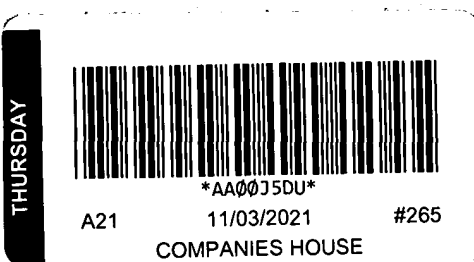


Company number: 09085530

# The Engine Yard Edinburgh Ltd

## Financial Statements

For the year ending 31 March 2020



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**The Engine Yard Edinburgh Ltd**  
**Board of Directors, Executives and Advisers**  
**For the year ending 31 March 2020**

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**Directors**

S Black (Appointed 1 May 2020)  
J Carleton (Appointed 13 November 2019) (Resigned 29 February 2020)  
T Weightman  
C Rae (Resigned 24 May 2019)

**Company Secretary**

C Martin

**Registered Office**

80 Cheapside  
London  
EC2V 6EE

**Bankers**

Barclays Bank Plc  
38 Fishergate  
Preston  
PR1 2AD

**Register Auditors**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

**Registration of the Company**

The company is incorporated under  
the Companies Act 2006  
(Registered Number 09085530)

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**The Engine Yard Edinburgh Ltd**  
**Report of the Directors**  
**For the year ending 31 March 2020**

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The Board of Directors is pleased to present its report and audited financial statements for the year ended 31 March 2020.

**Principal activities**

The company was established to build and sell housing units at the Engine Yard Project in Edinburgh and is currently responsible for the ongoing development activity.

**Result for the year**

Loss on ordinary activity for the year was £3.01m (2019: Loss of £2.2m).

**Directors**

The directors of the company are shown on page 2.

**Strategic review disclosure exemption**

The directors have taken advantage of the exemption in Companies Act 2006 (section 414b) from including a Strategic Review statement in the financial statements, on the grounds that the Company is small.

**Statement of disclosure to the Auditors**

At the time of approval of this report:

- a) so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- b) the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Statement of Directors' responsibilities in respect of the Directors' Report and the Financial Statements**

The directors are responsible for preparing 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.

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**The Engine Yard Edinburgh Ltd**  
**Report of the Directors**  
**For the year ending 31 March 2020**

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**Going concern**

Notwithstanding negative reserves of £6.1m as at 31 March 2020 and a loss for the year then ended of £3.01m, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

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 Places for People Ventures Operations Limited to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Places for People Ventures Operations Limited not seeking repayment of the amounts currently due to the Group, which at 31 March 2020 amounted to £38.8m, of which £38.8m is repayable after five years and providing additional financial support during that period. Places for People Ventures Operations Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Statement of Directors' responsibilities in respect of the Directors' Report and the Financial Statements (continued)**

The directors are responsible for preparing 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; 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.

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.

**By order of the Board**



**T Weightman**  
**Director**

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**The Engine Yard Edinburgh Ltd**  
**Report of the Independent Auditor**  
**For the year ending 31 March 2020**

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**Independent Auditor's report to the Members of The Engine Yard Edinburgh Limited**

**Opinion**

We have audited the financial statements of The Engine Yard Edinburgh Limited ("the company") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, and Statement of Changes in Equity 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 2020 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").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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**The Engine Yard Edinburgh Ltd**  
**Report of the Independent Auditor**  
**For the year ending 31 March 2020**

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**Directors' report**

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 4, 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.

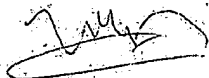
**Auditor's responsibilities**

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*

15 Canada Square

Canary Wharf

London

E14 5GL

25 September 2020

**The Engine Yard Edinburgh Ltd**  
**Statement of Comprehensive Income**  
**For the year ending 31 March 2020**

	Notes	<b>2020</b> <b>£'000</b>	2019 £'000
Turnover		<b>23,981</b>	1,851
Operating costs		<b>(24,558)</b>	(1,945)
<b>Operating loss</b>		<b>(577)</b>	(94)
Interest payable	2	<b>(2,460)</b>	(2,265)
<b>Loss before taxation</b>		<b>(3,037)</b>	(2,359)
Taxation	4	<b>32</b>	161
<b>Loss after taxation and total comprehensive income</b>		<b>(3,005)</b>	(2,198)

The notes on pages 10 to 15 form an integral part of these financial statements.

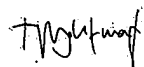
The above results are derived from continuing operations



**The Engine Yard Edinburgh Ltd**  
**Statement of Financial Position**  
**As at 31 March 2020**

	Notes	2020 £'000	2019 £'000
<b>Fixed assets</b>			
Fixed asset investments	7	8,111	5,447
Other fixed assets	8	3,884	8,021
		<b>11,995</b>	13,468
<b>Current assets</b>			
Stock	9	20,998	24,299
Debtors	10	560	1,538
Cash at bank and in hand		41	49
		<b>21,599</b>	25,886
<b>Creditors: amounts falling due within one year</b>	11	<b>(864)</b>	(215)
<b>Net current assets</b>		<b>20,735</b>	25,671
<b>Total assets less current liabilities</b>		<b>32,730</b>	39,139
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(38,826)</b>	(42,230)
<b>Net liabilities</b>		<b>(6,096)</b>	(3,091)
<b>Capital and reserves</b>			
Share capital	13	-	-
Revenue reserves		(6,096)	(3,091)
<b>Deficit on equity shareholders' funds</b>		<b>(6,096)</b>	(3,091)

The financial statements on pages 7 to 15 were approved by the Board of Directors on 24 September 2020 and signed on its behalf by:



**T Weightman**  
**Director**

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**The Engine Yard Edinburgh Ltd**  
**Statement of Changes in Equity**  
**For the year ending 31 March 2020**

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	<b>Revenue Reserves £'000</b>
<b>Balance at 1 April 2019</b>	<b>(3,091)</b>
Loss for the year	(3,005)
<b>Balance at 31 March 2020</b>	<b><u>(6,096)</u></b>

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**The Engine Yard Edinburgh Ltd**  
**Notes to the Financial Statements**  
**For the year ending 31 March 2020**

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**1. ACCOUNTING POLICIES**

**Basis of accounting**

A summary of the principal accounting policies, which have been applied consistently, is set out below.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and with the Companies Act 2006.

The Company's ultimate parent undertaking, Places for People Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Places for People Group Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Places for People Group Limited, 80 Cheapside, London, EC2V 6EE. The Company is considered to be a qualifying entity for the purposes of FRS 102 and has applied the exemptions available under FRS 102.1.11 and FRS 102.1.12.

The financial statements are presented in Sterling (£'000s).

Notwithstanding negative reserves of £6.1m as at 31 March 2020 and a loss for the year then ended of £3.01m, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

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 Places for People Ventures Operations Limited to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Places for People Ventures Operations Limited not seeking repayment of the amounts currently due to the Group, which at 31 March 2020 amounted to £38.8m, of which £38.8m is repayable after five years, and providing additional financial support during that period. Places for People Ventures Operations Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Significant Judgements and accounting estimates**

The following are the significant judgements, apart from those involving estimations (which are set out separately below), that have been made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

*Going Concern*

In order to assess whether it is appropriate for the Company to be reported as a going concern, the management apply judgement, having undertaken appropriate enquiries and having considered the business activities and the principal risks and uncertainties. In arriving at this judgement there are a large number of assumptions and estimates involved in calculating future cash flow projections. This includes management's expectations of both property sales and operating costs, timing and quantum of future capital expenditure and estimates and cost of future funding. Sensitivity testing, involving challenging scenarios including reasonable worst case scenarios in respect of Covid-19, has been undertaken in respect of the assumptions used within the going concern assessment. As a result of these considerations the financial statements have been prepared on a going concern basis.

**Accounting estimates**

The nature of estimation means that actual outcomes may differ from the estimates made.

*Recoverability of Stock*

The Company has £21m of stock at 31 March 2020 (2019: £24.3m). FRS 102 section 13 requires stock to be measured at the lower of cost and estimated selling price less costs to complete and sell. The Company also undertakes sensitivity analysis and has assessed that a short-term drop in expected selling prices of our completed properties of 10% would not result in a material impairment charge.

**The Engine Yard Edinburgh Ltd**  
**Notes to the Financial Statements**  
**For the year ending 31 March 2020**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**Turnover**

Turnover represents property sales.

All turnover arises from activities within the United Kingdom.

**Corporation tax**

The Company is liable to United Kingdom Corporation Tax.

The charge for taxation for the year is based on the profit for the year end and includes current tax on the taxable profit for the year and deferred taxation. Deferred taxation is recognised in respect of all timing differences between the treatment of certain items for taxation and for accounting purposes which have arisen but not reversed by the statement of financial position date.

**Other fixed assets**

Other fixed assets are recognised initially at cost and subsequently held at the lower of depreciated cost or its recoverable amount.

**Fixed asset investments**

Fixed asset investments are measured at cost. An annual review is carried out by management to assess if there are any triggers that would lead to an impairment review. In the event of any impairment, the investment is measured at the lower of its recoverable amount or its value in use.

**Stock**

Properties purchased for improvement for sale are treated as current assets and all other housing properties are treated as tangible fixed assets. Properties held as current assets are stated at the lower of cost and estimated selling price less costs to complete and sell.

Stock includes land and property held with the intention to sell, including assets construction and those purchased for improvement prior to sale. Stock is stated at the lower of cost and estimated selling price less costs to complete and sell with any provisions being charged to cost of sales. The cost of stock is the purchase price together with costs of acquisition and attributable overhead costs.

**Financial Instruments**

Cash at bank and in hand in the statement of financial position comprises all cash and cash equivalents that mature or are convertible within three months or less.

Other debtors, including tenant arrears, and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income.

The Engine Yard Edinburgh Ltd  
Notes to the Financial Statements  
For the year ending 31 March 2020

**2. INTEREST PAYABLE**

	2020	2019
	£'000	£'000
Loans from related undertakings	<u>2,460</u>	<u>2,265</u>

**3. LOSS ON ORDINARY ACTIVITIES**

Auditor's remuneration relating to audit services charged during the year was £3,000 (2019: £1,597).

**4. TAX ON LOSS ON ORDINARY ACTIVITIES**

	2020	2019
(a) Analysis of credit in the period	£'000	£'000
<b>Current tax</b>		
Group relief	(76)	(161)
Adjustments in respect of prior periods	44	
<b>Tax on loss on ordinary activities (note 4b)</b>	<u>(32)</u>	<u>(161)</u>

	2020	2019
(b) Factors affecting tax credit for period:	£'000	£'000

The tax assessed is the standard rate of corporation tax in the UK of 19%.

Loss on ordinary activities before tax	<u>(3,037)</u>	<u>(2,359)</u>
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Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%).	(577)	(448)
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**Effects of:**

Adjustments to tax charge in respect of prior periods	295	6
Movement in unrecognised deferred tax	(200)	251
Expenses not deductible/income not taxable	450	30
<b>Current tax credit for period (note 4a)</b>	<u>(32)</u>	<u>(161)</u>

## 5. DIRECTORS' EMOLUMENTS

The directors emoluments during the year were met by Places for People Group Limited. They do not receive remuneration for their duties as directors of the company.

## 6. EMPLOYEES

The company had no employees during the period. Administrative services were provided by Places for People Group Limited and recharged to the company.

## 7. FIXED ASSET INVESTMENTS

	2020	2019
	£'000	£'000
External investments and investment in related undertakings (a)	7,277	4,457
Investment property (b)	834	990
<b>Total fixed asset investments</b>	<b>8,111</b>	<b>5,447</b>

### (a) External investments and investment in related undertakings

Equity investments in related undertakings	6,175	3,781
Amounts due from related undertakings	1,102	676
	<b>7,277</b>	<b>4,457</b>

The company's equity investments at cost are analysed as follows:

	2020	2019
	£'000	£'000
Investments in related undertakings		
Shrubhill NHT LLP	6,175	3,781

### (b) Investment Properties

	£'000
At 1 April 2019	990
Additions	524
Transfers at cost	(680)
<b>At 31 March 2020</b>	<b>834</b>

## 8. OTHER FIXED ASSETS

	Freehold £'000
<b>Cost</b>	
At 1 April 2019	8,021
Additions	1,953
Change of tenure	(6,091)
<b>At 31 March 2020</b>	<b>3,883</b>
Net book value at 31 March 2019	8,021

**The Engine Yard Edinburgh Ltd**  
**Notes to the Financial Statements**  
**For the year ending 31 March 2020**

**9. STOCK**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Buildings - In progress	<b>20,998</b>	<b>24,299</b>

**10. DEBTORS**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due from related undertakings	-	129
Other taxes	<b>39</b>	405
Corporation tax	<b>32</b>	-
Development debtor	<b>435</b>	297
Other debtors	<b>54</b>	707
	<b>560</b>	<b>1,538</b>

**11. CREDITORS - amounts falling due within one year**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due to related undertakings	<b>60</b>	-
Trade creditors	-	12
Development creditors	<b>760</b>	189
Other creditors and accruals	<b>44</b>	14
	<b>864</b>	<b>215</b>

**12. CREDITORS - amounts falling due after more than one year**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Loans from related undertaking	<b>38,826</b>	<b>42,230</b>

**Analysis of debt and other financial liabilities**

The loan is repayable as follows:-	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
In two years or more but less than five years	-	4,775
In five years or more, not by instalments	<b>38,826</b>	37,455
	<b>38,826</b>	<b>42,230</b>

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**The Engine Yard Edinburgh Ltd**  
**Notes to the Financial Statements**  
**For the year ending 31 March 2020**

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**13. SHARE CAPITAL**

	2020	2019
	£	£
<b>Authorised</b>		
Ordinary shares of £1 each	<u>101</u>	<u>101</u>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	<u>101</u>	<u>101</u>

Ordinary Shares - The shares have attached to them full voting rights and they do not confer any rights of redemption.

**14. RELATED PARTIES AND ULTIMATE PARENT UNDERTAKING**

The Engine Yard Edinburgh Ltd is a subsidiary of Places for People Group Limited, 80 Cheapside, London, EC2V 6EE, which is the ultimate parent company. As the ultimate parent company publishes consolidated group accounts, the company has taken advantage of the exemption not to report transactions with other group members as permitted in FRS 102 section 33.1 A.