

Paradigm Development Services Limited

Report and Financial Statements For the Year Ended 31 March 2023

Company Registration 06794551



PARADIGM DEVELOPMENT SERVICES LIMITED
COMPANY NUMBER 06794551
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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COMPANY NUMBER 06794551
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

COMPANY INFORMATION

Directors

Matthew Bailes
Nicola Ewen
Martyn Jones (appointed 20 February 2023)

Secretary

Ewan Wallace

Solicitors

Devonshires Solicitors

Auditor

BDO LLP

Bankers

Barclays Bank PLC

Registered Office

1 Glory Park Avenue
Wooburn Green
Buckinghamshire
HP10 0DF

PARADIGM DEVELOPMENT SERVICES LIMITED
COMPANY NUMBER 06794551
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
STRATEGIC REPORT

The directors of Paradigm Development Services Limited ("the Company") present their strategic report for the year ended 31 March 2023.

Principal activities

The principal activities of the Company are the provision of property development services to the members of Paradigm Housing Group ("the Group") and the development of homes for sale on the open market.

Performance for the year

The Company's financial results are set out in the statement of comprehensive income on page 10. The profit for the year before tax is £896k (2022: loss of £822k).

Net assets as at 31 March 2023 are £1,087k (2022: £191k).

Review of business and future developments

During the year ended 31 March 2023 the Company completed construction of 446 (2022: 225) new homes for other group companies. The increase in the number of completed properties resulted in an increase in turnover and cost of sales, which enabled the company to make a profit before tax of £896k compared to a loss of £822k the previous year.

We continue to develop within the Group's existing geographic footprint in which the demand for affordable rented homes and low-cost home ownership properties remained.

Our development pipeline as at 31 March 2023 totalled 848 (2022: 1,100) new homes.

In September 2022 we entered into a jointly controlled operation with a large developer to deliver 208 homes in Bishops Stortford across a range of tenures. This partnership delivers against our strategic aim of diversifying our routes to market away from reliance on section 106 opportunities. The affordable rented and low-cost home ownership aspect of the operation will be transferred to members of the Group as part of the provision of property development services, and the remainder will be sold on the open market in the following year.

Principal risks and uncertainties

Successful delivery of the development programme depends on continued support from the Group's funders such as Homes England (HE), as well as the ability and willingness of development contractors to continue to build our schemes in a challenging economic environment. The Group's development programme includes low-cost home ownership. Success depends on demand for the properties. Internal risks include potential errors in development scheme appraisal and failure to control costs.

Actions taken to prevent failure in the development process:

- maintaining regular contact with HE and GLA on the development programme.
- enhancing credit checks on new contractors and re-assessing existing contractors.
- rigorous review of development scheme appraisal and scheme assumptions.
- monitoring progress of schemes under development, with regular meetings with contractors.
- continual review of planned developments and re-appraising planned schemes to offer alternative forms of tenure monitoring and controlling of construction expenditure.

In addition to the units being developed for Group members, the partnership includes some homes that are for sale on the open market. There is therefore a risk to the Company should there be a significant downturn in the housing market.

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STRATEGIC REPORT (CONTINUED)

Key targets	Outcomes
Delivery of 400 new homes per annum	<p>In 2022/23 we delivered 446 new homes against a budget of 440.</p> <p>Overall, throughout the year sales prices were in line with expectations.</p> <p>At year end at there were 64 units for sale across the group of which 19 had been reserved.</p> <p>We will continue to support other entities within the Group in securing development land and affordable housing contracts where opportunities arise within our risk appetite.</p>
Investigate opportunities to deliver more homes via joint ventures and 'land-led' schemes	<p>In September we entered into a partnership to deliver 208 homes in Bishops Stortford across a mix of tenures.</p> <p>We will continue to appraise new opportunities when they are presented.</p> <p>We will, however, apply stringent stress testing with regard to all development opportunities, including assessment of the future market values and rental levels.</p>
Improve customer satisfaction a maintain focus on the quality of homes received from contractors	<p>We have undertaken significant work to improve our processes for securing good quality new homes which are free of defects. Although defect rates are higher than target at 2.6/property (target 2/property), the impact of our changes is feeding through into properties handed over in the second half of the year as defect rates improve.</p> <p>However, customer satisfaction rates with new homes is lower than last year at 77.3%, against a target of 85%. The work we have undertaken in improving quality control, and in establishing a more customer-focused and coordinated approach to providing post-sale aftercare support, our objective is that we will see customer satisfaction increase.</p>

Streamlined Energy and Carbon report

Paradigm Development Services Limited, whilst meeting SECR criteria, is a subsidiary of Paradigm Housing Group Limited ("Group") and is covered by Group's SECR report.

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FOR THE YEAR ENDED 31 MARCH 2023
DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors

The directors of the Company for the year ended 31 March 2023 are listed on Page 1. No ordinary dividends were paid (2022: £nil). The directors do not recommend the payment of a dividend.

Interest in shares

None of the directors who acted during the year had any interests in the ordinary shares of the Company.

Group donation

A donation of £nil (2022: £nil) was paid to Paradigm Homes Charitable Housing Association Limited.

Employees

Staff are employed jointly by all Group entities and are paid by the parent company. There are no employees within the Group dedicated to the company's business and it is not possible to make an accurate apportionment of employee costs in respect of the company.

We continue to make progress against our objective to achieve a 2* accreditation with the Best Companies survey process. We have again retained our 1* accreditation during the survey process at the end of 2022 and have continued to show improvements in employee engagement on that measure.

We have now established a flexible hybrid working arrangement for office-based staff which has operated consistently through the whole financial year following the lifting of COVID-19 restrictions in the first part of 2022. This arrangement provides for all office-based staff to be in the office every week on a planned basis to facilitate team and project based working arrangements.

Our People Strategy sets out our objectives to have an effective, up-to-date approach to recruitment, to offer a pay and benefits package which is competitive and an environment in which we support learning and development.

This approach has been instrumental in enabling us to recruit skilled colleagues and to expand our workforce in high-value activities. This has been particularly important in the Property Services directorate so that we have the capacity to provide an effective repairs and maintenance service to the standards we offer to our customers.

Equality and diversity

As a Group, we are committed to the Equality, Diversity and Inclusion principles (ED&I) as set out in the National Housing Federation's Code of Governance and to promoting equality, diversity and inclusion in all our activities, processes and culture.

The Company is committed to equal opportunities and in particular we support the recruitment of disabled people and the retention of employees who become disabled while in the employment of the Group.

We have an Equality, Diversity and Inclusion Working Group to ensure that anyone who has a relationship with Paradigm has a positive interaction/experience and feel they are encountering an inclusive and welcoming environment, where people are dealt with fairly and thoughtfully.

PARADIGM DEVELOPMENT SERVICES LIMITED
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DIRECTORS REPORT (CONTINUED)

We will

- ensure that the Group provides an inclusive and welcoming environment for customers, colleagues and stakeholders that promotes equality and respect
- provide absolute clarity that discrimination will not be tolerated in the workplace and ensure that this principle is reflected in all customer and employee-related policies and practices
- take steps to increase inclusion and engagement for all the people who work for the Group
- work to understand and analyse our performance in ED&I, identify the required goals to increase diversity and inclusion and take steps to achieve them
- use this intelligence to provide better service to our diverse customer community.

We recognise the benefits and opportunities of nurturing a diverse community of staff who value each other, recognising the contribution that each person can make towards achieving our vision. This includes promoting equality and diversity for all, irrespective of the protected characteristics identified in law, as well as celebrating the contribution that each person can and does make when they feel a strong sense of belonging.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Company has comprehensive health and safety policies and provides staff training and education on health and safety matters.

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the Company.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report on pages 2 and 3. We have undertaken extensive stress testing of the Company's short term and long-term plans together with the plans of the Group as a whole.

The Company, through the Group funding arrangements has considerable financial resources. After reviewing the forecasts and projections, the Board has reasonable expectation that the Company will continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Information disclosed within the strategic report

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. The information provided in the strategic report relates to current and future development plans.

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DIRECTORS REPORT (CONTINUED)

Disclosure of Information to the auditor

So far as each director is aware there is no relevant information needed by the Company's auditor in connection with preparing their report of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 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 those 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.

This report was approved by the board on 13 July 2023 and signed on its behalf by:



Matthew Bailes
Director

PARADIGM DEVELOPMENT SERVICES LIMITED
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REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PARADIGM DEVELOPMENT SERVICES LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of the loss for the year then ended; and
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Paradigm Development Services Limited (the 'Company') for the year ended 31 March 2023, which comprise the Statement of comprehensive income, 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

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.

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 directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements 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. 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PARADIGM DEVELOPMENT SERVICES LIMITED (CONTINUED)

Other Companies Act 2006 reporting

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.

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.

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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, 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.

Extent to which the audit was 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Companies Act 2006. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition, the Company is subject to many other laws and regulations where the consequences of non-

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PARADIGM DEVELOPMENT SERVICES LIMITED (CONTINUED)

compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection and health and safety legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence if any.

Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meeting of those charged with governance, reviewing correspondence with HMRC and the other regulators;
- Reviewing items included in the fraud and theft database;
- In addressing the risk of fraud through management override of controls; testing the appropriateness of journal entries and other adjustments, in particular any journals posted by senior management or with unusual account combinations;
- We also performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
E Kulczycki
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Elizabeth Kulczycki (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick, United Kingdom
15 August 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

PARADIGM DEVELOPMENT SERVICES LIMITED
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FOR THE YEAR ENDED 31 MARCH 2023
STATEMENT OF COMPREHENSIVE INCOME

	Notes	2023 £'000	2022 £'000
Turnover	3	53,530	30,253
Cost of sales		(48,930)	(28,119)
Gross profit		<u>4,600</u>	<u>2,134</u>
Administrative expenses		(3,141)	(2,956)
Operating profit		<u>1,459</u>	<u>(822)</u>
Interest receivable and similar charges	4	2	-
Interest payable and similar charges	5	(565)	-
Profit on ordinary activities before tax		<u>896</u>	<u>(822)</u>
Tax on profit on ordinary activities	7	-	-
Profit and total comprehensive income for the financial year		<u><u>896</u></u>	<u><u>(822)</u></u>

All amounts for the year derive from continuing operations.


The notes on pages 13 to 19 form part of these financial statements.

PARADIGM DEVELOPMENT SERVICES LIMITED
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FOR THE YEAR ENDED 31 MARCH 2023
STATEMENT OF FINANCIAL POSITION

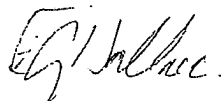
	Notes	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	8	573	616
		573	616
Current assets			
Debtors	9	733	3,210
Properties for sale and Work in Progress	10	23,580	-
Cash and cash equivalent		604	4
		24,917	3,214
Creditors: amounts falling due within one year	11	(24,403)	(3,639)
Net current assets		514	(425)
Total assets less current liabilities		1,087	191
Net assets		1,087	191
Capital and reserves			
Called up share capital	13	-	-
Revenue reserve		1,087	191
Total equity shareholders' funds		1,087	191

The notes on pages 13 to 19 form part of these financial statements.

These financial statements on pages 10 to 19 were approved by the board of directors on 13 July 2023 signed on their behalf by:



Matthew Bailes
Board member



Ewan Wallace
Secretary

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STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Revenue Reserve £'000	Total £'000
Balance as at 1 April 2021	-	1,013	1,013
Loss for the year	-	(822)	(822)
Balance as at 31 March 2022	-	191	191
Profit for the year	-	896	896
Balance as at 31 March 2023	-	1,087	1,087

The notes on pages 13 to 19 form part of these financial statements.

PARADIGM DEVELOPMENT SERVICES LIMITED
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REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

General information

Paradigm Development Services Limited ("the Company") is a private company limited by shares, and is registered, domiciled and incorporated in England and Wales.

The address of the Company's registered office and principal place of business is 1 Glory Park Avenue, Wooburn Green, Buckinghamshire, HP10 0DF.

Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ('FRS102') and with the Companies Act 2006 including the provisions of the Large and Medium-sized Companies (Accounts and Reports) Regulations 2008 and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated. The financial statements are presented in sterling which is also the functional currency of the Company.

Reduced disclosures

The Company has taken advantage of the exemption from disclosing the following information as permitted by the Reduced Disclosures Regime of FRS102:

Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures

Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts for financial instruments measured at amortised cost or cost less impairment, interest income/expense and net gains/losses for financial instruments measured at amortised cost, loan defaults or breaches, and descriptions of hedging relationships.

Section 33 'Related Party Disclosures' – Compensation for key management personnel. The financial statements of the Company are consolidated in the financial statements of Paradigm Housing Group Limited ("the Group"). The consolidated financial statements of Paradigm Housing Group Limited are available as disclosed in note 12.

Going concern

We have undertaken extensive stress testing of the company's short term and long-term plans together with the plans of the Group as a whole.

The Company, through the group funding arrangements has considerable financial resources. The Company is not reliant on any one customer or supplier.

After reviewing the forecasts and projections, the Board has reasonable expectation that the Company will continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

Turnover

Turnover represents: -

- the fair value of the consideration received or receivable from the provision of property development and marketing services to Group entities under a Framework Agreement.
- the Company's share of income it earns in respect of the jointly controlled operation.
- sale of electricity generated by photovoltaic panels.

Turnover is recognised in the period to which it relates and is shown net of Value Added Tax.

Turnover from the sales of properties built for sale is recognised at the point of legal completion of the sale.

Taxation

The tax expense represents the sum of the current tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income or equity. Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date.

Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation on tangible fixed assets is charged on a straight-line basis so as to write down the value of the assets to their estimated residual values over their expected useful economic lives. The assets are photo voltaic panels which have a useful economic life of 25 years.

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which includes balances due from Group undertakings and accrued income, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost.

Basic financial liabilities

Basic financial liabilities, including amounts due to Group undertakings and accrued expenditure, and other creditors are initially recorded at transaction price, and are subsequently carried at amortised cost.

PARADIGM DEVELOPMENT SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

Significant judgements and estimates

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

Judgements

We consider all group balances to be recoverable based on the financial resources of the group members in question, the current forecasts and the group members short and long term plans.

Estimates

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Properties for sale

Completed properties for outright sale and properties under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour, direct development overheads, capitalised interest and where appropriate less any grant receivable. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Stock and properties held for sale are carried at the lower of cost or net realisable value. Management assesses the net realisable value of schemes using publicly available information and internal forecasts on future sales prices after allowing for all further costs of completion and disposal.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected use of the assets. Uncertainties in these estimates relate to technological innovation and maintenance programmes that may impair the remaining depreciable life of the assets.

Jointly controlled operation

An operation is considered a joint venture where the Company has entered into a contractual arrangement to undertake an economic activity that is subject to joint control. The Company has the following type of joint venture

Jointly controlled operation: This is joint venture, which involves the use of the assets and resources of the individual parties rather than the establishment of an entity or financial structure that is separate from the parties concerned.

In its financial statements, the Company recognises any assets that it controls, any liabilities it incurs, and its share of income and expenses it incurs in respect of the jointly controlled operation.

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NOTES TO THE FINANCIAL STATEMENTS

2. DIRECTORS AND EMPLOYEES:

The emoluments of the directors are paid by Paradigm Housing Group Limited (the parent company), and their costs are not recharged to the Company. Their total emoluments are disclosed in the financial statements of Paradigm Housing Group Limited.

Staff are employed across the Group and are paid by the parent company. There were 31 employees within the Group dedicated to the Company's business during the year (2022: 31). Costs recharged by the parent to the Company during year in respect of staff costs was £2,126 (2022: £1,945k)

3. TURNOVER

	2023 £'000	2022 £'000
Provision of development services to group companies	50,137	30,088
Share of income in respect of the jointly controlled operation	3,325	-
Electricity generated by photovoltaic panels	68	165
	<u>53,530</u>	<u>30,253</u>

4. INTEREST RECEIVABLE AND OTHER INCOME

	2023 £'000	2022 £'000
Interest receivable from group companies	<u>2</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2023 £'000	2022 £'000
Interest payable to group companies	<u>(565)</u>	<u>-</u>

6. PROFIT ON ORDINARY ACTIVITIES

	2023 £'000	2022 £'000
Loss on ordinary activities before taxation is stated after charging:		
Auditor's remuneration in their capacity as auditor	9	9
Depreciation	<u>43</u>	<u>41</u>

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7. TAXATION

	2023 £'000	2022 £'000
UK corporation tax on profit for the year	-	-
UK deferred tax origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	2023 £'000	2022 £'000
(Profit) on ordinary activities before tax	897	(822)
Tax on loss on ordinary activities at standard corporation tax rate of 25% (2022: 19%)	170	(156)
Group relief surrendered	-	-
Remeasurement of deferred tax for changes in tax rates	-	(61)
Movement in deferred tax not recognised	(170)	217
Current tax charge	<u>-</u>	<u>-</u>

8. FIXED ASSETS

	2023 PV Panels £'000	2022 PV Panels £'000
Cost	1,027	1,027
	<u>1,027</u>	<u>1,027</u>
Depreciation		
At 1 April 2022	411	370
Charge for the year	43	41
At 31 March 2023	<u>454</u>	<u>411</u>
	<u>573</u>	<u>616</u>
Net Book Value at 31 March 2023	<u>573</u>	<u>616</u>

9. DEBTORS

	2023 £'000	2022 £'000
Amounts owed by Group undertakings	-	2,413
Prepayments and accrued income	621	253
Other debtors	112	544
As at 31 March 2023	<u>733</u>	<u>3,210</u>

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10. PROPERTIES FOR SALE & WORK IN PROGRESS

	2023	2022
	£'000	£'000
Work in progress – market sale	10,296	-
Work in progress - affordable	13,284	-
Total	23,580	-

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£'000	£'000
Amounts owed to Group undertakings	930	740
Loans and borrowings owed to group undertakings	17,871	-
Trade creditors	3,722	531
Accruals and deferred income	1,880	2,368
As at 31 March 2023	24,403	3,639

12. LOANS AND BORROWINGS OWED TO GROUP UNDERTAKINGS

	2023	2022
	£'000	£'000
Paradigm Commercial Limited	8,950	-
Paradigm Homes Charitable Housing Association	8,921	-
As at 31 March 2023	17,871	-

During the year the company received a loan of £8,950k from Paradigm Commercial Limited to help fund the jointly controlled operation. No repayments have been made during the year. Interest is payable at 5% per annum and £260k (2020: £nil) has been charged to the statement of comprehensive income. This loan is repayable on demand.

During the year the company received a loan of £18,050k from Paradigm Home Charitable Housing Association to help fund the joint controlled operation. £9,129k was repaid during the year leaving a balance of £8,921k at 31 March 2023. Interest is payable at 5% per annum and £305k (2022: £nil) has been charged to the statement of comprehensive income. This loan is repayable on demand.

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13. CALLED UP SHARE CAPITAL

	2023	2022
	£	£
Authorised, allotted, called up and fully paid Equity:		
Ordinary Share of £1 each	<u>1</u>	<u>1</u>
At 31 March 2023	<u>1</u>	<u>1</u>

The share provides full voting rights and any rights to dividend or distribution on winding up. Revenue reserves represents the cumulative profits and losses of the Company net of distributions to owners.

14. POST-BALANCE SHEET EVENTS

There are no post-balance sheet events to disclose.

15. ULTIMATE HOLDING UNDERTAKING

The immediate and ultimate parent company and controlling entity is Paradigm Housing Group Limited which is a Community Benefit Society and is registered with both the Regulator of Social Housing (registration number L4215) and the Financial Conduct Authority (registration number 28844R). Copies of the consolidated financial statements are available from Paradigm Housing Group Limited at its registered address: 1 Glory Park Avenue, Wooburn Green, Buckinghamshire, HP10 0DF.