

HB (Herne Bay No 2) Limited
Annual report and financial statements
for the year ended 30 June 2018

Registered number: 09163243



HB (Herne Bay No 2) Limited
Annual report and financial statements
for the year ended 30 June 2018

Contents

	Page
Directors and advisers.....	1
Directors' report for the year ended 30 June 2018	2
Independent auditors' report to the members of HB (Herne Bay No 2) Limited	4
Profit and loss account for the year ended 30 June 2018	6
Balance sheet as at 30 June 2018	7
Statement of changes in equity for the year ended 30 June 2018	8
Notes to the financial statements for the year ended 30 June 2018	9

HB (Herne Bay No 2) Limited

Directors and advisers

Directors

H D Lad
C D Lilley
G A Wells

Company secretary

G A Cope

Bankers

Barclays Bank PLC
Level 27
1 Churchill Place
Canary Wharf
London
E14 5HP

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Hardman Square
Manchester
M3 3EB

Registered office

Redrow House
St David's Park
Ewloe
Flintshire
CH5 3RX

Registered number

09163243

HB (Herne Bay No 2) Limited

Directors' report for the year ended 30 June 2018

The directors present their annual report and the audited financial statements of the company for the year ended 30 June 2018. The Directors' report has been prepared taking advantage of the small company exemption available under Section 415A of the Companies Act 2006.

The company has taken advantage of the small companies' exemption under Section 414b of the Companies Act 2006 from preparing a Strategic report.

Principal activities and business review

The principal activity of the company is property development.

Turnover for the year was £Nil (2017: £15,570,000). Operating loss for the year was £14,626 (2017: Profit of £15,278,337). The loss for the financial year was £126,017 (2017: Profit of £12,258,950). Net assets as at 30 June 2018 were £12,452,164 (2017: £12,578,181) with the decrease in net assets of £126,017 attributable to the loss in the financial year.

Financial risk management

Financial risk management of the business is in line with Redrow Group policy. Further information on this can be found in the Strategic report as published in the Annual Report of Redrow plc on pages 52 to 59.

Principal risks and uncertainties

Risk is managed at board level. The principal risk is the nature of the conditions within the UK housing market. This risk is partially mitigated by monitoring the lead indicators of the housing market.

Future outlook

The directors consider the progress of the business during the year, the state of affairs at the end of the year, and the future prospects of the company, to be satisfactory.

Results

The loss for the financial year of £126,017 (2017: Profit of £12,258,950) will be deducted from reserves.

Directors

The directors who held office during the year and up to the date of signing of the financial statements are given below:

H D Lad
C D Lilley
G A Wells

Dividends

No dividends have been proposed for the current year or prior period.

HB (Herne Bay No 2) Limited

Directors' report for the year ended 30 June 2018 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, were appointed during the year ended 30 June 2018 and have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



G A Cope
Company secretary
26 March 2019

HB (Herne Bay No 2) Limited

Independent auditors' report to the members of HB (Herne Bay No 2) Limited

Report on the audit of the financial statements

Opinion

In our opinion, HB (Herne Bay No 2) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: balance sheet as at 30 June 2018; profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

HB (Herne Bay No 2) Limited

Independent auditors' report to the members of HB (Herne Bay No 2) Limited (continued)

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 30 June 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Arif Ahmad (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
26 March 2019

HB (Herne Bay No 2) Limited

Profit and loss account for the year ended 30 June 2018

	Note	2018 £	2017 £
Turnover		-	15,570,000
Cost of sales		-	(285,680)
Gross result / profit		-	15,284,320
Administrative expenses		(14,626)	(5,983)
Operating (loss) / profit	5	(14,626)	15,278,337
Interest payable and similar expenses	8	(92,443)	(2,387)
(Loss) / profit before taxation		(107,069)	15,275,950
Tax on (loss) / profit	9	(18,948)	(3,017,000)
(Loss) / profit for the financial year		(126,017)	12,258,950

The notes on pages 9 to 14 form an integral part of these financial statements.

All amounts relate to continuing operations.

HB (Herne Bay No 2) Limited

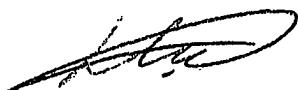
Balance sheet as at 30 June 2018

	Note	2018 £	2017 £
Current assets			
Debtors	10	19,244,756	19,237,300
Cash at bank and in hand		16,721	3,900
		19,261,477	19,241,200
Creditors: amounts falling due within one year	11	(6,809,313)	(6,663,019)
Net current assets		12,452,164	12,578,181
Total assets less current liabilities		12,452,164	12,578,181
Net assets		12,452,164	12,578,181
Capital and reserves			
Called up share capital	13	200	200
Profit and loss account		12,451,964	12,577,981
Total equity		12,452,164	12,578,181

The notes on pages 9 to 14 form an integral part of these financial statements.

The financial statements on pages 6 to 14 were approved by the board of directors on 26 March 2019 and were signed on its behalf by:

HD Lad
Director



HB (Herne Bay No 2) Limited
(Registered number: 09163243)

HB (Herne Bay No 2) Limited

Statement of changes in equity for the year ended 30 June 2018

	Called up share capital £	Profit and loss account £	Total equity £
Balance as at 1 July 2016	200	319,031	319,231
Profit for the financial year and total comprehensive income	-	12,258,950	12,258,950
Balance as at 30 June 2017	200	12,577,981	12,578,181
Loss for the financial year and total comprehensive expense	-	(126,017)	(126,017)
Balance as at 30 June 2018	200	12,451,964	12,452,164

HB (Herne Bay No 2) Limited

Notes to the financial statements for the year ended 30 June 2018

1 General information

The principal activity of HB (Herne Bay No 2) Limited is property development.

The company is a private company limited by shares, incorporated and domiciled in Wales, UK. The registered address of the company is Redrow House, St David's Park, Ewloe, Flintshire, CH5 3RX.

2 Statement of compliance

The individual financial statements of HB (Herne Bay No 2) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Summary of significant accounting policies

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 accounting

The financial statements have been prepared under the historical cost convention on a going concern basis.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Exemptions for qualifying entities under FRS 102

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Redrow plc, includes the company's cash flows in its own consolidated financial statements.

Turnover and profit recognition

Turnover represents the fair value received and receivable in respect of the sale of land and developments net of value added tax and discounts. This is recognised on legal completion.

Profit is recognised on legal completion

Interest on borrowings

Interest is written off to the profit and loss account as incurred.

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its parent or with members of the same group that are wholly owned.

HB (Herne Bay No 2) Limited

Notes to the financial statements for the year ended 30 June 2018 (continued)

3 Summary of significant accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

i. Current taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii. Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price. Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

HB (Herne Bay No 2) Limited

Notes to the financial statements for the year ended 30 June 2018 (continued)

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5 Operating (loss) / profit

All turnover is generated from one line of business and one geographical area, the UK. Auditors' remuneration of £2,000 (2017: £6,500) was borne by the Company's immediate parent company, Redrow Homes Limited.

6 Directors' emoluments

No director received any remuneration for their services in relation to the company during the year ended 30 June 2018 (2017: £nil).

7 Employee information

The company did not have any employees during the year ended 30 June 2018 (2017: nil).

HB (Herne Bay No 2) Limited

Notes to the financial statements for the year ended 30 June 2018 (continued)

8 Interest payable and similar expenses

	2018 £	2017 £
Interest payable and similar expenses – other interest	92,443	2,387

9 Tax on (loss) / profit

a) Analysis of charge in the year	2018 £	2017 £
Current tax (credit) / charge	(20,343)	3,017,000
Adjustments in respect of prior year	39,291	-
Total current tax	18,948	3,017,000
Deferred tax	-	-
Tax on (loss) / profit	18,948	3,017,000
b) Factors affecting the tax charge for the year		
The tax assessed for the year at a corporation tax in the UK 19.0% (2017: 19.75%)	2018 £	2017 £
Reconciliation of taxation charge		
(Loss) / profit before taxation	(107,069)	15,275,950
(Loss) / profit before taxation multiplied by the standard UK rate 19.0% (2017: 19.75%)	(20,343)	3,017,000
Adjustments in respect of prior year	39,291	-
Income not subject to tax	-	-
Total tax charge for the year	18,948	3,017,000

A corporation tax rate of 20% from 1 April 2016 was substantively enacted on 2 July 2013. Changes to reduce the corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 were substantively enacted on 26 October 2015. A further change to reduce the rate to 17% from 1 April 2020 was substantively enacted on 6 September 2016.

HB (Herne Bay No 2) Limited

Notes to the financial statements for the year ended 30 June 2018 (continued)

10 Debtors

	2018	2017
	£	£
Amounts owed by group undertakings	19,224,213	19,224,213
Other debtors	200	13,087
Current Corporation Tax	20,343	-
	19,244,756	19,237,300

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11 Creditors: amounts falling due within one year

	2018	2017
	£	£
Amounts owed to group undertakings	3,695,313	515,697
Corporation tax	-	3,027,339
Other creditors	-	5,983
Other taxation and social security	3,114,000	3,114,000
	6,809,313	6,663,019

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

HB (Herne Bay No 2) Limited

Notes to the financial statements for the year ended 30 June 2018 (continued)

12 Financial instruments

The company has the following financial instruments:

Financial assets that are debt instruments measured at amortised cost

	2018 £	2017 £
Amounts owed by group undertakings	19,224,213	19,224,213
Other debtors	200	13,087

Financial liabilities measured at amortised cost

Creditors: amounts falling due within one year:		
Amounts owed to group undertakings	3,695,313	515,697
Other creditors	-	5,983

13 Called up share capital

	2018 £	2017 £
Allotted and fully paid		
200 (2017: 200) ordinary shares of £1 each	200	200

The company's share capital comprises 100 ordinary X shares with an aggregate nominal value of £100 (2017:100) and 100 ordinary Y shares with an aggregate nominal value of £100 (2017:100).

14 Ultimate parent undertaking

The immediate parent undertaking is Redrow Homes Limited.

The company's ultimate parent company and controlling party is Redrow plc, which is the parent undertaking of Redrow Homes Limited and the largest group to consolidate these financial statements. Redrow Homes Limited is the smallest group to consolidate these financial statements. Copies of the Redrow plc financial statements may be obtained from the Company Secretary, Redrow plc, Redrow House, St David's Park, Ewloe, Flintshire, CH5 3RX.