
BERRY BROOK HOMES LIMITED

DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

BERRY BROOK HOMES LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | R H Roberts M Ryatt (appointed 22 March 2022) P F Wright |
| Company secretary | E-J Brewerton |
| Registered number | 07105213 |
| Registered office | Civic Offices Shute End Wokingham Berkshire RG40 1BN |
| Independent auditors | Haslers Chartered Accountants & Statutory Auditor Old Station Road Loughton Essex IG10 4PL |

BERRY BROOK HOMES LIMITED

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BERRY BROOK HOMES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

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

Principal activity

The entity's principal trading activity is to provide social and affordable housing that is developed with funding from Commuted Sums and borrowing from Wokingham Borough Council.

Results and dividends

The loss for the year, after taxation, amounted to £201,653 (2021 - loss £30,459).

No dividends were paid during the year and the directors do not propose any final dividends (2021: £nil).

Directors

The directors who served during the year were:

J S Kaiser (resigned 9 June 2022)
R H Roberts
M Ryatt (appointed 22 March 2022)
P F Wright
S N Bailey (resigned 1 March 2022)
D M Sargeant (resigned 7 July 2021)

Disclosure of information to auditors

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

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

Small companies' exemption note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006. The directors have also taken advantage of the small companies exemption under section 414B in relation to the preparation of a strategic report.

Auditors

The auditors, Haslers, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8 December 2022 and signed on its behalf.

M Ryatt
Director

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

The directors are responsible for preparing the Directors' Report and the financial statements, in accordance with applicable law.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK.

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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERRY BROOK HOMES LIMITED

Opinion

We have audited the financial statements of Berry Brook Homes Limited for the year ended 31 March 2022 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies set out on pages 15 - 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; 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 auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERRY BROOK HOMES LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 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 Directors' Report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERRY BROOK HOMES LIMITED (CONTINUED)

Matters on which we are required to report by exception

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 34, 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation etc; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We obtained an understanding of the nature of the company's business and its control environment, and enquired of management about their own identification and assessment of the risks of irregularities and any instances of actual or potential non-compliance.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERRY BROOK HOMES LIMITED (CONTINUED)

within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing this risk we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 auditors' 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 auditors' 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.

Christina Georgiou (Senior Statutory Auditor)
for and on behalf of

Haslers

Chartered Accountants
Statutory Auditor
Old Station Road
Loughton
Essex
IG10 4PL

8 December 2022

BERRY BROOK HOMES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

| | | 2022 £ | 2021 £ |
|----------------------------|----|-------------|-------------|
| Revenue | 6 | 887,181 | 873,475 |
| Gross profit | | 887,181 | 873,475 |
| Other operating income | 7 | 846,294 | 846,294 |
| Administrative expenses | | (1,562,855) | (1,401,026) |
| Profit from operations | | 170,620 | 318,743 |
| Finance expense | 9 | (378,131) | (364,459) |
| Loss before tax | | (207,511) | (45,716) |
| Tax credit | 10 | 5,858 | 15,257 |
| Loss for the year | | (201,653) | (30,459) |
| Total comprehensive income | | (201,653) | (30,459) |

The notes on pages 15 to 32 form part of these financial statements.

BERRY BROOK HOMES LIMITED
REGISTERED NUMBER: 07105213

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

| | Note | 2022 £ | 2021 £ |
|--------------------------------|------|-------------------|-------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 25,077,793 | 26,255,860 |
| | | <u>25,077,793</u> | <u>26,255,860</u> |
| Current assets | | | |
| Trade and other receivables | 12 | 109,036 | 179,770 |
| Cash and cash equivalents | 21 | 1,650,921 | 1,060,176 |
| | | <u>1,759,957</u> | <u>1,239,946</u> |
| Total assets | | <u>26,837,750</u> | <u>27,495,806</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Trade and other liabilities | 13 | 24,000,049 | 24,526,303 |
| Loans and borrowings | 15 | 1,602,379 | 1,714,656 |
| | | <u>25,602,428</u> | <u>26,240,959</u> |
| Current liabilities | | | |
| Trade and other liabilities | 13 | 1,579,153 | 1,406,422 |
| Loans and borrowings | 15 | 176,518 | 167,121 |
| | | <u>1,755,671</u> | <u>1,573,543</u> |
| Total liabilities | | <u>27,358,099</u> | <u>27,814,502</u> |
| Net liabilities | | <u>(520,349)</u> | <u>(318,696)</u> |

BERRY BROOK HOMES LIMITED
REGISTERED NUMBER: 07105213

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2022

| | Note | 2022 £ | 2021 £ |
|------------------------------------|-------------|-------------------------|-------------------------|
| Issued capital and reserves | | | |
| Share capital | 16 | 3,000 | 3,000 |
| Retained earnings | | (523,349) | (321,696) |
| TOTAL EQUITY | | <u>(520,349)</u> | <u>(318,696)</u> |

The financial statements on pages 9 to 32 were approved and authorised for issue by the board of directors on 8 December 2022 and were signed on its behalf by:

M Ryatt
Director

The notes on pages 15 to 32 form part of these financial statements.

BERRY BROOK HOMES LIMITED

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

| | Share capital | Retained earnings | Total equity |
|--|---------------|----------------------|------------------|
| | £ | £ | £ |
| At 1 April 2021 | 3,000 | (321,696) | (318,696) |
| Comprehensive income for the year | | | |
| Loss for the year | - | (201,653) | (201,653) |
| Total comprehensive income for the year | - | (201,653) | (201,653) |
| At 31 March 2022 | 3,000 | (523,349) | (520,349) |

| | Share capital | Retained earnings | Total equity |
|--|---------------|----------------------|------------------|
| | £ | £ | £ |
| At 1 April 2020 | 3,000 | (291,237) | (288,237) |
| Comprehensive income for the year | | | |
| Loss for the year | - | (30,459) | (30,459) |
| Total comprehensive income for the year | - | (30,459) | (30,459) |
| At 31 March 2021 | 3,000 | (321,696) | (318,696) |

The notes on pages 15 to 32 form part of these financial statements.

BERRY BROOK HOMES LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

| | Note | 2022 £ | 2021 £ |
|---|------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Loss for the year | | (201,653) | (30,459) |
| Adjustments for | | | |
| Depreciation of property, plant and equipment | 11 | 1,191,991 | 1,191,411 |
| Amortisation of government grants | | (846,294) | (846,294) |
| Finance expense | 9 | 378,131 | 364,459 |
| Income tax expense | 10 | (5,858) | (15,257) |
| | | <u>516,317</u> | <u>663,860</u> |
| Movements in working capital: | | | |
| Decrease in trade and other receivables | | 70,734 | 72,980 |
| Increase/(decrease) in trade and other payables | | 115,758 | (128,145) |
| | | <u>702,809</u> | <u>608,695</u> |
| Cash generated from operations | | <u>702,809</u> | <u>608,695</u> |
| Net cash from operating activities | | <u>702,809</u> | <u>608,695</u> |
| Cash flows from investing activities | | | |
| Cash flows from financing activities | | | |
| Proceeds from grants | | 13,925 | 13,922 |
| Proceeds from borrowings | | 56,614 | 31,792 |
| Payments of lease creditors | | (182,563) | (180,577) |
| Interest paid | | (40) | (22) |
| | | <u>(112,064)</u> | <u>(134,885)</u> |
| Net cash used in financing activities | | <u>(112,064)</u> | <u>(134,885)</u> |
| Net cash increase in cash and cash equivalents | | <u>590,745</u> | <u>473,810</u> |
| Cash and cash equivalents at the beginning of year | | 1,060,176 | 586,366 |
| Cash and cash equivalents at the end of the year | 21 | <u><u>1,650,921</u></u> | <u><u>1,060,176</u></u> |

The notes on pages 15 to 32 form part of these financial statements.

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

1. Reporting entity

Berry Brook Homes Limited (the 'Company') is a limited company incorporated in the United Kingdom. The Company's registered office is at Civic Offices, Shute End, Wokingham, Berkshire, RG40 1BN. The Company's principal activity is the letting and operating of own or leased real estate.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations as adopted by the UK (collectively IFRSs).

The company is a private limited company and is wholly owned subsidiary of Wokingham Borough Council which is required to prepare accounts in accordance with IFRSs adapted for the UK public sector by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom Guidance Notes for Practitioners 2021/22 (the Code). Where possible the Company has selected accounting policies consistent with the Code, however where there is a conflict with the Code IFRSs and IFIC interpretations as adopted by the UK have been followed.

Details of the Company's accounting policies, including changes during the year, are included in note 3.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 5.

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

| Items | Measurement basis |
|-----------------------|---------------------------|
| Infrastructure assets | Depreciated historic cost |

2.2 Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 April 2021

No new standards which were effective from the 1 April 2021 have been applied within the preparation of the Company's financial statements.

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

2. Basis of preparation (continued)

ii) New standards, interpretations and amendments not yet effective

The following new standards and interpretations to published standards are not yet effective:

| New standard, interpretation or amendment | Mandatory effective date (period beginning) |
|--|---|
| Deferred Tax related to Assets and Liabilities arising from a Single Transaction | |
| Amendments to IAS 12 | 1 January 2023 |
| Definition of Accounting Estimates Amendments to IAS 8 | 1 January 2023 |
| Disclosure of Accounting Policies Amendments to IAS 1 | |
| and IFRS Practice Statement 2 | 1 January 2023 |

The directors anticipate that the adoption of these Standards, interpretations and amendments in future periods are unlikely to have a material impact on the results and net assets of the Company.

3. Accounting policies

3.1 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 that supports a profitable business plan.

Additionally, although the entity is in a net liability position £(520,349) (2021:£(318,696)), the entity has seen a net increase in cash and cash equivalents of £590,745 (2021:£473,810) during the year. This has resulted in a cash and cash equivalents balance at the year end of £1,650,921 (2021:£1,060,176).

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

3. Accounting policies (continued)

3.2 Leasing

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

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in the 'Loans and borrowings' line in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Property, Plant and Equipment' and 'Investment Property' lines, as applicable, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3.6.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

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

3. Accounting policies (continued)

3.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.4 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

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

3. Accounting policies (continued)

3.5 Taxation

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.6 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following range:

| | | |
|--------------------------|-----|-------|
| Leasehold land | 125 | years |
| Communal | 20 | years |
| Renewable energy assets | 20 | years |
| Electrics | 30 | years |
| Other heating | 20 | years |
| Heating boiler | 15 | years |
| Unadopted infrastructure | 50 | years |
| Structure | 100 | years |
| Roof | 55 | years |
| Windows & doors | 35 | years |
| Kitchen | 20 | years |
| Bathroom | 30 | years |

3.7 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

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

3. Accounting policies (continued)**3.8 Financial instruments**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4. Functional and presentation currency

These financial statements are presented in pounds sterling, which is the Company's functional currency. All amounts have been rounded to the nearest pound, unless otherwise indicated.

5. Accounting estimates and judgements

The directors of the entity do not believe that there are any significant accounting estimates that have a material effect on the financial statements.

6. Revenue

The following is an analysis of the Company's revenue for the year from continuing operations:

| | 2022 | 2021 |
|-----------------|-----------------------|----------------|
| | £ | £ |
| Rent receivable | 887,181 | 872,902 |
| Other income | - | 573 |
| | <u>887,181</u> | <u>873,475</u> |

Analysis of revenue by country of destination:

| | 2022 | 2021 |
|----------------|-----------------------|----------------|
| | £ | £ |
| United Kingdom | 887,181 | 873,475 |
| | <u>887,181</u> | <u>873,475</u> |

BERRY BROOK HOMES LIMITED

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

7. Other operating income

| | 2022 | 2021 |
|------------------------------|-----------------------|----------------|
| | £ | £ |
| Government grants receivable | 846,294 | 846,294 |
| | <u>846,294</u> | <u>846,294</u> |

8. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

| | 2022 | 2021 |
|---|-------------------|-------------|
| | £ | £ |
| Fees payable to the Company's auditors for the audit of the Company's financial statements | 8,100 | 7,800 |
| Fees payable to the Company's auditors for non-audit services, excluding taxation services. | 17,077 | 17,504 |
| Fees payable to the Company's auditors for taxation services | <u>840</u> | <u>810</u> |

9. Finance income and expense

Recognised in profit or loss

| | 2022 | 2021 |
|---|-------------------------|------------------|
| | £ | £ |
| Finance expense | | |
| Bank interest payable | 40 | 22 |
| Interest on lease liabilities | 61,263 | 66,914 |
| Interest payable to group companies | 316,828 | 297,523 |
| Total finance expense | <u>378,131</u> | <u>364,459</u> |
| Net finance expense recognised in profit or loss | <u>(378,131)</u> | <u>(364,459)</u> |

BERRY BROOK HOMES LIMITED

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

10. Tax expense

10.1 Income tax recognised in profit or loss

| | 2022 £ | 2021 £ |
|--|----------------|-----------------|
| Deferred tax expense | | |
| Origination and reversal of timing differences | (5,858) | (15,257) |
| Total deferred tax | (5,858) | (15,257) |
| | <u>(5,858)</u> | <u>(15,257)</u> |
| Total tax expense | | |
| Origination and reversal of timing differences | (5,858) | (15,257) |
| | <u>(5,858)</u> | <u>(15,257)</u> |

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

| | 2022 £ | 2021 £ |
|--|----------------|-----------------|
| Loss for the year | (201,653) | (30,459) |
| Income tax credit/expense (including income tax on associate, joint venture and discontinued operations) | (5,858) | (15,257) |
| Loss before income taxes | (207,511) | (45,716) |
| Tax using the Company's domestic tax rate of 19% (2021:19%) | (39,427) | (8,686) |
| Expenses not deductible for tax purposes, other than goodwill, amortisation and impairment | 28,072 | 65,572 |
| Utilisation of tax losses | - | (65,572) |
| Other differences leading to an increase/(decrease) in the tax charge | (5,858) | (6,571) |
| Group relief | 11,355 | - |
| Total tax expense | <u>(5,858)</u> | <u>(15,257)</u> |

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

10. Tax expense (continued)

10.1 Income tax recognised in profit or loss (continued)

Changes in tax rates and factors affecting the future tax charges

During March 2021 the UK chancellor announced an expected change to the UK's main corporation tax rates from 19% to 25% which was subsequently enacted into the Finance Act in June 2021. The main rate will increase to 25% from 1 April 2023 and will impact the corporation tax provision of the Company from that date. The deferred tax provision has been adjusted in these financial statements in recognition of this change.

BERRY BROOK HOMES LIMITED

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

11. Property, plant and equipment

| | Housing properties £ | Right of use asset £ | Housing properties under construction £ | Total £ |
|--|----------------------------|----------------------------|---|-------------------|
| Cost or valuation | | | | |
| At 1 April 2020 | 26,342,363 | 1,979,500 | 49,362 | 28,371,225 |
| Additions | - | - | 8,591 | 8,591 |
| At 31 March 2021 | 26,342,363 | 1,979,500 | 57,953 | 28,379,816 |
| Transfers between classes | 57,953 | - | (57,953) | - |
| At 31 March 2022 | 26,400,316 | 1,979,500 | - | 28,379,816 |
| | | | | |
| | Housing properties £ | Right of use asset £ | Housing properties under construction £ | Total £ |
| Accumulated depreciation and impairment | | | | |
| At 1 April 2020 | 896,981 | 49,488 | - | 946,469 |
| Charge owned for the year | 979,537 | 197,950 | - | 1,177,487 |
| At 31 March 2021 | 1,876,518 | 247,438 | - | 2,123,956 |
| Charge owned for the year | 980,117 | 197,950 | - | 1,178,067 |
| At 31 March 2022 | 2,856,635 | 445,388 | - | 3,302,023 |
| Net book value | | | | |
| At 1 April 2020 | 25,445,382 | 1,930,012 | 49,362 | 27,424,756 |
| At 31 March 2021 | 24,465,845 | 1,732,062 | 57,953 | 26,255,860 |
| At 31 March 2022 | 23,543,681 | 1,534,112 | - | 25,077,793 |

BERRY BROOK HOMES LIMITED

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

11. Property, plant and equipment (continued)

11.1. Assets held under leases

The net book value of leased assets included as "Property, plant and equipment" in the Statement of Financial Position is as follows:

| | 31 March 2022 | <i>31 March 2021</i> |
|--|--------------------------|----------------------|
| | £ | £ |
| Property, plant and equipment | 18,097,398 | 18,605,465 |
| Right-of-use assets, excluding investment property | 6,980,395 | 7,650,395 |
| | <u>25,077,793</u> | <u>26,255,860</u> |

Net book value

| | 31 March 2022 | <i>31 March 2021</i> |
|----------|-------------------------|----------------------|
| | £ | £ |
| Property | 6,980,395 | 7,650,395 |
| | <u>6,980,395</u> | <u>7,650,395</u> |

12. Trade and other receivables

| | 2022 | <i>2021</i> |
|--|-----------------------|----------------|
| | £ | £ |
| Current | | |
| Trade receivables | 63,479 | 140,594 |
| Trade receivables - net | 63,479 | 140,594 |
| Receivables from related parties | 1,704 | 1,704 |
| Total financial assets other than cash and cash equivalents classified as loans and receivables | 65,183 | 142,298 |
| Prepayments and accrued income | 22,738 | 22,215 |
| Other receivables | 21,115 | 15,257 |
| Total current trade and other receivables | <u>109,036</u> | <u>179,770</u> |

BERRY BROOK HOMES LIMITED

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

13. Trade and other payables

| | 2022 £ | 2021 £ |
|--|--------------------|--------------------|
| Trade payables | 9,511 | 11,713 |
| Payables to related parties | 9,470,263 | 9,107,175 |
| Other payables | 22,978 | 21,850 |
| Accruals | 296,264 | 179,431 |
| Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost | 9,799,016 | 9,320,169 |
| Deferred income | 15,780,186 | 16,612,556 |
| Total trade and other payables | 25,579,202 | 25,932,725 |
| Less: current portion - trade payables | (9,511) | (11,713) |
| Less: current portion - payables to related parties | (418,030) | (361,058) |
| Less: current portion - other payables | (22,978) | (21,850) |
| Less: current portion - accruals | (296,264) | (179,431) |
| Less: current portion - deferred income | (832,370) | (832,370) |
| Total current portion | (1,579,153) | (1,406,422) |
| Total non-current position | 24,000,049 | 24,526,303 |

14. Loans from related parties

| | 2022 £ | 2021 £ |
|------------------------------------|------------------|------------------|
| Secured - at amortised cost | | |
| Loans from related parties | 9,052,231 | 8,746,117 |
| | 9,052,231 | 8,746,117 |

Interest is charged at a fixed rate of 3.5% on this loan.

As the company has no loans where interest is based on LIBOR the company was not impacted by the cessation of LIBOR at the end of 2021.

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates to their fair value.

BERRY BROOK HOMES LIMITED

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

15. Loans and borrowings

| | 2022 | 2021 |
|-----------------------------------|------------------|------------------|
| | £ | £ |
| Non-current | | |
| Lease liabilities | 1,602,379 | <i>1,714,656</i> |
| | 1,602,379 | <i>1,714,656</i> |
| Current | | |
| Lease liabilities | 176,518 | <i>167,121</i> |
| | 176,518 | <i>167,121</i> |
| Total loans and borrowings | 1,778,897 | <i>1,881,777</i> |

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates fair value.

16. Share capital

Authorised

| | 2022 | 2022 | 2021 | 2021 |
|--------------------------------------|---------------|--------------|---------------|--------------|
| | Number | £ | <i>Number</i> | <i>£</i> |
| Shares treated as equity | | | | |
| Ordinary shares shares of £1.00 each | 3,000 | 3,000 | <i>3,000</i> | <i>3,000</i> |
| | 3,000 | 3,000 | <i>3,000</i> | <i>3,000</i> |

Issued and fully paid

| | 2022 | 2022 | 2021 | 2021 |
|---|---------------|--------------|---------------|--------------|
| | Number | £ | <i>Number</i> | <i>£</i> |
| Ordinary shares shares of £1.00 each | | | | |
| At 1 April and 31 March | 3,000 | 3,000 | <i>3,000</i> | <i>3,000</i> |

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

17. Reserves

Reserves represent cumulative amount of share capital issued and retained earnings.

Retained earnings

Retained earnings represents cumulative net profit and losses recognised in the Statement of Comprehensive Income net of amounts recognised directly in equity.

18. Leases**(i) Leases as a lessee**

The company has the 10 year lease on a property for which it pays rent as part of the lease.

Lease liabilities are due as follows:

| | 2022 £ | 2021 £ |
|---|------------------|------------------|
| Contractual undiscounted cash flows due | | |
| Not later than one year | 231,810 | 167,121 |
| Between one year and five years | 1,212,262 | 766,246 |
| Later than five years | 446,426 | 948,410 |
| | <u>1,890,498</u> | <u>1,881,777</u> |
| Lease liabilities included in the Statement of Financial Position at 31 March | <u>1,778,897</u> | <u>1,881,777</u> |
| Non-current | 1,602,379 | 1,714,656 |
| Current | <u>176,518</u> | <u>167,121</u> |

The following amounts in respect of leases have been recognised in profit or loss:

| | 2022 £ | 2021 £ |
|---------------------------------------|---------------|---------------|
| Interest expense on lease liabilities | <u>61,263</u> | <u>66,914</u> |

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

19. Financial instruments - fair values and risk management**19.1 Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| 31 March 2022 | Note | Carrying amount | |
|---|------|-----------------|-------------|
| | | Amortised cost | Total |
| | | £ | £ |
| Financial assets measured at fair value | | | |
| | | <hr/> | <hr/> |
| | | - | - |
| | | <hr/> | <hr/> |
| Financial assets not measured at fair value | | | |
| Trade and other receivables | 12 | 65,183 | 65,183 |
| Cash and cash equivalents | 21 | 1,650,921 | 1,650,921 |
| | | <hr/> | <hr/> |
| | | 1,716,104 | 1,716,104 |
| | | <hr/> | <hr/> |
| Financial liabilities measured at fair value | | | |
| | | <hr/> | <hr/> |
| | | - | - |
| | | <hr/> | <hr/> |
| Financial liabilities not measured at fair value | | | |
| Borrowings | 15 | (9,470,263) | (9,470,263) |
| Trade and other payables | 13 | (328,753) | (328,753) |
| | | <hr/> | <hr/> |
| | | (9,799,016) | (9,799,016) |

BERRY BROOK HOMES LIMITED

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

19. Financial instruments - fair values and risk management (continued)

19.1 Accounting classifications and fair values (continued)

| 31 March 2021 | Note | Carrying amount | |
|---|------|-----------------|-------------|
| | | Amortised | Total |
| | | cost £ | £ |
| Financial assets measured at fair value | | | |
| | | | |
| | | - | |
| | | | - |
| Financial assets not measured at fair value | | | |
| | | 142,297 | |
| Trade and other receivables | 12 | | 142,297 |
| | | 1,060,176 | |
| Cash and cash equivalents | 21 | | 1,060,176 |
| | | | |
| | | 1,202,473 | |
| | | | 1,202,473 |
| Financial liabilities measured at fair value | | | |
| | | | |
| | | - | |
| | | | - |
| Financial liabilities not measured at fair value | | | |
| | | (9,107,175) | |
| Borrowings | 15 |) | (9,107,175) |
| | | (212,995) | |
| Trade and other payables | 13 |) | (212,995) |
| | | | |
| | | (9,320,170) | |
| | |) | (9,320,170) |

19.2 Credit risk management

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

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

19. Financial instruments - fair values and risk management (continued)

19.3 Liquidity risk management

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 movement happen, WBC has ready access to borrowings from the Money Markets and the Public Works Loans Board. There is therefore no significant risk that Berry Brook Homes Limited will be unable to raise finance to meet its commitments under financial instruments.

The Company's exposure to a liquidity risk at 31 March 2022 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 1 April 2016 and at a fixed rate of 3.5% thereafter.

20. Related party transactions

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

The Directors of the Company regard Wokingham Borough Council (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 Wokingham Borough Council. Copies of the Consolidated Group Accounts are available from Wokingham Borough Council, Civic Offices, Shute End, Wokingham, RG40 1BN.

During the year purchases were made from Wokingham Borough Council of £261,490 (2021: £327,630) and Loddon Homes Limited of £80,420 (2021: £24,495).

At the 31 March 2022 loans were due to/from related parties:

20.1 Loans to/from related parties

| | 2022 £ | 2021 £ |
|---------------------------|--------------------|--------------------|
| WBC (Holdings) Limited | (9,052,231) | (8,746,117) |
| | <u>(9,052,231)</u> | <u>(8,746,117)</u> |
| Short Term Loans | | |
| Loddon Homes Limited | (21,061) | (21,061) |
| Wokingham Housing Limited | 19,340 | 19,340 |
| WBC (Holdings) Limited | (316,828) | (21,061) |
| Wokingham Borough Council | (78,050) | (31,792) |
| | <u>(9,448,830)</u> | <u>(8,800,691)</u> |

BERRY BROOK HOMES LIMITED

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

21. Notes supporting statement of cash flows

| | 2022 | 2021 |
|---|------------------|------------------|
| | £ | £ |
| Cash at bank available on demand | 1,650,921 | 1,060,176 |
| Cash and cash equivalents in the statement of financial position | 1,650,921 | 1,060,176 |
| Cash and cash equivalents in the statement of cash flows | 1,650,921 | 1,060,176 |

22. Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | £ | £ |
| Floating charge | | |
| Cash and cash equivalents | 1,650,921 | 1,060,176 |
| Receivables | 111,923 | 142,298 |
| Total current assets pledged as security | 1,762,844 | 1,202,474 |
| Non-current | | |
| First mortgage | | |
| Property, plant and equipment | 23,543,681 | 24,523,798 |
| Total non-current assets | 23,543,681 | 24,523,798 |
| Total assets pledged as security | 25,306,525 | 25,726,272 |

23. Capital management

The Company's capital management objective is to ensure that the appropriate level of capital is available to fulfil the strategic objectives of the company. This is carried out by actively managing their cash reserves as well as obtaining long-term debt finance from its ultimate parent entity, Wokingham Borough Council.

The Company is not subject to any externally imposed capital requirements.

BERRY BROOK HOMES LIMITED

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

24. Events after the reporting date

No adjusting or significant non-adjusting events have occurred between the 31 March reporting date and the date of authorisation.

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