Registration Number: 07105213

BERRY BROOK HOMES

BERRY BROOK HOMES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Period Ended 31st March 2018

Table of Contents

Company Information

Directors:

	Board Member
I	**David Chopping** (Chariman)
EM	**Bill Flood** (Managing Director)
I	**Robin Roberts**
I	**Derek Cash**

I = Independent Member, EM = Executive Member of the Board

Keith Mackenzie and Andrew Moulton resigned as Board Members with effect from 21st April 2017.

Bill Flood, Robin Roberts and Derek Cash were appointed Board Members with effect from 22nd April 2017, and David Chopping was appointed a Board Member with effect from 22nd June 2017.

Company Secretary:

Rachel Harrison (from 5th May 2017)

Registered Office:

Civic Offices, Shute End, Wokingham, Berkshire RG40 1BN

Registered Number:

07105213 (England and Wales)

Senior Statutory Auditor:

Martin Howard FCA

Auditors:

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
Gloucestershire
GL50 3AT

Chairman's Foreword

Berry Brook Homes Limited is both the newest and third member of the Wokingham Housing Group.

When the companies were started it was always envisaged that there would need to be a housing management company, for properties that are not the subject of Grant Aid.

At the same time the new company could handle properties let to those on the council's housing list, whether at "Affordable" or "Social" rent levels. Equally it could let and manage homes at market rent to members of the local general public qualifying for a home.

As the idea progressed the concept of specialist needs accommodation and essential worker accommodation have been added to the instructions. Also "Shared Ownership" and "Rent to buy" are on the agenda, alongside "Self-build" which can form part of the portfolio.

The company structure is that of an appointed chairman, proposed by the Council as the sole shareholder, with a small board made up of 2 Non-Executive Directors drawn from the Social Housing world, who have the ability to alter or amend that appointment. There would also be a managing director, and a finance director, together with staff initially shared with the sister companies of Loddon Homes (a For Profit Registered Provider) and the construction and development company Wokingham Housing Ltd.

Our joint targets are to provide appropriate "Social and Affordable" homes for the residents of Wokingham Borough, thus tenants needs are at the top of our agenda. At the same time we are to create a capital asset with marketable value, as well as producing a net income for the General Fund of the borough and secondary income by creating savings on the cost of obtaining specialist needs accommodation from outside commercial providers.

All of these intentions are to reduce the council tax burden on our residents, at the same time providing much needed residential accommodation.

The very nature of housing development means that matters can progress slowly, but with these intentions we will be able to improve the average standard of the accommodation available across the borough as well as reducing the unintentional financial burden that housing needs place on the standard council tax payer.

David Chopping
Chairman of Berry Brook Homes Limited

Report of the Directors

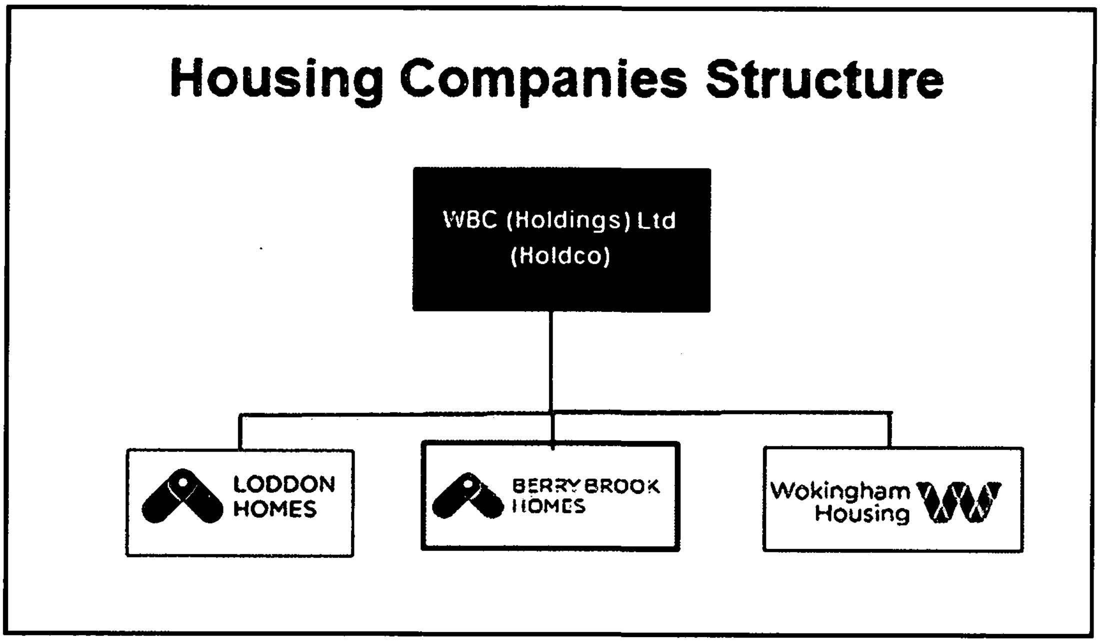
Housing Companies Context

Berry Brook Homes Limited (BBHL) is a wholly-owned subsidiary of Wokingham Borough Council (Holdings) Limited (Holdco). Holdco as the parent company represents the Council's interest as sole shareholder and ensures that BBHL delivers what it has been set up to do; as described in the annually produced Remit document.

Berry Brook Homes is a local housing company (LHC), set up in early 2017 to provide social and affordable housing developed with funding from Commuted Sums and borrowing from Wokingham Borough Council (WBC). As Berry Brook Homes is not subject to being regulated by the Regulator of Social Housing and only needs to meet the legal requirements of a landlord and not the Rent Standard, Berry Brook Homes is able to set rents as it sees fit. As a wholly owned company of WBC, when commissioned to deliver affordable housing projects, any decisions on the setting of rents is done on the basis of ensuring that rents remain affordable for those tenants nominated in to our properties.

BBHL sits within a wider group of housing companies (Wokingham Housing Group (WHG)) that deliver housing products and services to create an income stream for WBC through developing and managing different types of housing in the Borough as set out below in figure 1.

FIGURE 1 - WBC LOCAL HOUSING COMPANIES STRUCTURE CHART



In light of the recent Government announcements to go back to a rent regime where housing associations and local authorities can raise rents by the Consumer Price Index plus 1% from 2020, the advantages Berry Brook Homes has in being able to maintain or increase rents of units funded without Government grants will soon not be there. This will require Berry Brook Homes to reconsider how it can best meet its objectives and look to diversify its activities. As well as being in a position to own all future affordable housing stock developed through the Local Housing Companies, BBHL wants to keep its options open in ensuring it can achieve its core objectives by not limiting itself to just developing and owning affordable housing.

The WHG business model is based on a small team and, as far as possible, utilises WBC's services through an umbrella Service Level Agreement (SLA) to facilitate those services not directly supported by WHG.

WHG contracts out, primarily with WBC, services that are required to support day to day elements of our businesses. For BBHL, the key relationship is with the Council's Housing Service who provides housing management and maintenance services to BBHL's residents. Using WBC's services provides significant economies of scale to the WHG companies as each business builds up its capacity and stock of affordable homes, while also giving WBC additional income from outsourcing its own departmental services and therefore supporting overheads. The Council charge WHG companies at cost plus a small margin of between 3-5%.

BBHL Strategy and Objectives

The main activity of BBHL is the provision of affordable and social residential rental accommodation for the people of Wokingham Borough. The company's strategy is to develop high quality housing and maintain that housing for the benefit of lower to middle income people and for those that require additional care needs who would be otherwise unable to access such housing through normal market process.

To achieve its goals, the Company's two key objectives are to generate profits and pay dividends/ provide savings to/ for WBC as well as to purchase, own and manage affordable housing.

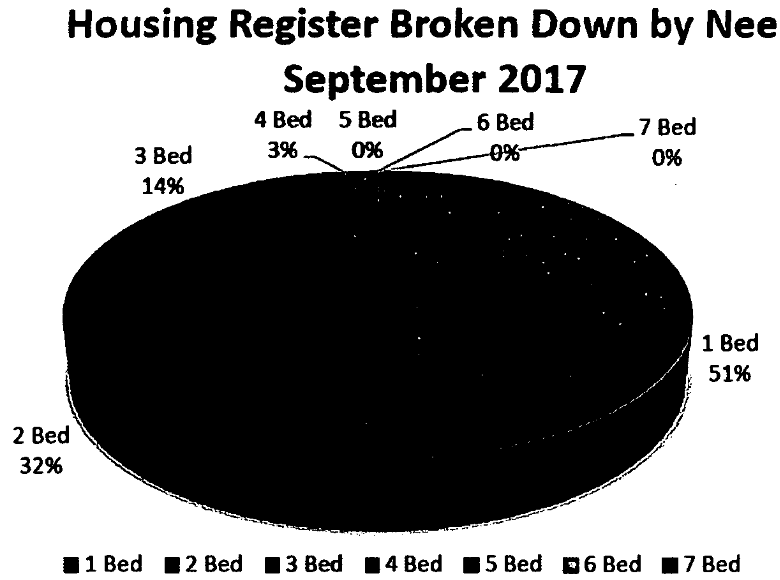
Market Outlook

Savills and other market commentators produce regular outlooks of the UK housing market and the key figures and forecasts around house prices and rental forecasts have been considered as part of our assessment of 2017-18 and looking ahead at where to focus our business in future years.

As well as external commentators, WBC produces an excellent quarterly Housing Facts and Figures report which tells us of the need for affordable housing in the Borough. As of September 2017 there were 1,982 people on WBC's Housing Register. This compares to 1,876 recorded in March 2017, an increase of 106 people.

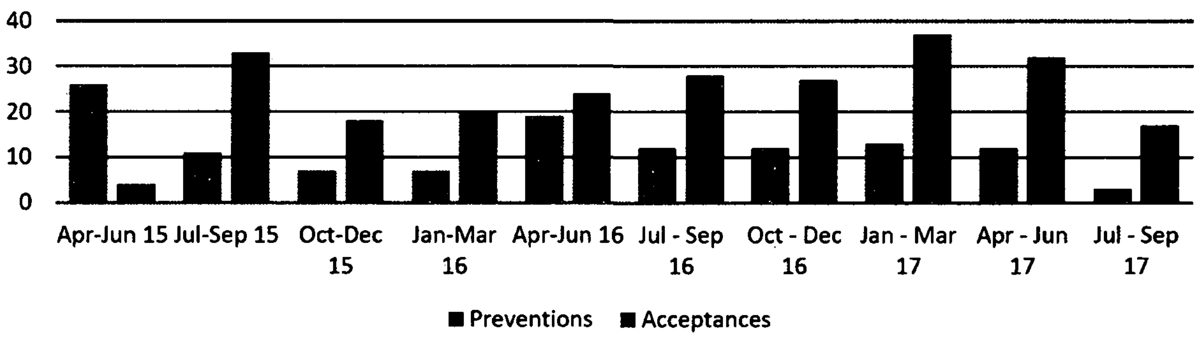
The graph below shows that the majority of applicants on the register are in need of a 1 bed property (51%).

FIGURE 2 - HOUSING REGISTER ACCOMMODATION SIZE



The graph below shows the number of homelessness acceptances and preventions from January 2015 through to September 2017. Despite a reduction in the last two quarters there were 17 homelessness acceptances between July to September 2017 that the Council need to find housing for.

FIGURE 3 - HOMELESSNESS ACCEPTANCES AND PREVENTIONS SINCE APRIL 2015



Recent figures from the Land Registry show that in Wokingham Borough to be able to purchase an average priced property a household would require a ***deposit of over £86,584 and an annual income of over £98,953*** assuming the purchaser was obtaining an 80% mortgage (putting down a 20% deposit) and that a lender was lending at 3.5 times annual income. A single person purchasing a flat/maisonette in Wokingham Borough would require ***an annual income of over £54,769*** alongside ***a deposit of over £47,923***.

The market outlook and Council's own statistics suggests that house prices will continue to grow in the Wokingham Borough as will private sector rents and therefore the need for affordable housing will continue, providing BBHL with a strong supplier of customers for our rented and shared ownership homes.

BBHL's Current Progress

In our first year of operation Berry Brook has seen the purchase and handover of a total of 75 new homes from our sister company WHL. These comprise 68 units at Phoenix Avenue, Wokingham, 4 flats at Anson Walk in Shinfield and 3 of 6 units at Grovelands in Winnersh.

We expect to take the remaining three units at Groveland during summer 2018 and a further 22 units at Peach Place for key workers in late 2018/ early 2019.

As a new company Berry Brook Homes has been pulling together its governance arrangements and all the policies and procedures needed to manage its homes effectively. The key relationship has been with Housing Services, where ensuring our new homes are let quickly and then managed well has been a main focus of the company's work in the last 12 months.

Sources of Funding

BBHL is financed from a combination of borrowing from WBC and Commuted Sums from developers distributed by WBC which enables our homes to be rented at affordable levels.

At the end of the 2017/18 financial year, Berry Brook Homes borrowing from WBC is expected to be around £9.6m on the back of having acquired the three new projects outlined above at a costs of around £15.2m. Commuted Sums amount to around £6.6m to support the purchase of these assets.

Therefore for these early projects just under half is funded through loans. With an estimated Gross Development Value (GDV) of £16.2m, the debt to GDV ratio is around 55%. Of course, BBHL also have liabilities relating to the £6.5m of Commuted Sums element of the purchase price for these assets, but as long as the assets continue to provide affordable housing, these liabilities will never be realised.

Moving forward, loans between WBC and BBHL have been agreed at a rate of 5.75% until March 2019, and then reduce (including on any existing loans) to a rate of 3.5% from April 2019 (fixed, but with an option to review if Public Works Loan Board rates increase significantly).

Governance

During the year to 31st March 2018, the company was 100% owned by WBC (Holdings) Limited. The ultimate parent of the company is Wokingham Borough Council.

The Directors as listed on page 1 held office for the 12 months to 31st March 2018, unless otherwise noted. The non-executive Directors received a fee for their services to the company. The Managing Director of the company also holds membership of the Board but no charge was made for these services in the year to 31st March 2018.

The Directors of the company are drawn from a variety of disciplines and provide a balance of skills and specialisations deemed to befit a housing association. The Directors are appointed for a defined term and support the company in terms of directing the delivery of the strategic intent of the business.

The Board of Directors is responsible for the overall strategy and policies of the company but delegates the operational management to the Managing Director and his team.

Executive Officers

The Board of Directors has delegated specific responsibilities to the executive officers of the company. The Managing Director is the only such officer to hold both an executive and board position. All other executive officers work directly for either Loddon Homes Limited (LHL) or its sister company, Wokingham Housing Limited (WHL). Remuneration is shared across the WHG companies according to the pro-rata amount of support provided.

Financial Review

The results provided in these financial statements on pages 20 to 23 have been provided in compliance with International Financial Reporting Standards (IFRS).

The company's net liability position at 31st March 2018 was £4,654 (net assets in 2017: £633).

The performance of the company is also monitored on a monthly basis by WBC (Holdings) Limited (the immediate parent of BBHL) on both that company's behalf and that of WBC. Financial performance is reviewed in terms of performance against plan and in terms of funding requirements for ongoing and future developments to add to the company's housing portfolio.

Internal Controls

The Directors have overall responsibility for establishing and maintaining the whole system of internal control and the assurance of the effective application of these controls.

The Directors recognise that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve objectives. The system of internal controls is designed to manage key risks and in so doing, provide reasonable assurance that the planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the company's assets and interests. The Directors also rely on the internal control processes applied by WBC, from whom various administrative and business processes are performed on behalf of the company.

In meeting their responsibilities, the Directors have adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. The approach includes regular evaluation of the nature and extent of risks to which the company is exposed. The process applied by the Directors in reviewing the effectiveness of the system of internal controls includes:

- Policies and procedures to cover operational, financial, social and environmental risks;
- A clear organisational structure including appropriate delegation of authorities;
- The day-to-day responsibility for implementation of control and monitoring ongoing risk lies with the operational team in conjunction with service outsourcing and internal audit functions in WBC;
- The company has a detailed annual budgeting system that is approved by the Board of Directors. Performance is monitored against this budget monthly with expenditure also being regulated against this;
- The Directors have policies in place on anti-bribery, fraud prevention, equality & diversity and complaints;
- Internal Auditors have not been appointed as the company formulates and refines policies and processes appropriate for the business. The company intends to appoint an internal auditor to

ensure compliance with policies and to support and monitor the effectiveness of the internal controls of the company;

- The company's relationship and outsourcing agreement with WBC was reviewed during the year by the Borough's internal audit team. There were no materially significant findings in their assessment at that time. The company intends to appoint internal auditors within the next 12 months;
- The Directors keep under constant review the effectiveness of the system of internal controls. The Directors achieve this review using regular reporting from the operational team, review of reporting by the external auditors and by taking appropriate action and deciding upon strategies to reduce any weaknesses identified;

It is the Directors' intention to adopt an internal audit process from the prospective appointment of a suitably qualified internal auditor who can assess not only the internal controls but also their application on a day to day basis. In the meantime, the Board assesses and develops the system of internal controls by the introduction and application of new policies and procedures.

Statement of the Responsibilities of the Board of Directors

The Board of Directors are responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Company law requires the Board of Directors to prepare financial statements for each financial year. Under that law, the Board of Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law, the Board of Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the Board of Directors is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable IFRS, as adopted by the European Union, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the Financial Statements on a going concern basis unless it is inappropriate to presume the company will continue in business.

The Board of 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.

Statement of Going Concern

The Board of Directors believe that the company has adequate resources to continue in operation for the foreseeable future. In development of additional properties, the company has secured a credit agreement to fund those developments which will grow the company's income levels to a point where the Net Liabilities position should be significantly reversed. The company therefore continues to adopt the going concern basis to prepare and present the financial statements.

Statement of Disclosure to Auditors

So far as the Directors are aware, there is no relevant information of which the company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Small Company Provisions

This report has been prepared in accordance with the small companies' regime under the Companies Act 2006.

By order of the Board:

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D. D. Chopping – Chairman

Date: 9.11.18

Independent Auditor's Report

Opinion

We have audited the financial statements of Berry Brook Homes Limited for the year ended 31 March 2018, set out on pages 15-18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

Opinion 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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the has been prepared in accordance with applicable legal requirements.

Matters in 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 director's 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 on page 8, 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 relating 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.

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.

....

Martin Howard FCA (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP
Statutory Auditor
Windsor House
Bayshill Road
Cheltenham
Gloucestershire
GL50 3AT

Date: 19 Nov 2018

Statement of Accounting Policies

The principal accounting policies adopted 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.

Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretation as adopted by the EU and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, and are presented in Pounds Sterling.

The Company is a private limited company incorporated in England and Wales, and is a wholly owned subsidiary of Wokingham Borough Council which is required to prepare accounts in accordance with IFRS adapted for the UK public sector by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom Guidance Notes for Practitioners 2017/2018 (the Code). Where possible the Company has selected accounting polices consistent with the Code, however where the Code is not applicable IFRS and IFRIC interpretations as adopted by the EU have been followed.

A summary of the more important accounting policies is set out below.

Going Concern

The company's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The company has a development plan of new residential developments that support a profitable business plan.

1. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place and when a right to consideration exists, not simply when cash payments are made or received. In particular:

(a) Income

- Fees, charges and rents due from customers are accounted for as income at the date the Company provides the relevant goods or services;
- Revenue is measured at the fair value of the consideration received or receivable and recognised when prescribed conditions are met, which depend on the nature of the revenue;
- Where income has been recognised but cash has not been received, a debtor for the relevant amount is recorded in the Statement of Financial Position. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- Where payments are received in advance of a service being provided a receipt in advance is recognised as a creditor in the Statement of Financial Position;
- Income is credited to the relevant revenue account, unless it properly represents capital receipts.

(b) Expenditure

- Supplies and services are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as prepayments in the Statement of Financial Position;
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Statement of Financial Position;
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where expenditure has been recognised but cash has not been paid, a creditor for the relevant amount is recorded in the Statement of Financial Position;
- Where payments are made in advance of a service being received a payment in advance is recognised as a debtor in the Statement of Financial Position;
- Expenditure is debited to the relevant expense account, unless it properly represents capital expenditure.

2. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions.

Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with little risk of change in value.

3. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Adjustments applicable to prior years arising from changes in accounting policies are accounted for by restating the comparative figures for the preceding period and by adjusting opening balances as if the new policy had always been applied.

Changes in accounting estimates are accounted for in the current and future years affected by the change but do not give rise to a prior year adjustment.

Material errors are corrected retrospectively by restating the comparative figures for the preceding period and by adjusting the opening balances.

4. Financial Instruments

a) Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Finance Costs section of the Comprehensive Income Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Company has, this means that the amount presented in the Statement of Financial Position is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Finance Costs section of the Comprehensive Income Statement in the year of repurchase / settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income Statement is spread over the life of the loan by an adjustment to the effective interest rate.

b) Financial Assets

Financial assets are classified as loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market.

i. Loans and Receivables

Loans and receivables are initially measured at fair value and are subsequently carried at their amortised cost. Annual credits to the Financing and Investment section of the Comprehensive Income Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Company has made, this means that the amount presented in the Statement of Financial Position is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of the asset are credited / debited to the Financing and Investment section of the Comprehensive Income Statement.

Where the Company may make loans at less than market rates, these are called soft loans. Due to the low value of advances made which may be considered as soft loans, the Company applies de minimis principles to soft loans.

5. Investment Properties

Investment properties are those that are used solely for other than social and affordable rentals and / or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued annually, according to market conditions at the year end. Gains and losses on revaluation or disposal are posted to the Financing and Investment section of the Income and Expenditure Statement.

Rentals received in relation to investment properties are credited to the Financing and Investment section of the Income and Expenditure Statement.

6. Overheads and Support Services

Costs are purchased as a supply to the Company. The product or service supplied is accounted for on the basis of cost agreed or accrual.

7. VAT

The Company supplies only VAT Exempt services and is therefore not registered for VAT. All costs are therefore accounted for inclusive of VAT where charged.

8. Corporation Tax

Corporation Tax is accounted for in the Comprehensive Income Statement on an accrued basis using an estimate of corporate tax liability for the year. Any losses are offset against future profits.

9. Government Grants and Contributions

WBC prepares its accounts in accordance with IFRS adapted for the UK public sector by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom Guidance Notes for Practitioners 2017/18 (the Code). Its treatment of Government Grants requires them to be reversed out of the Comprehensive Income Statement so that it does not affect Council Tax calculations. BBHL had adopted a treatment different from WBC's as it had followed IAS 20 which allows Government Grants to be deducted in arriving at the carrying amount of an asset. Government grants have now been extracted separately from the assets to which they relate and amortised over the equivalent useful life of the asset to which they relate.

Whatever their basis of payment, government grants and other contributions or donations are accounted for on an accruals basis. Revenue grants are recognised in the Comprehensive Income Statement once the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. Where conditions have not been satisfied, the grant or contribution is carried in the Statement of Financial Position as a creditor.

10. Charges to the Comprehensive Income Account for Non-Current Assets

The Comprehensive Income Account is charged with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the company.
- revaluation and impairment losses on assets used where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets

11. Property, Plant and Equipment (PPE)

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

i. Recognition

Items of PPE that qualify for recognition will be measured at cost and capitalised on an accruals basis. Cost is defined as either purchase price, costs attributable to bringing the asset to location and condition necessary for it to be capable of operating in the manner intended by management or the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

ii. De-Minimis

Capitalisation of expenditure on PPE is not necessary where the amounts involved are not material to the true and fair presentation of the financial position and transactions of the Company and to an understanding of the Statement of Accounts by a reader. The Company has agreed a de-minimis level of £5,000 for expenditure to be capitalised.

iii. Measurement

Assets will be disclosed and valued on the Statement of Financial Position on the following bases:

Asset Category	Valuation Method
Infrastructure Assets	Depreciated Historic Cost
Investment Properties	Fair Value

iv. Depreciation

Depreciation is provided for on all Property, Plant and Equipment with a finite useful life, which is determined at the time of acquisition or revaluation. An exception is made for assets without a determinable useful life (e.g. freehold land and some community assets) and assets not yet available for use (e.g. Assets under Construction). The useful lives of assets are estimated on a realistic basis and are reviewed regularly and, where necessary, revised. Where the useful life of a fixed asset is revised, the carrying amount of the fixed asset is depreciated over the revised remaining useful life.

Depreciation is calculated on the amount at which the asset is included in the Statement of Financial Position, whether current cost or historical cost. Depreciation has been calculated as follows:

- All assets are depreciated on a straight line basis over the useful life of the asset taking into account land value and residual value with the exception of vehicles which are depreciated on a reducing balance method.
- Investment Properties are not depreciated; instead these are revalued on an annual basis.
- Newly acquired assets are not depreciated in the year of acquisition, while assets under construction are only depreciated once the asset becomes operational.

A change from one method of providing depreciation to another is only made where the new method will give a fairer presentation of the results and of the financial position. Such a change does not, however, constitute a change of accounting policy; the carrying amount of the fixed asset is depreciated using the revised method over the remaining useful life, beginning in the period in which the change is made.

During the financial year to 31st March 2018, the company reviewed asset disclosure and divided those assets carried forward into component parts with individually assessable useful lives. The following depreciation is charged on a straight line basis over the expected useful life of that asset:

Component	Years
Unadopted Infrastructure	50
Structure	100
Roof	55
Windows & Doors	35
Kitchen	20
Bathroom	30
Heating Boiler	15
Other Heating	20
Electrics	30
Renewable Energy Assets	20
Communal	20

v. ***Impairment***

The value at which each category of assets is included in the Statement of Financial Position is reviewed at each year-end. Where there is reason to believe that its value has changed materially in the period, the recoverable amount of the asset is estimated and where this is less than the carrying amount, an impairment loss is recognised for the shortfall. Events and changes in circumstances that indicate a reduction in value may have incurred include:

- a significant decline in an asset's market value during the period
- evidence of obsolescence or physical damage to the asset
- a significant adverse change in the statutory or other regulatory environment in which the Company operates
- a commitment by the Company to undertake a significant reorganisation.

Once the amount of impairment is established, they are accounted for as follows:

- where there is a balance of revaluation gains for asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance up to the amount of the accumulated gains
- if there is insufficient or no balance in the Revaluation Reserve , the carrying amount of the asset is written down and charged to the Comprehensive Income Statement

Where an impairment loss is subsequently reversed, the reversal is credited to the Comprehensive Income Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

vi. ***Shared Ownership Properties***

The costs of low cost home ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sales proceeds shown as Turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

vii. Donated Assets

Donated assets transferred to the Company for nil consideration are recognised at fair value in the Comprehensive Income Statement once any conditions attaching to them have been met.

viii. Capitalisation of interest

The company borrows funds to contract for the construction of new properties and makes payments on a periodic basis for the ongoing construction. The borrowings to finance this construction incur interest which while that development is being constructed is capitalised as part of the cost of that asset. Interest is only capitalised up to the date at which that development is made available for rental or partial sale thereof.

ix. Improvements to properties

The company capitalises expenditure on housing properties which adds to the value of the property and extends its useful life. Improvements to property that relate to existing assets and that are separately identifiable are also capitalised but under a category separate from the property.

12. Interests in Companies and Other Entities

The Company has no interests in a company that has the nature of a subsidiary, associate or jointly controlled entity.

13. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, they are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

i. The Company as Lessee

FINANCE LEASES

Property, plant and equipment held under finance leases is recognised on the Statement of Financial Position at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Initial direct costs of the Company are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Rentals payable are apportioned between:

- a charge for the acquisition of the interest in the property (recognised as a liability in the Statement of Financial Position at the start of the lease, at the lower of its fair value at inception or the present value of the minimum lease payment, matched by a liability for the obligation to pay the lessor – the liability is written down as the rent becomes payable), and

- a finance charge (debited to the Comprehensive Income Statement as the rent becomes payable).

Assets recognised under finance leases are accounted for using the policies applied generally to Property, Plant and Equipment, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

OPERATING LEASES

Where assets are acquired by the Company (as a lessee) under operating leases, the leasing rentals payable are charged to the Comprehensive Income Statement as they are made.

Any hire purchase contracts that have similar characteristics to an operating lease are accounted for as an operating lease and disclosed in a note to the Statement of Financial Position.

14. Employee Benefits

The Company does not have contracted employees as it subcontracts labour from one of its sister companies, Loddon Homes Limited.

Statement of Comprehensive Income

	Notes	12 Months to 31st March 2018 £	12 Months to 31st March 2017 £
Revenue		370,607	-
Other Expenses		(298,067)	(273)
Change in Fair Value through Profit & Loss	6	-	-
(Loss) / Profit from Operations		**72,540**	**(273)**
Finance Costs	5	(77,827)	-
Loss before Income Taxes from Continuing Operations		**(5,287)**	**(273)**
Taxation	23	-	-
Loss and Total Comprehensive Income attributable to shareholders		**(5,287)**	**(273)**

The accounting policies on pages 13-20 and the notes on pages 25-32 are an integral part of these financial statements.

Statement of Financial Position

	Notes	31st March 2018 £	31st March 2017 £
Assets:			
Non-Current Assets			
Housing Properties	10	15,324,722	-
Other Property, Plant and Equipment		3,968,000	-
Other Receivables		-	-
		19,292,722	-
Current Assets			
Trade and Other Receivables	11	311,446	-
Cash and Cash Equivalents	12	85,974	1,113
		397,420	1,113
TOTAL ASSETS		**19,690,142**	**1,113**
Current Liabilities			
Amounts falling due within one year	13	393,679	(480)
		393,679	(480)
Net Current Assets / (Liabilities)		3,741	633
Non-Current Liabilities			
Amounts falling due after one year	14	10,401,572	-
Financial Liabilities - Borrowing	14	8,899,546	-
		19,301,117	-
TOTAL LIABILITIES		**19,674,976**	**(480)**
Net Assets / (Liabilities)		**(4,654)**	**633**
Equity:			
Retained deficit		(7,654)	(2,367)
Share Capital	19	3,000	3,000
Total Equity		**(4,654)**	**633**

The financial statements were approved by the Board of Directors and signed on its behalf by:

Approved on behalf of the board

....

D. D. Chopping – Chairman

Date: 9.11.18

....

W. J. Flood – Director

Date: 9/11/18

The accounting policies on pages 13-20 and the notes on pages 25-32 are an integral part of these financial statements.

Statement of Changes in Equity

	Retained Deficit £	Share Capital £	Total £
Balance at 31st March 2016	(2,094)	3,000	906
Comprehensive Income / (Loss)	(273)	-	(273)
Balance at 31st March 2017	(2,367)	3,000	633
Comprehensive Income / (Loss)	(5,287)	-	(5,287)
Balance at 31st March 2018	(7,654)	3,000	(4,654)

The accounting policies on pages 13-20 and the notes on pages 25-32 are an integral part of these financial statements.

Statement of Cash Flows

	Notes	12 Months to 31st March 2018 £	12 Months to 31st March 2018 £
Cash Flows from Operations			
Operating Profit		72,540	(273)
Depreciation and Impairment Charges		171,018	-
Change in Trade and Other Receivables	11	(311,446)	-
Change in Trade and Other Payables	13	393,199	240
Cash Generated from Operations		**325,311**	**(33)**
Interest Paid	5	(77,827)	-
Income Tax Paid	23	-	-
Net Cash Flows from Operating Activities		**247,484**	**(33)**
Cash Flows from Investing Activities			
Repayment / (Provision) of Long-term Loan		-	-
Transfer of Property, Plant and Equipment from Loddon Homes Ltd.		(9,531,665)	-
Purchase of Property, Plant and Equipment		(9,932,075)	-
Net Cash Flows from Investing Activities		**(19,463,740)**	**-**
Cash Flows from Financing Activities			
Proceeds / (Repayment) of Borrowing	14 & 15	8,899,546	-
Receipt of Grant	14	10,401,572	-
Issue of Shares	19	-	-
Net Cash Flows from Financing Activities		**19,301,117**	**-**
Net Increase / (Decrease) in Cash and Cash Equivalents		**84,861**	**(33)**
Cash and Cash Equivalents at Beginning of Year		1,113	1,146
Cash and Cash Equivalents at End of Year	**12**	**85,974**	**1,113**

The accounting policies on pages 13-20 and the notes on pages 25-32 are an integral part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

The accounting policies used to complete this Statement of Accounts are produced in full in section 4.

2. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out earlier, the Company has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

WBC has ultimate control over the operating activities of BBHL and as such classifies this company as a subsidiary. These financial statements are therefore shown in the consolidated accounts for WBC.

3. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by Directors about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

There are no items in BBHL's Statement of Financial Position at 31st March 2018 for which there is a significant risk of material adjustment in the forthcoming financial year.

4. Material Items of Income and Expense

There are no Material Items of Income and Expense during year to 31st March 2018 which related to BBHL's Non-Current Assets.

5. Interest Payable and Financing Costs

	2017/18 £	2016/17 £
Interest charged on borrowings and capitalised as asset cost		
Capital Loans	923,566	-
Interest Payable		
Capital Loans	77,827	-
TOTAL	**77,827**	**-**

6. Change in Fair Value Through Profit & Loss

The Company holds properties for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period. As a result, the Company records no changes in fair value through profit & loss.

7. Surplus on Ordinary Activities

	2017/18 £	2016/17 £
The operating surplus is stated after charging / (crediting):		
Auditors Remuneration (excluding VAT):		
In their capacity as Auditors	2,910	-
In respect of other services	-	-
Depreciation charge for the year	171,18	-

8. Employee Costs

The Company subcontracts it labour through one of its sister companies, Loddon Homes Limited (LHL). These are apportioned on a pro-rata basis given the support required and are charged at a 3% margin for administrative costs. These costs are included under operating expenses in the Statement of Financial Position.

9. Directors' Remuneration

The Company paid the following amounts to Directors of the Company during the year:

	2018 £
D Chopping	3,153
R Roberts	3,000
D Cash	3,000
	9,153

Mr Chopping is a Member of Wokingham Borough Council who has been appointed to the board of the company. He is paid Members Allowances by WBC for sitting on the board of the company but is not an employee of the company. The directors are considered to be the key management personnel of the company.

10. Housing Properties

	Housing Properties £	Housing Properties Under Construction £	Total Housing Assets £
Cost			
At start of the year	-	-	-
Transfer from Loddon Homes Limited	-	9,531,665	9,531,665
Additions to properties	-	5,932,075	5,932,075
(Transfer) to Housing Properties	14,107,442	(14,107,442)	-
At end of the year	14,107,442	1,356,298	15,463,740
Depreciation			
At start of the year	-	-	-
Charge for the year	139,018	-	139,018
At end of the year	139,018	-	139,018
Net Book Value at 31st March 2018	**13,968,424**	**1,552,435**	**15,324,722**
Net Book Value at 1st April 2017	**-**	**9,531,665**	**9,531,665**

All housing properties owned by the company are constructed on land that has been leased to the company under a long term 125 year lease

The existing scheme and properties rented by the company have been occupied for less than 1 years and no improvement works have been required during the year to 31st March 2018.

At 1st April 2017, assets under construction for the Phoenix, Anson and Grovelands developments were transferred from BBHL's sister company, Loddon Homes Limited (LHL), for the amount of £9,531,665, as disclosed in FY16/17. This was transacted at cost. There have been no assets identified as requiring impairment to its carrying value.

11. Trade and Other Receivables

These are amounts that were due to BBHL in full at the end of the accounting year and are net of doubtful debt provisions. They can be analysed as follows:

	12 Months to 31st March 2018 £	12 Months to 31st March 2018 £
Net Intra-Group Debtors	97,329	-
Amount owed by WBC / WBC (Holdings) Limited	17,980	-
Prepayments	196,136	-
Total	**311,446**	**-**

The decision to impair the relevant receivables is based on an independent review of each case on its own merits rather than its ageing profile. The ageing profile of the provision is, however, shown below:

	31st March 2018 £	31st March 2017 £
Less than One Month	87,932	-
More than One Month	9,387	-
	97,329	-

The prepayments and amounts owed by WBC and the parent undertaking do not contain impaired assets.

12. Cash and Cash Equivalents

The following elements comprise Cash and Cash Equivalents:

	31st March 2018 £	31st March 2017 £
Cash at Bank and In Hand	85,974	1,113
Total Cash and Cash Equivalents	**85,974**	**1,113**

13. Creditors: Amounts Falling Due Within One Year

	31ST March 2018 £	31st March 2018 £
Trade Payables	196,559	196,559
Amounts Owed to WBC	-	-
Amounts Owed to WHL	2,091	2,091
Amounts Owed to LHL	3,640	3,640
Deferred Capital Grants	89,464	89,464
Accruals	101,925	101,925
Total	**393,679**	**393,679**

14. Creditors: Amounts Falling Due After More Than One Year

	Note	31st March 2018 £	31st March 2017 £
Bank Loans	19	8,899,546	-
Deferred Capital Grants	21	10,401,571	-
Total		**19,301,117**	-

15. Debt Analysis

	31st March 2018	31st March 2017 £
Repayable in less than one year	-	-
Repayable between year two and five	-	-
Repayable in over 5 years	8,899,546	-
Total	**8,899,546**	**-**

The intra-group loan from WBC (Holdings) Limited funds the development of new residential accommodation for BBHL and is secured against specific land and properties of the company.

Interest on the intra-group loan from WBC (Holdings) Limited has a fixed term of 3 years at 5.75% from 1st April 2017 and a variable rate of 3.5% thereafter.

16. Leases

BBHL does not hold any finance leases, whether in or out. The provision of affordable accommodation is provided on a Tenancy Agreement basis and these are not treated as leases.

The Company does not have any operating leases.

17. Deferred Grant Income

	31st March 2018 £	31st March 2017 £
Gross total of Grants received and accounted for in the financial statements	10,580,500	-
Balance at the Start of the Year	-	-
Grant Received in the Year	10,580,500	-
Released to Income	(89,464)	-
Balance at the End of the Year	**10,401,572**	**-**
Amounts to be Released in One Year	89,464	-
Amounts to be Released in More Than One Year	10,312,108	-
	10,401,572	**-**

18. Capital Commitments

	31st March 2018 £
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	241,462
Capital Expenditure that has been authorised by the Board of Directors but has not yet been contracted for	-
Total	**241,462**

The above commitments will be initially financed with borrowings from loan facility agreements provided by WBC (Holdings) Limited to fund the construction of these developments. Upon completion, £241,462 of S106 Funding will be used to pay down the debt, leaving £Nil outstanding debt.

19. Called Up Share Ccapital

At 31st March 2018, three thousand authorised and fully paid Ordinary £1.00 share was held by WBC (Holdings) Limited. During 2017/18, no further share issues were authorised. Therefore at 31st March 2018, three thousand authorised and fully paid Ordinary £1.00 share was held by WBC (Holdings) Limited.

Issued, called up and fully paid shares are as follows:

	31st March 2018 £	31st March 2017 £
Called Up Share Capital	3,000	3,000
Total Share Capital	3,000	3,000

20. Financial Instruments

The following categories of financial instrument are carried in the Statement of Financial Position:

	31st March 2018 £	31st March 2017 £
Trade and Other Payables	(393,679)	(480)
Trade and Other Receivables	311,446	-
Cash at Bank and in Hand	85,974	1,113

Non-current Financial Liabilities - Borrowings represent long-term loans from WBC (Holdings) Ltd of £9,585,046. Other Receivables represent the same amount then loaned to Wokingham Housing Limited for capital purposes.

Short term assets and liabilities are carried at cost as this is a fair approximation of their value.

The Company's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the Company
- liquidity risk – the possibility that the Company might not have funds available to meet its commitments to make payments
- re-financing risk – the possibility that the Company might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms

Credit Risk

Credit risks arise from deposits with banks and financial institutions, as well as credit exposures to the Company's customers.

The Company's main exposure to a credit risk at 31st March 2018 arose from loans to Wokingham Housing Limited. The loans are long term and interest is charged at a fixed rate 5.75% for three years from 1st April 2016 and at a variable rate of 3.5% thereafter.

Liquidity Risk

Wokingham Borough Council as the parent company has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, WBC has ready access to borrowings from the Money Markets and the Public Works Loans Board. There is therefore no significant risk that BBHL will be unable to raise finance to meet its commitments under financial instruments.

The Company's exposure to a liquidity risk at 31st March 2018 arose from loans from WBC (Holdings) Limited. The loans from WBC (Holdings) Limited are long term and are charged interest at a fixed rate of 5.75% for three years from 1st April 2016 and at a variable rate of 3.5% thereafter.

21. Related Parties

The Company has applied the exemption available in paragraphs 25 of IAS 24, and has therefore not provided detailed disclosure of its transactions with WBC and other companies under the control of WBC.

A summary of the Company's transactions with WBC and other companies controlled by WBC is shown below:

- WBC provides various support services to the Company, which are included in 'other expenses'. Amounts owed to WBC in respect of these services are included in 'trade and other payables';
- The Company provides services to WBC. Amounts owed by WBC are included in 'trade and other receivables';
- WBC (Holdings) Ltd has provided loans to the Company, as described in note 19.
- The Company subcontracts its staff to its sister companies, Wokingham Housing Limited (WHL) and Berry Brook Homes Limited (BBHL). These amounts are netted off in the wages and salaries category with a small margin of 2-3% included in chargeable services in the income category.

22. Ultimate Parent

The Directors of the company regard WBC (Holdings) Limited as the immediate parent of the Company.

The Directors of the Company regard WBC, a local authority in England and Wales, as the ultimate parent of the Company. The Company's results are included in the consolidated financial statements of WBC. Copies of the Consolidated Group Accounts are available from Wokingham Borough Council, Civic Offices, Shute End, Wokingham, RG40 1BN.

23. Corporation Tax

As a result of the current year property trade loss of £77,827, the company is not expected to incur a corporation tax liability on its results for the period ended 31st March 2018 and all losses will be carried forward to future periods. The company has not recognised a deferred tax asset in respect of its losses.