

Registration number: 08587078

Hargreaves Services (Castlebridge) Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 May 2022



Hargreaves Services (Castlebridge) Limited

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Hargreaves Services (Castlebridge) Limited

Company Information

Directors	I Slater
	Hargreaves Corporate Director Limited
	D Anderson
Registered office	West Terrace Esh Winning County Durham DH7 9PT

Hargreaves Services (Castlebridge) Limited

Directors' Report for the Year Ended 31 May 2022

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

Principal activity

The principal activity of the company was that of holding investment properties.

Future developments

Following the sale of all of its investment properties during the prior year, the Company now holds no land assets and is not expected to recommence activities.

Business review

Principal risks and uncertainties

The risks and uncertainties facing the company are inherently linked to those of the group. The principal risks and uncertainties of the group which includes those of this company are discussed in detail in the 'Statement of risks relating to the group's business' in the financial review in the group financial statements.

Dividends

The directors do not recommend the payment of a dividend (2021: £nil)

Directors of the company

The directors of the company, who were in office during the year and up to the date of signing the financial statements, were as follows:

I Slater

Hargreaves Corporate Director Limited

D Anderson

Directors' liabilities

All of the Directors benefited from the Group's qualifying third party indemnity provisions.

Hargreaves Services (Castlebridge) Limited

Directors' Report for the Year Ended 31 May 2022 (continued)

Going concern

The Company relies on the Group for support. Hargreaves Services plc has provided a letter of support covering 12 months from the date the accounts were approved by the directors.

Hargreaves Services plc has indicated it will continue to make available such funds as are needed by the company, and that it will not seek repayment of the amounts due at the balance sheet date.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Hargreaves Services plc, to meet its liabilities as they fall due for that period.

The Group's financing is not dependent on bank borrowings, there is no debenture nor any financial covenants to comply with. Notwithstanding that, a rigorous review of cash flow forecasts including testing for a range of severe but plausible downside scenarios has been undertaken. The Group's £12m invoice discounting facility is committed for a period of 15 months from July 2022 and expires 31 October 2023, which has recently been extended to this date. The facility is secured against certain Group debtors and there is no debenture nor any covenants associated with this facility. Mitigating strategies to these sensitivities considered by the Board exclude any remedies which are not entirely within the Group's control.


As a result, and after making appropriate enquiries including reviewing budgets and strategic plans, the Directors have a reasonable expectation that both the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the Annual Report and Accounts of Hargreaves Services plc.

Small companies provision statement

In preparing this report, the directors have taken advantage of the small company exemptions provided by section 415A of the Companies Act 2006.

The directors have also taken advantage of small company exemptions provided by section 414B of the Companies Act 2006 and have not prepared a Strategic Report.

Approved by the Board on 6 October 2022 and signed on its behalf by:



.....
John Samuel for and on behalf of
Hargreaves Corporate Director Limited
Director

Hargreaves Services (Castlebridge) Limited

Profit and Loss Account for the Year Ended 31 May 2022

	Note	2022 £ 000	2021 £ 000
Administrative expenses		-	90
Operating profit	4	-	90
Profit before tax		-	90
Tax on profit	6	-	(17)
Profit for the financial year		-	73

The above results were derived from continuing operations.

There was no other comprehensive income in addition to the result for the year shown above (2021: £nil).

The notes on pages 7 to 13 form an integral part of these financial statements.

Hargreaves Services (Castlebridge) Limited

(Registration number: 08587078)

Balance Sheet as at 31 May 2022

	Note	31 May 2022 £ 000	31 May 2021 £ 000
Current assets			
Debtors	8	97	97
Creditors: Amounts falling due within one year	9	<u>(17)</u>	<u>(17)</u>
Net assets		<u>80</u>	<u>80</u>
Capital and reserves			
Profit and loss account		<u>80</u>	<u>80</u>
Total shareholders' funds		<u>80</u>	<u>80</u>

For the financial year ending 31 May 2022 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements on pages 4 to 13 were approved by the Board of directors on 6 October 2022 and signed on its behalf by:



.....
John Samuel for and on behalf of
Hargreaves Corporate Director Limited
Director

The notes on pages 7 to 13 form an integral part of these financial statements.

Hargreaves Services (Castlebridge) Limited

Statement of Changes in Equity for the Year Ended 31 May 2022

	Called up share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 June 2020	-	7	7
Profit for the year	-	73	73
Total comprehensive income	-	73	73
At 31 May 2021	-	80	80
At 1 June 2021	-	80	80
At 31 May 2022	-	80	80

The notes on pages 7 to 13 form an integral part of these financial statements.

Hargreaves Services (Castlebridge) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 May 2022

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England within the UK.

The address of its registered office is:

West Terrace
Esh Winning
County Durham
DH7 9PT

These financial statements were authorised for issue by the board on 6 October 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and are prepared under the historic cost modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Hargreaves Services plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

Hargreaves Services (Castlebridge) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis.

The company is dormant and has net assets sufficient to settle all liabilities as they fall due. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 June 2021 have had a material effect on the financial statements.

Finance income and costs policy

Net financing costs comprise interest payable, finance charges on leases and interest receivable on funds invested net of the interest on the defined benefit pension scheme liability. This is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit liability.

Interest income and interest payable is recognised in the Income Statement as it accrues, using the effective interest method. Dividend income is recognised in the Income Statement on the date the entity's right to receive payment is established.

Tax

The tax expense for the period comprises tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Investment property

Investment properties are properties which are held either to earn rental income, capital appreciation, or both. Investment properties are stated at cost less accumulated depreciation and impairment. Investment properties are not remeasured to fair value at each reporting date, however, a review for impairment is carried out at each reporting date, giving consideration to the fair value of the property. An impairment is recognised when the fair value of the property is lower than the book value.

Land is not depreciated.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Hargreaves Services (Castlebridge) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Hargreaves Services (Castlebridge) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

Impairment of financial assets

Measurement of Expected Credit Losses

The company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVPTL, namely:

- Financial assets that are debt instruments
- Accounts and other receivables
- Financial guarantee contracts issued; and
- Loan commitments issued.

The company classifies its financial instruments into stage 1, stage 2 and stage 3, based on the applied impairment methodology, as described below:

Stage 1: for financial instruments where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired on origination, the company recognises an allowance based on the 12-month ECL.

Stage 2: for financial instruments where there has been a significant increase in credit risk since initial recognition but they are not credit-impaired, the company recognises an allowance for the lifetime ECL.

Stage 3: for credit-impaired financial instruments, the company recognises the lifetime ECL.

Evidence that the financial asset is credit-impaired include the following;

- Significant financial difficulties of the borrower or issuer;
- A breach of contract such as default or past due event;
- The restructuring of the loan or advance by the company on terms that the company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for the security because of financial difficulties; or
- There is other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the company, or economic conditions that correlate with defaults in the company.

Hargreaves Services (Castlebridge) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

For trade receivables, the company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

3 Critical accounting judgements and key sources of estimation uncertainty

There are no material judgements made by the directors, in the application of these accounting policies that are expected to have a significant effect on the financial statements or any estimates with a significant risk of material adjustment in the next year.

4 Operating profit

Included within administrative expenses in the prior year is £90,000 gain on disposal of investment properties.

5 Staff costs

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Directors	<u>2</u>	<u>2</u>

The directors received no remuneration in respect of their services to the company during the current or previous year.

The remuneration of certain directors in the year was borne by a fellow subsidiary undertaking of the ultimate holding company, Hargreaves Services plc.

6 Tax on profit/(loss)

Tax charged/(credited) in the profit and loss account

	2022 £ 000	2021 £ 000
Current taxation		
Group relief	<u>-</u>	<u>17</u>

Hargreaves Services (Castlebridge) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 May 2022 (continued)

6 Tax on profit/(loss) (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	-	90
Corporation tax at standard rate	-	17
Total tax charge	-	17

Factors that may affect future tax expenses

Following the March 2021 budget, the corporate tax rate will increase from 19% to 25%, with effect from 1 April 2025. The deferred tax balances at 31 May 2022 and 31 May 2021 have been calculated based on the rate substantively enacted at the balance sheet date of 25%.

7 Investment properties

	31 May 2022 £ 000	31 May 2021 £ 000
Cost		
At 1 June	-	715
Disposals	-	(715)
At 31 May	-	-
Impairment		
At 1 June	-	165
Eliminated on disposal	-	(165)
At 31 May	-	-
Carrying amount		
At 31 May	-	-

These properties were being held for investment and development purposes.

The investment properties were held at cost less accumulated depreciation and impairment.

Hargreaves Services (Castlebridge) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 May 2022 (continued)

8 Debtors

		31 May 2022	31 May 2021
	Note	£ 000	£ 000
Loans to group undertakings		<u>97</u>	<u>97</u>

Loans to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

9 Creditors: amounts falling due within one year

		31 May 2022	31 May 2021
	Note	£ 000	£ 000
Group relief payable		<u>17</u>	<u>17</u>

10 Called up share capital

Allotted, called up and fully paid shares

	31 May 2022		31 May 2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

11 Related party transactions

Summary of transactions with other related parties

In these financial statements, the company has applied the exemption available under FRS 101 regarding disclosures in respect of transactions with wholly owned subsidiaries within the group. At the current and previous year end, the company had no balances outstanding with, or sales to/purchases from any other related parties.

All transactions and outstanding balances relate to general intercompany trade and working capital management.

12 Parent and ultimate parent undertaking

The company's immediate parent is Hargreaves Land Holdings Limited.

The ultimate parent is Hargreaves Services plc. The only group in which the results of the Company are consolidated is that headed by Hargreaves Services plc. The consolidated financial statements of this company are available to the public and may be obtained from their registered address West Terrace, Esh Winning, Durham, DH7 9PT.