakeford
E D Wakeford
M R Wakeford (resigned 31 August 2022)
J R Wakeford (resigned 31 August 2022)
P M Wakeford (resigned 31 August 2022)

Future developments

The Directors continue to actively promote the development site at OGEE Business Park. The Directors are also actively researching other potential development sites.

The Directors review the Property Portfolio on a regular basis with a view to maintaining a balanced Portfolio, in accordance with the Policy for the development of the business.

STEPNELL DEVELOPMENTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Qualifying third party indemnity provisions

During the year and up to the date of this report, the Company maintained liability insurance and third-party indemnification provisions for its directors, under which the Company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities to third parties arising out of, or in connection with, the execution of their powers, duties and responsibilities of the Company.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

Post year end Stepnell Developments Limited completed a Shareholder Demerger on 31 August 2022. Stepnell Developments' subsidiaries EVO Energy Ltd and Aspen Retirement including any associated Companies were demerged from Stepnell Developments at that time. There were no other changes to the Stepnell Developments Property Portfolio.

This report was approved by the board and signed on its behalf.

Tom Wakeford

T B Wakeford
Director

Date: 22/12/2022



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEPNELL DEVELOPMENTS LIMITED

Opinion

We have audited the financial statements of Stepnell Developments Limited (the 'company') for the year ended 31 March 2022, which comprise the Statement of Comprehensive Income, the Balance sheet, the 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 March 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'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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEPNELL DEVELOPMENTS LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the *Annual Report, other than the financial statements and our Auditor's report thereon*. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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 the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the 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 or the Directors' report*.

Matters on which we are required to report by exception

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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEPNELL DEVELOPMENTS LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 3, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that 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).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the Company operates.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We enquired of management and those charged with governance, concerning the Company's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations; and
 - the detection and response to the risks of fraud.
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We corroborated the results of our enquires to relevant supporting documentation.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEPNELL DEVELOPMENTS LIMITED
(CONTINUED)**

engagement team included:

- evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
- testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
- identifying and testing related party transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed noncompliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates;
 - understanding of the legal and regulatory requirements specific to the Company including:
 - ◆ the provisions of the applicable legislation;
 - ◆ the regulators' rules and related guidance, including guidance issued by relevant authorities that interprets those rules;
 - ◆ the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Company's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the applicable statutory provisions;
 - the Company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the Company's compliance with regulatory requirements



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STEPNELL DEVELOPMENTS LIMITED
(CONTINUED)**

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.

Grant Thornton UK LLP

Gareth Norris FCA
Senior statutory auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes
Date: 22/12/2022

STEPNELL DEVELOPMENTS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Turnover	4	2,783,436	1,040,609
Cost of sales		(1,328,314)	-
Gross profit		1,455,122	1,040,609
Administrative expenses		(1,562,087)	(777,906)
Exceptional administrative expenses		-	(4,850,000)
Other operating income	5	-	160,000
Fair value movements		-	(677,458)
Operating loss	6	(106,965)	(5,104,755)
Interest receivable and similar income	8	92,625	40,523
Interest payable and similar expenses		3	(250)
Loss before tax		(14,337)	(5,064,482)
Tax on loss	9	71,344	(11,980)
Profit/(loss) for the financial year		57,007	(5,076,462)

There was no other comprehensive income for 2022 (2021: £NIL).

In the prior year an amount of £4,850,000 due to the group was written off and charged to the statement of comprehensive income.

The notes on pages 14 to 23 form part of these financial statements..

STEPNELL DEVELOPMENTS LIMITED
REGISTERED NUMBER: 06776742

BALANCE SHEET
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	10	555,126	555,126
Investment property	11	12,555,801	12,075,000
		<u>13,110,927</u>	<u>12,630,126</u>
Current assets			
Stocks	12	2,864,200	2,777,945
Debtors: amounts falling due after more than one year	13	-	1,245,561
Debtors: amounts falling due within one year	13	2,590,275	2,183,726
Cash at bank and in hand	14	85,969	5,666
		<u>5,540,444</u>	<u>6,212,898</u>
Creditors: amounts falling due within one year	15	(220,528)	(299,188)
Net current assets		<u>5,319,916</u>	<u>5,913,710</u>
Total assets less current liabilities		<u>18,430,843</u>	<u>18,543,836</u>
Net assets		<u>18,430,843</u>	<u>18,543,836</u>
Capital and reserves			
Called up share capital	17	7,500,000	7,500,000
Share premium account	18	-	11,244,828
Capital redemption reserve	18	456	456
Profit and loss account	18	10,930,387	(201,448)
		<u>18,430,843</u>	<u>18,543,836</u>

STEPNELL DEVELOPMENTS LIMITED
REGISTERED NUMBER: 06776742

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2022

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22/12/2022

Peter Wakeford

P G Wakeford
Director

The notes on pages 14 to 23 form part of these financial statements.

STEPNELL DEVELOPMENTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 April 2020	7,500,000	11,244,828	456	4,875,014	23,620,298
Comprehensive income for the year					
Loss for the year	-	-	-	(5,076,462)	(5,076,462)
At 1 April 2021	7,500,000	11,244,828	456	(201,448)	18,543,836
Comprehensive income for the year					
Profit for the year	-	-	-	57,007	57,007
Share capital reduction	-	(11,244,828)	-	11,244,828	-
Dividends: Equity capital	-	-	-	(170,000)	(170,000)
At 31 March 2022	7,500,000	-	456	10,930,387	18,430,843

The notes on pages 14 to 23 form part of these financial statements.

STEPNELL DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. General information

Stepnell Developments Limited ('the Company'), is a company limited by share capital, incorporated in England and Wales. Its registered number is 06776742. Its registered office is Stepnell House, Lawford Road, Rugby, Warwickshire, CV21 2UU.

The principal activity of the company is the development of land and property and rental of investment properties.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The Company continues to closely monitor the cash position on current Development and Construction projects measured against project budgets and forecasts, which are also regularly reviewed as part of the monitoring of on-site project performance. Outstanding historic final account negotiations for completed Contracts are also closely scrutinised on a regular basis to assess risk of outcome and prospects for resolution.

The Directors seek to ensure that Company cash exposure is managed within internal cash resources. Working capital requirements are closely monitored on a daily basis. The Directors have also considered the impact of Covid-19 in making their going concern assessment.

Based on the facilities in place to the Company including funding made available from a related company post year end and the monitoring arrangements in place of forecasts and budgets and having regard to the strength of the existing Balance Sheet, the Directors have concluded that the "Going Concern" assumption is appropriate and the Company can continue to meet its liabilities as they fall due for the foreseeable future.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Property management income

Rental income is accounted for on a receivable base and recognised over the life of the lease per the ongoing terms.

2.4 Investment property

Investment property is carried at fair value determined annually by directors and periodically by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

STEPNELL DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Stocks

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made from any foreseeable losses where appropriate. No element of profits is included in the valuation of work in progress.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

STEPNELL DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.11 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.12 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

STEPNELL DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make estimates. The items in the financial statements where these estimates have been made include:

3.1 Key sources of estimation

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period:

a) Valuation of WIP

The valuation of WIP involves management estimates regarding the future recoverability of these balances and estimation of any provisions for future losses. Management base these estimations on their review and knowledge of each individual project, taking into account any post year end events. This includes judgements made by the Directors with the support of internal project teams in respect of subcontractor risk and anticipated costs to complete projects, where issues could arise in the subcontractor supply chain. Actual outcomes may vary to those initially anticipated and this could lead to a material variation in the assets, liabilities and profits and losses reported, especially where unforeseen issues with the subcontractor supply chain result in material additional costs to the Company as the main contractor. Refer to note 12.

b) Valuation of investment properties

The valuation of the investment properties represents a material figure in the financial statements and is subject to a number of estimates and judgements. The directors have sought advice from external valuation specialists in order to determine the market value of the property portfolio obtaining formal external valuation every three years, and updating these in the intervening periods using their experience. The directors assess the property for impairment regularly with reference to market factors and are confident that the property is not stated in excess of its open market value. Refer to note 11.

4. Turnover

An analysis of turnover by class of business is as follows:

	2022	2021
	£	£
Rental income from properties	963,436	1,040,609
Malabar Farm promotion income	1,820,000	-
	<u>2,783,436</u>	<u>1,040,609</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2022	2021
	£	£
Management recharge	-	160,000
	<u>-</u>	<u>160,000</u>

STEPNELL DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

6. Operating loss

The operating loss is stated after charging:

	2022	2021
	£	£
<i>Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements</i>	15,450	13,500
Accounting services	4,120	6,250
Taxation services	5,350	5,350
Malabar Farm promotion costs	1,328,314	-
	1,353,234	25,100

7. Employees

The average monthly number of employees during the year was 7 (2021 - 7).

8. Interest receivable

	2022	2021
	£	£
Interest receivable from group companies	-	2,768
Interest receivable from related parties	57,712	37,755
Other interest receivable	34,913	-
	92,625	40,523

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9. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	15,523	31,268
Adjustments in respect of previous periods	-	(19,288)
	<u>15,523</u>	<u>11,980</u>
Deferred tax		
Origination and reversal of timing differences	<u>(86,867)</u>	<u>-</u>
Taxation on (loss)/profit on ordinary activities	<u>(71,344)</u>	<u>11,980</u>

10. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 April 2021	555,126
At 31 March 2022	<u>555,126</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Aspen Retirement Limited	Property Development	Ordinary	100%
Aspen Extra Care Living Limited	Dormant	Ordinary	100%
Aspen Retirement Living Limited	Dormant	Ordinary	100%
EvoEnergy Limited	Design and installation of Solar Photovoltaic systems	Ordinary	100%
Sunshare Community Nottingham PLC*	Solar energy generation	Ordinary	100%

* Investment is held indirectly.

STEPNELL DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

10. Fixed asset investments (continued)**Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 31 March 2022 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Aspen Retirement Limited	1,054,026	380,652
Aspen Extra Care Living Limited	1	-
Aspen Retirement Living Limited	1	-
EvoEnergy Limited	2,585,666	617,197
Sunshare Community Nottingham PLC*	(12,717)	7,014

On 31 August 2022, the company disposed of certain investments as disclosed in note 21.

11. Investment property

Valuation	Freehold investment property £
At 1 April 2021	12,075,000
Additions at cost	480,801
At 31 March 2022	12,555,801

The 2022 valuations were made by the directors, on an open market value for existing use basis. The last professional valuation was completed in 2021 by professional valuers Lamber Smith Hampton.

12. Stocks

	2022 £	2021 £
Work in progress	2,864,200	2,777,945

The work in progress has been impaired by £Nil (2021: £Nil) during the year.

STEPNELL DEVELOPMENTS LIMITED

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FOR THE YEAR ENDED 31 MARCH 2022**

13. Debtors

	2022 £	2021 £
Due after more than one year		
Amounts owed by group undertakings	-	1,245,561
	<u>-</u>	<u>1,245,561</u>
Due within one year		
Trade debtors	141,406	109,511
Amounts owed by group undertakings	250,981	245,899
Amounts owed by related parties	1,874,156	1,681,606
Other debtors	98,530	-
Prepayments and accrued income	138,335	138,191
Tax recoverable	-	8,519
Deferred taxation	86,867	-
	<u>2,590,275</u>	<u>2,183,726</u>

14. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	85,969	5,666
Less: bank overdrafts	(2,731)	(12,563)
	<u>83,238</u>	<u>(6,897)</u>

STEPNELL DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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15. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Bank overdrafts	2,731	12,563
Trade creditors	18,792	16,140
Amounts owed to group undertakings	48,000	-
Corporation tax	15,523	-
Other taxation and social security	-	159,390
Other creditors	25,167	48,562
Accruals and deferred income	110,315	62,533
	220,528	299,188

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

16. Deferred taxation

	2022
	£
Charged to profit or loss	86,867
At end of year	86,867

The deferred tax asset is made up as follows:

	2022	2021
	£	£
Unclaimed capital allowances of an asset	86,867	-
	86,867	-

17. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
750,000 Ordinary A shares of £10.00 each	7,500,000	7,500,000

The ordinary shares entitle the holder to receive notice of, attend and vote at general meetings of the company and on a poll to one vote for each original share held.

STEPNELL DEVELOPMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

18. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less any transaction costs. The share premium account was subject to a capital reduction in the year.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company. Post year end, the capital redemption reserve was cancelled via a capital reduction.

Profit & loss account

This reserve includes all current and prior period retained profits and losses.

19. Contingent liabilities

There were contingent liabilities in respect of Contract performance bonds amounting to £846,229 (2021: £846,229).

20. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 102 for a wholly owned subsidiary company not to disclose transactions with other members of the wholly owned group headed by Stepnell Developments Limited as the consolidated financial statements of Stepnell Developments Limited are publicly available.

During the year the group made trading purchases of £1,901,680 (2021: £1,546,754) from Stepnell Limited and sales of £19,696 (2021: £57,493) to Stepnell Limited, a related party by virtue of common directorship. The balance due to Stepnell Limited at 31 March 2022 was £Nil (2021: £77,887).

The group received management fees of £Nil (2021: £160,000) from Stepnell Holdings Limited, a related party by virtue of common directorships, during the year. The amount due from Stepnell Holdings Limited at 31 March 2022 was £Nil (2021: £1,617,440).

Management charges payable to Stepnell Limited are £401,155 (2021: £272,034).

21. Post balance sheet events

Post year end Stepnell Developments Limited completed a Shareholder Demerger on 31 August 2022. Stepnell Developments' subsidiaries EVO Energy Ltd and Aspen Retirement including any associated Companies were demerged from Stepnell Developments at that time. There were no other changes to the Stepnell Developments Property Portfolio.

22. Controlling party

In the opinion of the Directors, there is no ultimate controlling party.