

Registered number 7838396

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**CELTIC HORIZONS LIMITED  
FOR THE YEAR ENDING 31 MARCH 2022**



**CELTIC HORIZONS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2022**

**CONTENTS**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Directors' Report</b>	<b>7</b>
<b>Statement of Directors' Responsibilities</b>	<b>10</b>
<b>Independent Auditor's Report</b>	<b>11</b>
<b>Statement of Comprehensive Income</b>	<b>16</b>
<b>Statement of Changes in Equity</b>	<b>16</b>
<b>Statement of Financial Position</b>	<b>17</b>
<b>Notes to the Financial Statements</b>	<b>18</b>

**CELTIC HORIZONS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2022**

**COMPANY INFORMATION**

<b>Directors:</b>	Phil Stokes Grahame Sturges Richard Mann Neil Chidgey (resignation tendered effective 24 <sup>th</sup> June 2022) Damian Williams Emma Tamplin
<b>Company Secretary:</b>	Nia Roblin
<b>Registered office:</b>	Y Borth 13 Beddau Way Caerphilly CF83 2AX
<b>Registered Number:</b>	7838396
<b>Auditor:</b>	KPMG LLP 3 Assembly Square Britannia Quay Cardiff CF10 4AX
<b>Banker:</b>	Lloyds Bank plc 25 Gresham Street London EC2V 7HN

**CELTIC HORIZONS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2022**

The Directors present the Annual Report and the audited financial statements of Celtic Horizons Limited for the year ended 31 March 2022.

**STRATEGIC REPORT**

The directors have pleasure in submitting their strategic report for Celtic Horizons Limited for the year ended 31 March 2022.

**Who we are**

Celtic Horizons Limited is a 100% subsidiary of United Welsh Housing Association Limited (United Welsh). The principal activity of Celtic Horizons is providing associated housing services to United Welsh.

**Our business model**

Celtic Horizons Limited was originally established to manage photovoltaic panels fitted to properties owned by United Welsh. It was subsequently expanded to participate in the tripartite asset management partnership with United Welsh and Mears plc. This arrangement is a potential 15-year partnership launched in March 2013 and utilises staff employed by Celtic Horizons Limited. The service arrangement was reviewed at the 7-year period in 2020 and the decision was made to continue with the successful partnership with Mears.

During the year a timber frame factory, trading as Celtic Offsite, was set up. The factory produces timber frame panels and associated items for new housing for United Welsh and other Registered Social Landlords. The intention is that the factory will help deliver zero/low carbon new homes that tenants want to live in. Due to the energy efficient materials used in the construction of the timber panels tenants can expect to receive lower energy bills than homes built to current building regulations. Any surpluses generated in forthcoming years will go towards funding the delivery of EPC A, the highest rated energy performance certificate, on existing homes. In addition, the factory has provided new work and training opportunities. The factory, therefore, will help to deliver several of United Welsh Group's key objectives, including those relating to job creation, fuel poverty and achieving EPC A and net zero carbon. The factory also supports the delivery of several Welsh Government objectives, including Prosperity for All, the Economic Action Plan, A Low Carbon Wales and Reimagining Social Housing.

**CELTIC HORIZONS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2022**

**STRATEGIC REPORT (continued)**

**Financial and operating performance highlights**

The Company currently has three primary income streams:

- the provision of labour for the asset management contract
- management of feed in tariff income from photovoltaic panels leased from United Welsh
- the sale of timber frames for the construction of energy efficient homes.

During the year the Company continued the provision of labour associated with the delivery of day to day and cyclical maintenance, major repairs and estate services to United Welsh. The number of people employed by Celtic Horizons Limited increased to 173 full time equivalent (2021 - 162 FTE employees) due to growth in the direct provision of services and the introduction of Celtic Offsite. The Company currently hosts 11 apprentices across a number of job roles.

Turnover from photovoltaic income for the period was £0.6m (2021 - £0.6m), and turnover from labour agency activities was £5.5m (2021 - £5.2m). Turnover for the Celtic Offsite in its first year of operation was £460k.

The total loss for the year was £291k (2021 - £161k profit). The loss is due to the factory expensing its initial set up costs as budgeted for in its business plan. The five year business plan shows that by 31 March 2024 the factory will be generating surpluses. The factory set up costs have been supported by a Welsh Government loan of £2.093m and is conditional on the surpluses generated being used to fund the delivery of EPC A on existing home in the United Welsh Group.

**CELTIC HORIZONS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2022**

**STRATEGIC REPORT (continued)**

**Principal risks and uncertainties**

The Board is responsible for the system of risk management and internal control.

The Company's structure exposes it to a range of financial and operational risks. Robust risk management processes have been implemented to mitigate against risk. The key risks identified include:

Risk category	Key risks	Controls/Line of Defence
Financial	Mismatch of timing of income and payments placing pressure on cashflow. Factory incurs unplanned losses and fails to deliver its business plan.	<ul style="list-style-type: none"> <li>Monthly and quarterly reviews of financial data by separate Commercial Groups for the labour agency and Celtic Offsite. Regular monitoring of staffing levels and reviews of future workload.</li> <li>Legal and tax advice has been secured in setting up the factory.</li> <li>Five year financial forecasts prepared for Celtic Offsite and these show that the factory activities are on target. In addition, a 12 month rolling cashflow is reviewed monthly.</li> </ul>
Commercial	Buying and supply chain arrangements. Trading with partners. Debt and security issues/insurance risk and impact on the wider Group.	<ul style="list-style-type: none"> <li>Significant part of day to day Asset management budget is at fixed cost.</li> <li>Re Celtic Offsite – commercial terms are pre-agreed.</li> <li>Commercial surveyor deals with commercial partnerships directly</li> <li>Debtor issues dealt with through stage payments.</li> <li>Appropriate insurances have been put in place and process overseen by insurance consultants.</li> <li>Impact on wider group mitigated by seeking appropriate legal and financial advice. In addition, exit plan in place with clear expectations around KPI's and performance.</li> </ul>
Governance	Under estimation of Governance requirements. Inappropriate Board structure.	<ul style="list-style-type: none"> <li>Standard board agenda and robust governance structure approved by UW Board.</li> <li>Board and UW formally review Board makeup and skill set for Celtic Horizons Ltd.</li> </ul>

**CELTIC HORIZONS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2022**

**STRATEGIC REPORT (continued)**  
**Principal risks and uncertainties (continued)**

Health & Safety	Loss of life or serious injury. Non-compliant practices.	<ul style="list-style-type: none"> <li>• Qualified Health and Safety advisor taken on by Celtic Offsite</li> <li>• Comprehensive training of all staff including use of handbooks.</li> <li>• External expertise from 3<sup>rd</sup> party partners and consultants employed to support, oversee and audit the Company in relation to the labour agency and factory activities..</li> </ul>
Operational	Failure to deliver to timescales required. Delays by main contractor Quality issues Low productivity/training time lengthens compared to expectations IT/data integrity issues Covid-19 Brexit	<ul style="list-style-type: none"> <li>• Minimum of two subcontractor partners</li> <li>• Internal contract reviews.</li> <li>• Delivery program closely monitored including storage and visibility of pipeline.</li> <li>• Robust training program (ISO9001, NHBC/LABC).</li> <li>• Training program compiled/in house training facility.</li> <li>• Performance/contract reviews/routine monitoring and setting of clear targets.</li> <li>• UW IT team oversight. Group GDPR policies and cyber security measures.</li> <li>• Re Covid-19 – risk assessed/factory layout facilities on going work. Access to subcontractors if potential staff shortages due to Covid.</li> <li>• Re Brexit – ongoing monitoring for suppliers/good in hour storage and multiple supply chains established.</li> </ul>

**CELTIC HORIZONS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2022**

**STRATEGIC REPORT (continued)**

**Going concern**

The Company's activities, together with the factors likely to affect its future development, its financial position and its financial and operational risks are described above. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors have assessed the impact of the Coronavirus pandemic on the activities of the Company and the extent to which the pandemic affects these financial statements. In doing so they have considered the operational impact of the pandemic on its activities in relation to both the labour agency, its photovoltaic income, and the new timber frame factory.


The new timber frame factory set up during the year has a different risk profile to that of Celtic Horizon Limited's existing activities. This risk profile has been extensively mapped out and is monitored on an ongoing basis. The factory has expensed initial set up costs and has therefore incurred a loss in the first year. The three-year cashflow shows that by 31 March 2024 the factory will be generating a surplus. Due to an interest free loan from Welsh Government and a loan from its parent United Welsh, the factory has had adequate cash balances to fund the initial capital and set up costs.

A five year financial forecast has been prepared. In addition, a rolling 12 month cashflow is prepared and reviewed monthly. The overall 18-month cashflow shows a cash position of £1.6m and in the long term the business plan shows that the factory will be in a position to repay its loans when they call due. Given the Company's positive cashflow the Directors have assessed the Going Concern basis as appropriate in preparing these financial statements.

**Governance**

The Directors are appointed and reviewed on an annual basis by the Parent Company, United Welsh. The Directors meet three times a year to review the financial performance and position of the Company and consider its key policies and strategies. In addition, Celtic Offsite operations are overseen by a dedicated Core Group and specific commercial and operational Support Groups which meet on a monthly basis.

**By order of the Directors**

DocuSigned by:  
  
582D8BC2E80E456...

**P Stokes**  
**Chair**  
**20 June 2022**



**CELTIC HORIZONS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2022**

**DIRECTORS' REPORT**

**Principal activity**

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2022. The principal activity of Celtic Horizons Limited is the provision of associated housing services.

***Labour Agency and Photovoltaic Panel Activities***

As indicated in the strategic report, turnover from photovoltaic panels remains stable although costs have increased in the year due to new inverter replacement programme. In relation to the labour agency, numbers of staff have increased in line with activity levels and this is reflected in the growth in turnover.

***Celtic Offsite***

As a new part of the company, Celtic Offsite has focused operationally on the Health and Safety of the new workforce, the environmental impact of our work and on ensuring that a quality product is delivered whilst also adding value to the communities served by United Welsh.

The Board has taken general health and safety responsibilities of its employees to heart and imbedded these in the culture of this work stream from the beginning, building best practice into the factory lay out and all day-to-day activities including material deliveries and storage of materials and completed products. The approach to Health and Safety is based on the principles of ISO 45001. The Company was able to react quickly to changing guidance in relation to Covid-19 and put in place all measures identified in our robust risk assessment.

Celtic Offsite is committed to minimising the environmental impact of our work with clear targets for energy consumption, waste management and recycling. All materials are purchased from sustainable sources under the PEFC accreditation and there is zero waste to landfill. Only electric vehicles are used within the factory. 110% of the small amount of carbon produced was offset. All products were produced in line with ISO 14001.

The Board is determined to build an early reputation for the quality of our product. Celtic Offsite has secured ISO 9001 accreditation in this our inaugural year of Celtic Offsite whilst also securing Gold membership of the Structural Timber Association. The Core Group monitors a clear set of Key Performance Indicators on a monthly basis. These include performance levels for delivery of the workload pipeline, waste to landfill, quality inspections, Health and Safety and Productivity.

It is pleasing to note that of the 8 new operational employees recruited in the period, 4 are tenants of United Welsh and one of these is female. Work has also commenced in offering work placements to local pupils who are due to leave school / college.

**CELTIC HORIZONS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2022**

**DIRECTORS' REPORT (continued)**

In addition there have been early sales enquiries and the Board has a high degree of confidence around meeting the financial business plan and see opportunities for significant growth.

A well developed Celtic Offsite risk register is regularly reviewed and this is fed into the broader Celtic Horizons' risk management regime.

**Directors**

The Directors who held office during the period were as follows:

Grahame Sturges  
Richard Mann  
Phill Stokes (Chair)  
Neil Chidgey  
Damian Williams  
Emma Tamplin

**Future developments**

The budget for Celtic Horizons for the 12 months to 31 March 2023 was approved by Celtic Board in March 2022 as well as widening the activity of Celtic Offsite to include erection of timber panels as well as supply. In addition it was agreed that Celtic Offsite would extend its customer base to include other Registered Social Landlords.

Five-year financial forecasts were also approved by the Celtic Offsite Core Group in April 2022.

**Proposed dividend**

No dividend has been proposed or paid in the year (2021 - £Nil).

**Disclosure of information to auditor**

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**CELTIC HORIZONS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2022**

**DIRECTORS' REPORT (continued)**

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

**By order of the Directors**

DocuSigned by:  
  
582D8BC2E80E456...  
**P Stokes**  
**Chair**

**Celtic Horizons Limited**  
**Y Borth**  
**13 Beddau Way**  
**Caerphilly**  
**CF83 2AX**  
**20 June 2022**

**CELTIC HORIZONS LIMITED**  
**Annual Report and Financial Statements**  
**For the year ended 31 March 2022**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 these 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 applicable UK accounting standards have been followed, 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC HORIZONS LIMITED**

### **Opinion**

We have audited the financial statements of Celtic Horizons Limited ("the company") for the year ended 31 March 2022 which comprise the statement of comprehensive income, statement of changes in equity, statement of financial position and related notes, including the accounting policies in note 1.

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 UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC HORIZONS LIMITED (continued)**

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the directors as to the Company's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking in to account possible pressures to meet loan covenants, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular;

- the risk that feed in tariff income arising from photovoltaic panels accrued at the year end has been calculated incorrectly; and
- the risk that revenue from the sale of pre-fabricated panels has not been recognised in line with the stage of completion of the production of such panels.

We did not identify any additional fraud risks.

In determining the audit procedures we took in to account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations;
- Recalculating the feed in tariff accrual and comparing the accrual value to actual income received; and
- Reviewing the income recognised in relation to part completed panels in order to ensure that it reflects the adopted accounting policies and appropriately reflects the state of completion at the year end;

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC HORIZONS LIMITED (continued)**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: anti-bribery and anti-money laundering and health and safety law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC HORIZONS LIMITED (continued)**

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC HORIZONS LIMITED (continued)**

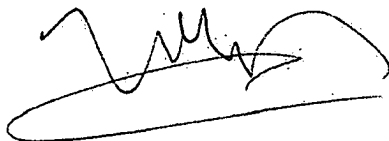
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Harry Mears (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
3 Assembly Square  
Britannia Quay  
Cardiff  
CF10 4AX

Date 15 July 2022

**CELTIC HORIZONS LIMITED****STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 March 2022**

	<b>Notes</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Turnover	2	<b>6,520</b>	5,778
Cost of sales		<b>(6,035)</b>	(5,378)
Gross profit		<b>485</b>	400
Administration expenses		<b>(556)</b>	(26)
Operating (loss)/profit	3	<b>(71)</b>	374
Interest payable	5	<b>(220)</b>	(213)
(Loss)/Profit on ordinary activities before taxation		<b>(291)</b>	161
Tax on (loss)/profit of ordinary activities		<b>82</b>	(32)
<b>(Loss)/Profit for the year</b>		<b>(209)</b>	129
Other comprehensive income		-	-
<b>Total comprehensive (loss)/profit for the year</b>		<b>(209)</b>	129

The above results relate entirely to continuing activities.

**STATEMENT OF CHANGES IN EQUITY**

	<b>2022 £'000</b>	<b>2021 £'000</b>
Balance at beginning of year	<b>167</b>	38
<b>Total comprehensive (loss)/profit for the year</b>	<b>(209)</b>	129
<b>Transactions recorded directly in equity</b>		
Gift aid payment	-	-
<b>Balance at end of year</b>	<b>(42)</b>	167

All movements are within reserves with no changes to share capital in either year.

The notes on pages 18 to 25 form part of these financial statements.

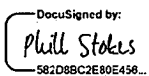
**CELTIC HORIZONS LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**As at 31 March 2022**

	Notes	2022 £'000	2021 £'000
<b>Tangible fixed assets</b>	7	3,069	2,685
		<u>3,069</u>	<u>2,685</u>
<b>Current assets</b>			
Stock	8	191	-
Debtors	9	951	571
Cash and cash equivalents		2,637	540
		<u>3,779</u>	<u>1,111</u>
<b>Creditors: amounts falling due within one year</b>	10	(1,054)	(401)
<b>Net current assets</b>		<u>2,725</u>	<u>710</u>
<b>Total assets less current liabilities</b>		<u>5,794</u>	<u>3,395</u>
<b>Creditors: amounts falling due after more than one year</b>	11	(5,836)	(3,188)
<b>Provisions for liabilities and charges</b>	6	-	(40)
<b>Net (liabilities)/assets</b>		<u>(42)</u>	<u>167</u>
<b>Capital and reserves</b>			
Share capital	13	-	-
Reserves		(42)	167
<b>Equity Shareholder's funds</b>		<u>(42)</u>	<u>167</u>

The financial statements were approved by the Board of Directors on 20 June 2022 and signed on its behalf by:

DocuSigned by:  
  
 582D8BC2E80E458...

P Stokes  
Chair

DocuSigned by:  
  
 EF84C8A8F85049D...

R Mann  
Director

Company registration number: 7838396

The notes on pages 18 to 25 form part of these financial statements.

**CELTIC HORIZONS LIMITED**  
**For the year ended 31 March 2022**

**Notes to the financial statements**

**1. Accounting policies**

**Statement of compliance**

Celtic Horizons Limited is a private company limited by shares and incorporated in Wales. Its registered office address is on page 1.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 ("FRS 102") as it applies to the financial statements of the Company for the year ended 31 March 2022.

The Company's parent undertaking United Welsh Housing Association Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of United Welsh Group are prepared in accordance with FRS 102 and are available on application to its registered office. In these financial statements, the Company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period
- Cash Flow Statement and related notes and
- Key Management Personnel compensation

As the Company is a wholly owned subsidiary of United Welsh Housing Association Limited, the Company has taken advantage of the exemption contained in paragraph 33.1A of FRS102 and has therefore not disclosed transactions or balances with entities which form part of the Group.

**Basis of preparation**

The financial statements are prepared on the historical cost basis.

The financial statements are prepared in Sterling which is the functional currency of the Company and rounded to the nearest thousand pounds.

**Going concern**

The Company's financial forecasts covering the short and medium term indicate that it will generate sufficient surpluses to meet its liabilities as they fall due and as a result the financial statements have been prepared on a going concern basis.

Despite the Company incurring a loss of £291k (2021 - £161k) in the current year, the Company has net current assets of £2.7m (2021 - £710k). The loss specifically relates to set up costs incurred by the timber frame factory which started operations in November 2021. An interest free loan from Welsh Government and a loan from its parent United Welsh has ensured that the factory has had adequate cash balances to fund these set up costs. The five-year financial forecasts including income and expenditure account, balance sheet and cashflow show that by 31 March 2024 the factory will be generating a surplus. In addition, the cashflow shows that the factory activity would generate sufficient surpluses to pay the Welsh Government loan and United Welsh loan when they fall due.

**CELTIC HORIZONS LIMITED**  
**For the year ended 31 March 2022**

**Notes to the financial statements (continued)**

The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and meet the Company's obligations as they fall due. Therefore, the Company continues to adopt the going concern basis in preparing the annual financial statements.

**Critical accounting estimates and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that effect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. The Company based its estimates and assumptions on parameters available at the time the financial statements were prepared.

Impairment of non-financial assets

At the date of capitalising tangible fixed assets the Company estimates the useful life of the assets based upon management's judgement and experience.

Estimated useful lives of property, plant and equipment

In accordance with FRS102 the Company carries out an annual impairment review assessing the future value to the business of its non-financial assets and stocks and where necessary estimating impairments required.

**Turnover**

Turnover represents feed-in tariff income receivable, the provision of labour services, the sale of timber frames, government revenue grant receivable and rental income.

Feed-in tariff income receivable is recognised at the point the supply is provided.

Turnover for the sale of timber frames is recognised in line with the stage of completion achieved for each project and when the revenue can be measured reliably. Any variance between the income recognised and the cash amounts received is held as either deferred or accrued income. Costs associated with the production of the timber frames is recognised as incurred.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Photovoltaic panels are leased from United Welsh under finance leases. Leased assets are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

**CELTIC HORIZONS LIMITED**  
**For the year ended 31 March 2022**

**Notes to the financial statements (continued)**

For the photovoltaic panels depreciation is charged to the profit and loss account on a straight line basis over the shorter of the useful economic lives of the panels and the lease term. The estimated useful lives are as follows:

Photovoltaic panels - 25 years

For all other fixed assets depreciation is charged over the economic useful life of the asset on a straight line basis as follows:

Office equipment and IT – 3 years

Tools and machinery – 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

**Stocks and Work in Progress**

Stock held is in relation to the manufacturing of timber frames. Stocks are valued at the lower of cost and net realisable value. The cost of raw materials are determined on a first in first out basis.

WIP represents the costs of unfinished panels, and include costs such as design costs, labour and materials.

**Basic Financial Instruments**

Accrued income reflects the final quarter's estimated feed-in tariff in respect of energy generated by the Company's photovoltaic panels. This estimate is based on meter readings received up until the end of March 2022 and prices paid throughout the year.

Trade and other creditors are recognised at transaction price

Cash and cash equivalents comprise cash balances and call deposits.

**Finance leases**

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**Taxation**

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the Statement of Financial Position date, except as otherwise required by Section 29 of FRS102.

**CELTIC HORIZONS LIMITED**

**For the year ended 31 March 2022**

**Notes to the financial statements (continued)**

**Pensions**

New employees are eligible to join the Social Housing Defined Contribution Scheme, managed by The Pensions Trust.

The Company also participates in the final salary Social Housing Pension Scheme. The Company's share of assets and liabilities relating to this scheme are held by United Welsh as the parent company. As of the 1st of April 2022 the SHPS Care 80th salary pension scheme has ceased and all employees have been transferred to the DC scheme.

**CELTIC HORIZONS LIMITED**  
**For the year ended 31 March 2022**

**Notes to the financial statements (continued)**

**2. Turnover**

	2022 £'000	2021 £'000
Photovoltaic income	583	595
Labour agency	5,476	4,982
Government Grant	1	201
Sale of Goods	454	-
Other income	6	-
	<u>6,520</u>	<u>5,778</u>

**3. Operating (loss)/profit**

	2022 £'000	2021 £'000
Operating (loss)/profit is stated after charging:		
Depreciation of fixed assets	202	171
Auditor's remuneration - audit of financial statements	<u>8</u>	<u>5</u>

**4. Staff costs during the year**

	2022 £'000	2021 £'000
Wages and salaries	4,934	4,498
Social security costs	472	424
Pension costs	143	128
	<u>5,549</u>	<u>5,050</u>

The average monthly number of persons employed by the company (full time equivalent), analysed by category, was as follows

	2022 No.	2021 No.
Admin Staff	43	42
Direct Labour	130	120
	<u>173</u>	<u>162</u>

No remuneration was paid to members of the Board of Directors during the year (2021 - £Nil).

**5. Interest Payable**

	2022 £'000	2021 £'000
Interest on lease	206	213
Interest on inter company loan	<u>15</u>	<u>-</u>
	<u>221</u>	<u>213</u>



**CELTIC HORIZONS LIMITED**  
**For the year ended 31 March 2022**

**Notes to the financial statements (continued)**

<b>6. Tax on (loss)/profit on ordinary activities</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
a) Analysis of the tax charge		
<i>Current tax</i>		
UK corporation tax on (loss)/profit	(31)	31
Total current tax	(31)	31
<i>Deferred tax</i>		
Origination and reversal of timing differences	(51)	1
Total deferred tax	(51)	1
Total tax	(82)	32
b) Factors affecting the current tax charge		
(Loss)/Profit for the year	(291)	161
(Loss)/Profit for the year multiplied by standard rate of tax in the UK 19%	(55)	31
Expenses not deductible	15	-
Income not taxable	(31)	-
Tax rate changes	(10)	-
Roundings	(1)	-
Total current tax charge	(82)	31
c) Deferred tax		
Provided and unprovided deferred tax comprises the following:		
	<b>2022</b>	<b>2021</b>
	<b>Provided</b>	<b>Unprovided</b>
	<b>£'000</b>	<b>£'000</b>
Fixed asset timing differences	(42)	-
	(42)	-
d) Provisions for liabilities and charges	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Deferred tax	(42)	9

A UK corporation tax rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. An increase to 25% (effective 1 April 2023) has been announced, although not substantively enacted. This will increase the company's future tax charge accordingly. The deferred tax liability at 31 March 2022 has been calculated at 19% (2021: 19%)

**CELTIC HORIZONS LIMITED**  
**For the year ended 31 March 2022**

**Notes to the financial statements (continued)**

**7. Tangible fixed assets**

	Photovoltaic Panels £'000	Office & IT Equipment £'000	Tools & Machinery £'000	2022 Total £'000
<b>Cost</b>				
At beginning of year	4,252	-	-	4,252
Additions during the year	-	168	418	586
Disposals during the year	-	-	-	-
At end of year	4,252	168	418	4,838
<b>Depreciation</b>				
At beginning of year	1,567	-	-	1,567
Charge in year	170	18	14	202
Disposals during the year	-	-	-	-
At end of year	1,737	18	14	1,769
<b>Net book value</b>				
At end of year	2,515	150	404	3,069
At beginning of year	2,685	-	-	2,685

The photovoltaic panels are held under finance leases.

**8. Stocks**

	2022 £'000	2021 £'000
Work In Progress	95	-
Raw Materials	96	-
	191	-

**9. Debtors**

	£'000	£'000
Accrued income	877	551
Intercompany account	74	20
	951	571

**10 Creditors: amounts falling due within one year**

	£'000	£'000
Trade and other creditors	774	169
Tax and social security	138	98
Finance lease	142	134
	1,054	401

**11. Creditors: amounts falling due after more than one year**

	£'000	£'000
Lease obligation	3,046	3,188
Government loan	2,093	-
Intercompany loan	697	-
	5,836	3,188

All of the lease obligations are due by instalments. Of these £150k (2021 - £142k) are due between one and two years, £507k (2021 - £479k) are due between two and five years and £2.502m (2021 - £2.568m) are due in over five years.

In March 2021 Celtic Horizons Ltd was successfully awarded an interest free loan of £2,093,000 from Welsh Government for the purposes of setting up Celtic Offsite. The term of the loan is 15 years and is to be paid back in full by 1st April 2036 with no interim payments.

**CELTIC HORIZONS LIMITED**  
**For the year ended 31 March 2022**

**Notes to the financial statements (continued)**

**12. Ultimate Parent Company**

The Company is a subsidiary undertaking of United Welsh. The ultimate controlling party is United Welsh. The consolidated financial statements of this group are available to the public and may be obtained from its registered office at Y Borth, 13 Beddau Way, Caerphilly, CF83 2AX.

**13. Called up share capital**

	2022	2021
	£	£
Allotted, called up and fully paid Ordinary shares of £1 each	1	1
	<hr/>	<hr/>

**14. Capital commitments**

	2022	2021
	£'000	£'000
Contracted less certified	55	55
	<hr/>	<hr/>

**15. Company pension costs**

Celtic Horizons participates in the Social Housing Pension Scheme (SHPS) defined contribution scheme. The scheme is funded by contributions from both employees and the company. Employers contributions total £125k for the year (2021 - £111k).

There were a number of employees participating in the SHPS CARE 80th final salary pension scheme provided by United Welsh as the parent company. Employer contributions total £18k for the year (2021 - £17k). All associated assets and liabilities relating to this scheme are held by United Welsh. Details may be found in note 30 of the the Group accounts. As of the 1st of April 2022 the SHPS Care 80th salary pension scheme has ceased and all employees have been transferred to the DC scheme.