

Registered number  
07497567

**ADVANCE NORTHUMBERLAND (DEVELOPMENTS) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**



**Advance Northumberland (Developments) Limited**  
**Annual Report and Financial Statements**  
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**Advance Northumberland (Developments) Limited  
Officers and Professional Advisors**

**Directors**

Mr J G Watson  
Mr J S Reid  
Mr G Renner-Thompson  
Mr S C Bridgett  
Ms K Gardner  
Mr J R Riddle  
Mrs M Taylor  
Mr F C O'Farrell  
Ms M B Murphy

**Company Secretary**

Mr W Thompson

**Registered Office**

Wansbeck Workspace  
Rotary Parkway  
Ashington  
Northumberland  
United Kingdom  
NE63 8QZ

**Bankers**

Cooperative Bank  
Norfolk House  
84/86 Grey Street  
Newcastle upon Tyne  
NE1 6BZ

**Auditor**

Mazars LLP  
100 Queen Street  
Glasgow  
G1 3DN

**Advance Northumberland (Developments) Limited**

**Registered number: 07497567**

**Directors' Report**

**for the year ended 31 March 2021**

The Directors have pleasure in presenting their annual report together with the audited Financial Statements and Auditor's Report for the year ending 31 March 2021.

Certain information, including review of the business and principal risks and uncertainties is not shown in the Directors' Report because it is shown in the Strategic Reporting instead, under S414 C (ii).

**Principal Activities**

The principal activities of the Company during 2020/21 were to provide project management services in connection with capital developments undertaken by the Advance Group and Northumberland County Council. In addition, Ascent Homes will continue to provide new homes for sale throughout Northumberland. Ascent Homes is the housebuilding arm of the Advance Northumberland (Developments) Limited entity. It builds homes for sale to the private and affordable markets to assist in meeting the strategic requirements of Advance Northumberland and Northumberland County Council, being the Ultimate Parent Company of Advance Northumberland Limited.

**Results and Dividends**

The results of the Company for the year are set out in detail on page 13.

The Directors proposed a dividend of £Nil, (2020: £Nil).

**Financial risk management policy**

The Company's principal financial instruments comprise loans from the Ultimate Parent Entity. Other financial assets and liabilities, such as trade debtors, trade creditors and group balances, arise directly from the Company's operating activities.

The main risks associated with the Company's financial assets and liabilities are set out below. Given that a number of the risks below derive from transactions with fellow group undertakings, the Company does not undertake any hedging activity. Significant financial risks from a group perspective are addressed on a case-by-case basis at group level.

**Interest rate risk**

The majority of debt is inter-company, which allows the Company to manage its interest rate risk.

**Price risk**

For new build residential sales, there is a process to review market information to assess the risk and future property prices. The board has set criteria to be met in terms of appraisal prices and sensitivity analysis is carried out at 10% above and below current valuations/market conditions.

**Credit risk**

The Company's principal financial asset is work in progress. The sale of new build properties are on a cash on completion basis and therefore credit risk is minimal.

**Liquidity risk**

The Company aims to manage liquidity risk by having flexible payment options with group undertakings for trading balances.

### Directors

The following persons served as Directors during the year and up to the date of signing:

Mr J G Watson	Chair - Appointed 19/07/2021
Mr J S Reid	
Mr G Renner-Thompson	Appointed 20/04/2020
Mr S C Bridgett	Appointed 19/07/2021
Ms K Gardner	Appointed 19/07/2021
Mrs L Grimshaw	Appointed 19/07/2021
Mr J R Riddle	Appointed 19/07/2021
Mrs M Taylor	Appointed 19/07/2021
Mr F C O'Farrell	Appointed 29/10/2021
Ms M B Murphy	Appointed 29/04/2022
Mrs C Dunbar	Resigned 04/04/2020
Mr P Jackson	Resigned 18/04/2020
Mr M Knowles	Resigned 27/01/2021
Mr C Sayers	Resigned 29/01/2021
Mr J Woodman	Resigned 29/01/2021
Mr I Swithenbank	Resigned 09/02/2021
Mr M Robinson	Resigned 05/07/2021
Mr R Wearmouth	Resigned 27/07/2021
Mrs L Grimshaw	Resigned 20/01/2022

The Company is a wholly-owned subsidiary and the interests of the Group Directors are disclosed in the Financial Statements of the parent company. All Directors during the period were insured under Zurich Municipal Trustee and Trust Fund Indemnity Policy, which was obtained through the Group's ultimate shareholder Northumberland County Council.

### Going Concern

The Directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the Financial Statements.

Further details regarding the adoption of the going concern basis can be found in the note 1 to the Financial Statements.

### Future plans, post balance sheet events and basis of preparation

Advance Northumberland (Developments) Limited will continue to support project management activities for Northumberland County Council and Ascent Homes will continue to build new homes for sale and to support affordable housing provision requirements within Northumberland.

### Directors' Indemnities

The Group has made qualifying third party indemnity provisions for the benefit of its Directors' which remain in force at the date of this report.

### Donations

During the year there were no charitable contributions (2020: £Nil).

**Provision of Information to Auditors**

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Mazars LLP will be proposed for reappointment in accordance with section 485 Companies Act 2006.

This report was approved by the Board and signed on its behalf by:

DocuSigned by:  
  
CCEEC48AD4FA460

23-Jun-22

Mr J G Watson  
Director

*Registered Office: Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom,  
NE63 8QZ*

## **Advance Northumberland (Developments) Limited Strategic Report for the year ended 31 March 2021**

### **Strategy and Objectives**

Advance Northumberland (Developments) Limited is part of the Advance Group of companies, it is fully owned by Advance Northumberland Limited. The Advance Group's overall aim is to drive economic benefit for businesses and the people in Northumberland.

As Northumberland's development company, Advance will bring a new dimension to economic development, the creation of sustainable communities and regeneration in the county. By establishing the Advance Group as an arms-length company led by an experienced team of development professionals, Northumberland County Council has created an asset-backed vehicle which will leverage investment and engage in joint ventures with private sector partners.

The principal activity of the Company is to house the Ascent Homes brand who provide new homes for sale throughout Northumberland. The Company also provides project management services in connection with capital developments undertaken by the Advance Group and Northumberland County Council.

### **Business Model**

Advance Northumberland (Developments) Limited financial model from 2015/16 onwards was based on transforming the Company from a cost recovery position to a fully-fledged operational development company.

In the past Advance Northumberland (Developments) Limited has been budgeted to simply recharge project delivery costs based on costs incurred without having any regard to profit margins however, in order for it to act as a true development company in accordance with the corporate strategy, the Company now applies a management fee percentage to the schemes it delivers and this will be incorporated into all subsequent feasibility studies.

For the purpose of the medium term financial plan covering three years to 2021/22, this has been based on between 3% and 5%, however each scheme will be assessed on its merit and this management fee will be amended to reflect the nature and complexity of delivery.

### **Review of the Company's Business during 2020/21**

2020/21 has been a period of significant progress on numerous regenerative, commercial and private sale developments within the county, delivered with ongoing support from both our development management activities and the Ascent Homes construction.

Work in progress levels have increased from £49,213,309 to £59,157,580 (of which £29,046,475 relates to Ascent Homes).

The Company has seen significant growth in Revenue to £12.1m (2020: £10.0m) but reduction in Cost of Sales to £7.8m (2020: £14.0m). This is due to the sale of completed assets set out below and the increase in work through Ascent Homes.

The key developments in the year were:-

- Site Clearance and Dock Remediation works have continued on the East Sleekburn/Energy Central site (as known as Northumberland Energy Park Phase 1).

- Progress has continued with town centre development proposals, including: Bedlington Town Centre - a scheme is emerging that will be capable of transforming the town centre, creating exciting new places to visit, dwell and shop, contracts have been agreed with a main Anchor Tenant; Ashington Town Centre - a mixed use leisure and retail scheme with planning consent secured, Phase I highways complete.
- Progress has continued with providing Project Management Services to NCC for the design and build of the new Berwick upon Tweed, Morpeth and Newbiggin Leisure Centres.
- Work has started / continued on several other development sites across Northumberland through the Ascent Homes brand of Advance Northumberland (Developments) Limited. The developments currently in construction are as follows:
  - St Pauls Place, Cramlington, NE23 6DG - 8 units have completed on a development of 19 new high quality homes.
  - Wayside Point (Phase 1), Ellington, NE61 5HH - 68 units have completed on a development of 99 new build homes.
  - Wayside Point (Phase 2), Ellington, NE61 5HH - 8 units have completed on a development of 61 new build homes.
  - Ellington (Affordable) - Construction work continues and is largely complete on 28 affordable units which are being delivered under a development agreement with an external registered provider of affordable homes.
  - Empire Court - 13 out of the 14 units on this site have now been sold.
  - Kingsmead, Wooler, NE71 6AE - Construction work continues on a 71 unit scheme delivering homes to the private sale and affordable markets.
  - Commissioners Quay, Blyth, NE24 3AF - Construction work continues on a revised scheme to aid in the regeneration of Blyth delivering 41 homes to a waterfront location.
  - There are a large number of schemes at various stages of planning/feasibility to continue to deliver homes to the private retail market and also to support Northumberland County Council's aim of increasing the number of affordable houses available throughout the County.

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

The Advance Group operates a 5x5 risk management matrix with all risks being recorded and presented by Heads of Service to monthly Performance monitoring meetings (Performance Clinics).

Following these meetings risks that remain high level are then reported to the Senior Leadership Team who will look to eliminate/mitigate risks before escalating to the Board.

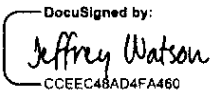
The risks highlighted at the February 2021 Advance Board in relation to Advance Northumberland (Developments) Limited were as follows:-

- Council review of loan interest rate policy may impact on financial viability of the Company and ability to deliver the Council's objectives/aspirations.



- The Company's revenue stream includes income driven from projects delivered on behalf of Northumberland County Council. If the pipeline of projects are not progressed and approved in a timely manner the level of management fee recoverable will reduce and force financial pressures firstly onto Advance Northumberland (Developments) Limited.
- The current forecast revenue for 2021/22 is based on having 5-7 live Ascent Homes sites to reach 85 unit sales in the year. Prior forecasts have anticipated 6-8 sites to deliver a constant return of 150 units. This number is reduced due to pressures on securing forward land supply to meet demand. If the pipeline of development land is not forthcoming then this will also force financial pressures firstly onto Advance Northumberland (Developments) Limited and then further onto the Group.

This report was approved by the Board and signed on its behalf by:

DocuSigned by:  
  
CCEEC48AD4FA460

23-Jun-22

Mr J G Watson  
Director

*Registered Office: Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ*

## **Advance Northumberland (Developments) Limited Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the Company and of the profit or loss of the group for that period. In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- prepare the Financial Statements in accordance with applicable accounting standards.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

## **Independent auditor's report to the members of Advance Northumberland (Developments) Limited**

### **Opinion**

We have audited the financial statements of Advance Northumberland (Developments) Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In 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 set out 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 related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.


There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of the audit 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.

**Craig Maxwell (Senior Statutory Auditor) for and on behalf of Mazars LLP**  
**Chartered Accountants and Statutory Auditor**  
100 Queen Street  
Glasgow  
G1 3DN

DocuSigned by:  
  
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24-Jun-22

**Advance Northumberland (Developments) Limited**  
**Statement of Comprehensive Income**  
**for the year ended 31 March 2021**

	Notes	2021 £	2020 £
<b>Revenue</b>	2	<b>12,105,167</b>	10,006,280
Cost of sales		<u>(7,756,970)</u>	<u>(13,984,765)</u>
<b>Gross profit/(loss)</b>		<b>4,348,197</b>	(3,978,485)
Administrative expenses		<u>(747,643)</u>	<u>(634,487)</u>
<b>Operating profit/(loss)</b>	3	<b>3,600,554</b>	(4,612,973)
Interest payable and similar charges	4	<u>(90,863)</u>	<u>(93,892)</u>
Impairment of work in progress		<u>(89,211)</u>	<u>(509,853)</u>
<b>Profit/(Loss) before taxation</b>		<b>3,420,479</b>	(5,216,717)
<b>Taxation on profit/(loss)</b>	5	<b>(711,392)</b>	355,013
<b>Profit/(Loss) for the financial year</b>		<b>2,709,087</b>	(4,861,704)
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b><u>2,709,087</u></b>	<b><u>(4,861,704)</u></b>

**Continuing operations**

None of the Company's activities were acquired or discontinued during the above two financial years.

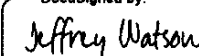
The notes on pages 16 to 23 form part of the financial statements.

**Advance Northumberland (Developments) Limited**  
**Registered number: 07497567**  
**Balance Sheet**  
**as at 31 March 2021**

	Notes	2021 £	2020 £
<b>Tangible fixed assets</b>			
Tangible assets	6	<u>1,516,978</u>	<u>1,635,783</u>
		<b>1,516,978</b>	<b>1,635,783</b>
<b>Current assets</b>			
Debtors	7	3,337,511	2,594,533
Work in progress	8	59,157,580	49,213,309
Cash at bank and in hand		<u>806,399</u>	<u>3,196,185</u>
		<b>63,301,490</b>	<b>55,004,027</b>
<b>Creditors: amounts falling due within one year</b>	9	<u>(12,240,414)</u>	<u>(12,822,319)</u>
Net current assets		<u><b>51,061,076</b></u>	<u><b>42,181,707</b></u>
<b>Total assets less current liabilities</b>		<b>52,578,055</b>	<b>43,817,490</b>
<b>Creditors: amounts falling due after one year</b>			
Long term borrowings	10	<u>(55,144,347)</u>	<u>(49,542,696)</u>
		<b>(55,144,347)</b>	<b>(49,542,696)</b>
<b>Provision for liabilities and charges</b>			
Deferred taxation	11	<u>(262,077)</u>	<u>187,748</u>
		<b>(262,077)</b>	<b>187,748</b>
<b>Net (liabilities)</b>		<u><b>(2,828,370)</b></u>	<u><b>(5,537,458)</b></u>
<b>Capital and reserves</b>			
Called up share capital	12	100	100
Profit and loss account		<u>(2,828,470)</u>	<u>(5,537,558)</u>
<b>Shareholders' (deficit)</b>	16	<u><b>(2,828,370)</b></u>	<u><b>(5,537,458)</b></u>

The notes on pages 16 to 23 form part of the financial statements.

The Financial Statements of Advance Northumberland (Developments) Limited were approved by the Board of Directors and signed on its behalf by:

DocuSigned by:  
  
 CCEEC48AD4FA460

23-Jun-22

Mr J G Watson  
 Director



**Advance Northumberland (Developments) Limited**  
**Statement of Changes in Equity**  
**for the year ended 31 March 2021**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 April 2019</b>	<b>100</b>	<b>(675,854)</b>	<b>(675,754)</b>
(Loss) for the year	-	(4,861,704)	<b>(4,861,704)</b>
Dividend	-	-	-
<b>At 1 April 2020</b>	<b>100</b>	<b>(5,537,558)</b>	<b>(5,537,458)</b>
Profit for the year	-	2,709,087	<b>2,709,087</b>
Dividend	-	-	-
<b>At 31 March 2021</b>	<b>100</b>	<b>(2,828,470)</b>	<b>(2,828,370)</b>

The notes on pages 16 to 23 form part of the financial statements.

**Advance Northumberland (Developments) Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2021**

**1 Accounting policies**

A summary of the principal accounting policies of the Company, all of which have been applied consistently throughout the current year, is set out below:

**a) Statement of compliance**

Advance Northumberland (Developments) Limited is a limited liability company, limited by shares, incorporated in England. The Registered Office: Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ.

The Company's Financial Statements have been prepared in compliance with FRS 102 as it applies to the Financial Statements of the Company for the year ended 31 March 2021.

In these financial statements, the company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- The requirements of Section 4 Statement of Financial Position 4.12(a)(iv)
- The requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A
- The requirements of Section 33.7 and 33.1A Related Party Disclosures.
- The group in which the results of the company are consolidated is Advance Northumberland Limited.

Consolidated financial statements of Advance Northumberland Limited are available to the public and may be obtained from the company's registered address.

**b) Basis of preparation**

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and previous year.

The Financial Statements have been prepared in accordance with the Financial Reporting Standard 102 under the historical cost convention.

The functional currency of Advance Northumberland (Developments) Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated Financial Statements are also presented in pounds sterling. There are no foreign operations. Advance Northumberland (Developments) Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions in relation to presentation of a cash flow statement, disclosure in respect of financial instruments and remuneration of key management personnel.

**c) Post balance sheet events**

Since the year end, Advance Northumberland (Developments) Limited secured additional funding from the Ultimate Parent, Northumberland County Council. This funding will ensure that the current construction related claims are settled and the Company continues to trade as a going concern.

**d) Revenue**

Revenue comprises development site sales and is recognised as follows:

- On sites that are sold outright - when legal completion occurs and funds are received.
- On sites that are developed under a management agreement with a third party the sales are recognised when certain milestones are achieved, those being; legal completion has occurred on a per plot basis and the overall development site profit can be reasonably measured.

In addition there is rental income on farm land, the Feed-In Tariff on the photovoltaics held within the entity and income from charging other project management services to the Ultimate Parent Company.

**e) Fixed assets**

Tangible fixed assets are stated at cost or valuation net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write-off the cost or valuation, less estimated residual value of each asset on a straight line basis over its expected life as follows:-

Motor Vehicles at 25%  
Photovoltaics at 5%

No depreciation is provided in the first year of acquisition.

**f) Going concern**

The Company's business activities together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. The Company meets day to day working capital from operating cashflows. The Company's forecasts and projections, taking account of expected changes to the business and trading environment, show that the Company can continue to operate on this basis. Funding for capital investment continues to be available from Northumberland County Council under the terms of the existing loan agreement.

The Directors' have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

**g) Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the Financial Statements. Deferred tax is provided on Revaluation gains and/or (losses)..

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

***h) Borrowing costs***

The Company raises finance through its commercial loan facility with the Group's Ultimate Parent Entity Northumberland County Council. Interest incurred for this facility with regards to fixed assets is accrued to the Statement of Comprehensive Income and interest incurred for this facility with regards to current work in progress is accrued to the project cost.

***i) Cashflow Statement***

As Advance Northumberland (Developments) Limited is consolidated into Advance Northumberland Limited, Advance Northumberland (Developments) Limited has taken advantage of an exemption, under FRS 102, from the requirement to prepare a cash flow statement.

***j) Agent/Principal contractor***

Advance Northumberland (Developments) Limited operates as an agent on behalf of Northumberland County Council in delivery of elements of their capital programme, all expenditure and income (with the exception of project management fee) is therefore accounted for on the Balance Sheet, with the variation between amounts drawn down for delivery and actual development costs being held on the Balance Sheet as a creditor.

**k) Work in progress**

Work in progress is accounted for at the lower of cost and net realisable value and represents ongoing residential/commercial development schemes and Ascent Homes new builds.

At the end of each reporting period development sites are assessed for impairment. If a development is impaired it is reduced to the selling price less costs to sell and an impairment charge is recognised through the Statement of Comprehensive Income.

**l) Staff Costs**

The Company has no employees.

**m) Financial Instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equipment instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

**n) Contingent liability**

The Company was formally notified in April 2020 that a key contractor, engaged to deliver on a live development project, has raised force majeure claims under the terms of the building contract due to delays and issues arising. The Company, taking into consideration both internal and external advice, has formally assessed the claims, held discussions with the contractor and reached a conclusion on each part of the claims and/or impact on the project. However, as the claim process is still ongoing and the project continues to be delayed to current working conditions through COVID, there could be a position where the Company will incur costs greater than that provided for.

**o) Judgements and key sources of estimation uncertainty**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Balance Sheet date, and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on the Financial Statements:

**Appraisal of future developments**

Management appraise all developments for technical, economic and financial feasibility through an established internal criteria. The appraisal is most sensitive to development construction costs and estimated yield.

**Carrying value of work in progress**

At the end of each reporting period development sites are assessed for impairment. If a development is impaired it is reduced to the selling price less costs to sell and an impairment charge is recognised through the Statement of Comprehensive Income.

<b>2 Revenue</b>	<b>2021</b>	<b>2020</b>
Revenue is broken down as follows	£	£
Photovoltaic income	67,542	76,935
Rental income on Farm Land	76,863	126,008
Project Management Fees	530,441	158,884
Development Completion/Unit Sales	11,224,683	9,573,264
Miscellaneous income	205,638	71,189
	<b><u>12,105,167</u></b>	<b><u>10,006,280</u></b>

<b>3 Operating profit/(loss)</b>	<b>2021</b>	<b>2020</b>
Operating (loss)/profit is stated after charging:-	£	£
Auditor's Remuneration - Audit services	6,600	6,450
Impairment of work in progress	89,211	509,853
Depreciation	118,805	123,739

The Company engages staff that are employed by fellow group company, Advance Northumberland (Housing) Limited, disclosures in relation to employee costs and numbers are available in that entity's published accounts.

<b>4 Interest payable and similar charges</b>	<b>2021</b>	<b>2020</b>
Interest is payable on the following loans	£	£
P&L impacting Loans from Ultimate Parent	90,863	93,892
Capitalised Interest on loans from Ultimate Parent (note 8)	982,823	848,139

All interest charged to the P&L relates to intercompany loans from the ultimate parent.

<b>5 Taxation charge/(credit) on profit/(loss)</b>	<b>2021</b>	<b>2020</b>
<i>Analysis of the tax charge</i>	£	£
In respect of the year:		
United Kingdom corporation tax at 19% (2020: 19%) based on the profit for the year	261,567	-
(Over) provision in prior year	-	-
	261,567	-
Total current tax	261,567	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	510,662	(374,691)
Adjustment in respect of previous periods	(1,177)	-
Effect of changes in tax rates	(59,660)	19,678
Total deferred tax	449,825	(355,013)
<b>Tax on profit/(loss)</b>	<b>711,392</b>	<b>(355,013)</b>

#### Factors affecting future tax charge

The rate of UK corporation tax was 19% in both the current and preceding years. An increase in the main rate to 25% from 01/04/2023 was substantively enacted on 24/05/2021. A rate of 25% has therefore been applied to the company's deferred tax balance at the Balance Sheet date.

#### Factors affecting tax charged for the current period

Profit/(Loss) before tax	3,420,479	(5,216,717)
Tax on Profit/(Loss) at standard UK rate of 19% (2020: 19%)	649,892	(991,176)
Expenses not deductible for tax purposes	-	21
Group Relief Surrendered/(Claimed)	-	616,290
Adjustments to brought forward values	(221)	172
Adjustments to tax charge in respect of previous periods - Deferred tax	(1,177)	-
Other permanent differences	-	2
Remeasurement of deferred tax for changes in tax rates	62,898	19,678
<b>Tax on profit/(loss)</b>	<b>711,392</b>	<b>(355,013)</b>

**6 Tangible fixed assets**

	Photovoltaics £	Motor Vehicles £	Total £
<b>Cost</b>			
At 1 April 2020 and 31 March 2021	2,165,186	71,761	2,236,947
<b>Depreciation</b>			
At 1 April 2020	539,949	61,215	601,164
Charge for the year	108,259	10,545	118,805
<b>At 31 March 2021</b>	<b>648,208</b>	<b>71,761</b>	<b>719,969</b>
<b>Net Book Value</b>			
At 31 March 2021	<b>1,516,978</b>	<b>-</b>	<b>1,516,978</b>
At 31 March 2020	<b>1,625,238</b>	<b>10,545</b>	<b>1,635,783</b>

**7 Debtors**

	2021 £	2020 £
Trade debtors	183,603	383,450
Amounts due from other group companies	100	1,076,661
Amounts due from Ultimate Parent (note 13)	2,487,775	125,117
VAT debtor	308,069	830,355
Other debtors	357,963	178,949
	<b>3,337,511</b>	<b>2,594,533</b>

**8 Work in progress**

Work in progress is accounted for at cost and amounts to ongoing residential and commercial development schemes and Ascent Homes new builds of £59,157,580 (2020: £49,213,308).

Capitalised interest within the work in progress balance at the year end was £982,823 (2020: £848,139).

**9 Creditors: Amounts falling due within one year**

	2021 £	2020 £
Trade creditors	(3,129,397)	6,473
Accruals and deferred income	2,733,486	1,800,905
Other creditors	3,285,252	4,233,393
Amounts due to other group companies	5,285,128	4,491,402
Amounts due to Ultimate Parent (note 13)	700,062	440,536
Corporation Tax	261,567	-
Prepaid deposits	3,104,316	1,849,611
	<b>12,240,414</b>	<b>12,822,319</b>

**10 Creditors: Amounts falling due after more than one year**

	2021 £	2020 £
Amounts due to Ultimate Parent (note 13)	33,475,586	36,223,626
Deferred Grant Funding due to Ultimate Parent	21,668,762	13,319,069
	<b>55,144,347</b>	<b>49,542,696</b>

Long term creditors owed to group undertakings are repayable on completion of each development or as homes are sold to customers through Ascent Homes.

Interest paid on loans to the Ultimate Parent on live Development schemes are transferred to the WIP balance and recognised as a cost of sale on scheme completion/unit sales.

<b>11 Deferred taxation</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
The movement in the deferred taxation provision during the year was:		
Provision brought forward	(187,748)	167,265
Adjustment in respect of previous periods	(1,177)	-
Charge/(Credit) for the year	451,002	(355,013)
Provision carried forward	<b>262,077</b>	<b>(187,748)</b>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

Fixed asset timing differences	269,036	208,654
Short-term timing differences	(6,959)	(336,737)
Losses and other deductions	-	(59,665)
Provision carried forward (see note 8)	<b>262,077</b>	<b>(187,748)</b>

<b>12 Called up share capital</b>	<b>Nominal value</b>	<b>2021 Number</b>	<b>2021 £</b>	<b>2020 £</b>
Allotted, called up and fully paid:				
Ordinary shares	£1 each	100	100	100
			<b>100</b>	<b>100</b>

### 13 Related party transactions

The Directors have identified transactions with the following related parties:

<b>Party</b>	
Northumberland County Council	Ultimate Controlling Entity
Active Northumberland	Ken Dunbar being a board member of Active Northumberland and Advance Northumberland. Charitable contribution paid from Advance Northumberland (Developments) Limited to Active Northumberland.
Advance Northumberland Limited	Parent Company and subsidiary of Northumberland County Council
Advance Northumberland (Commercial) Limited	Subsidiary of Advance Northumberland Limited
Advance Northumberland (Housing) Limited	Subsidiary of Advance Northumberland Limited

The Company's immediate parent company is Advance Northumberland Limited. Northumberland County Council is the ultimate controlling party by virtue of its shareholding in Advance Northumberland Limited. Northumberland County Council, a local authority statutorily constituted in England, prepared consolidated group accounts which can be obtained by application to Northumberland County Council, County Hall, Morpeth, Northumberland, NE61 2FF.

During the year the Company had the following transactions with other group companies:

Accumulative Funding of £42,259,172 (2020 - £42,166,398) was provided by Northumberland County Council to provide working capital towards their capital programme schemes. The prior year value has been restated following a full reconciliation of historical transactions. Prior year financial statements showed £41,101,152.

Advance Northumberland (Developments) Limited acts as an agent on behalf Northumberland County Council in this respect. At 31 March 2021 £41,687,749 (2020: £41,687,749) had been used to fund the capital programme and the outstanding £1,099,837 (2020: £1,099,837) will be carried forward to be recovered in subsequent periods to fund development activity performed by the Company on behalf of Northumberland County Council.



Advance Northumberland (Developments) Limited has outstanding loan balances owed to Northumberland County Council for use on Ascent and Development schemes of £33,738,081 (2020: £36,223,627)

During the year payments of £171,311 (2020: £248,090) were made to Northumberland County Council in respect of Planning Applications, Building Regulation fees, Section 278 agreements, Insurance and other services. The value of loan interest paid during the year was £1,069,187 (2020: £950,560) of which £Nil is accrued at year end (2020: £1,534,51).

Advance Northumberland (Developments) Limited was owed £Nil (2020: £1,076,661) from other group companies whilst the Ultimate Parent owed £2,487,775 (2020: £125,117), in addition the company owed £5,285,128 (2020: £4,491,402) to other group companies and £435,716 (2020: £440,536) to the Ultimate Parent.

Advance Northumberland (Developments) Limited made no charitable donations in the financial year ended 31 March 2021 (2020: £Nil).

Advance Northumberland (Developments) Limited, is part of the Advance Group and therefore is consolidated in the Group accounts of Advance Northumberland Limited (the smallest group of which it is a member), in turn Advance Northumberland Limited is a fully owned subsidiary of Northumberland County Council and is therefore consolidated in the Whole of Government Accounts (the largest group of which it is a member).

During the year payments of £747,643 were made to Advance Northumberland Limited for intercompany corporate recharges. (2020: £634,487)

The company has not disclosed transactions with other group companies, as it has taken advantage of the exemption contained within FRS 102.33.1A on the grounds that fellow subsidiaries are all wholly owned.

#### **14 Dividends paid and proposed**

The Directors' proposed a dividend of £Nil for the year (2020: £Nil).

#### **15 Directors' emoluments**

The Directors received remuneration in the year of £5,776 (2020: £4,000). The Directors are also paid by the Ultimate Parent Undertaking for their services as Councillors, where applicable.

#### **16 Reserves**

The Company holds Called up Share Capital of 100 nominal shares at a value of £100 (2020: £100).

The Company has negative P&L Reserves of (£2,828,370) (2020: (£5,537,558)).

#### **17 Post balance sheet events**

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.