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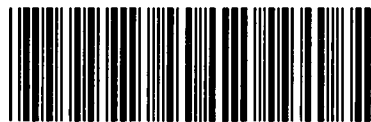
**ANCHORWOOD LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2022**



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**ANCHORWOOD LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	Simon Sanger-Anderson (Chair) Asad Butt Delyth Lloyd-Evans Scott Murray Paul Matton Geoffrey Fox Nigel Ingram (appointed 1 April 2021)
<b>Company Secretary</b>	Iain Springate (appointed 31 January 2022) Diane Dimond (resigned 31 January 2022)
<b>Company Number</b>	09657903
<b>Registered Office</b>	Westacott Road Barnstaple Devon EX32 8TA
<b>Statutory Independent Auditors</b>	Mazars LLP 90 Victoria Street Bristol BS1 6DP
<b>Bankers</b>	NatWest plc Royal Bank of Scotland Group 1 <sup>st</sup> Floor, Trinity Quay 1 Avon Street Bristol BS2 0PT
<b>Solicitors</b>	Trowers & Hamlins LLP The Senate Southernhay Gardens Exeter EX1 1UG  Tozers LLP Broadwalk House Southernhay West Exeter EX1 1UA

**ANCHORWOOD LIMITED**

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## **ANCHORWOOD LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022**

The Directors present their report and the audited financial statements for the year ended 31 March 2022.

The Company has taken the small company exemption from preparing a Strategic Report.

#### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

Anchorwood Limited is a wholly owned subsidiary of North Devon Homes and was incorporated on 25 June 2015. Its principal activity is the development of housing for market sale.

Profits arising from market sale activity may be covenanted to the parent company, North Devon Homes, a registered provider of social housing. During the year the Company continued to invest in the residential development works at Taw Wharf in central Barnstaple (previously known as Anchorwood Bank), under a joint venture agreement with its award winning construction partner Pearce Construction (Barnstaple) Limited.

The residential build comprises 172 new build properties; 135 for open market sale and 37 affordable homes developed for North Devon Homes under a golden brick arrangement. 10 market sale properties were completed during the year as part of the completion of phase 2, with 14 sales completed, resulting in no unsold properties at the year end. Works also continued on phase 3 of the scheme (35 market sale properties), with the first 6 completions and sales taking place in April 2022. The overall scheme is split into five phases to reduce risk exposure.

Under the joint venture agreement with Pearce, income and costs are shared on a 50/50 basis and so Anchorwood Limited recognises in its financial statements its 50% share. For the year ending 31 March 2022, sales turnover, being the 50% share of the residential build income, was £2,339k (2021: £3,789k) which is below forecast due to some site delays, with cost of sales £1,993k (2021: £3,275k), with the remaining other income of £154k (2021: £1k). The gross profit result for the year was £500k (2021: £515k), with a net result of £251k (2021: £393k).

Commercial funding for the development has been facilitated through NatWest.

#### **FUTURE DEVELOPMENTS**

During the year the Board approved its updated 2022-2027 Corporate Plan setting out its strategy to complete the Taw Wharf development and its vision to sell outstanding homes in unique locations. The Company is developing a strong pipeline of future development opportunities to ensure that there is ongoing growth post completion of the Taw Wharf scheme. Working with our stakeholders in the local community, as an ethical developer this will be delivered by:

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

- Building homes safely to a high specification
- Minimising the impact on the environment
- Delivering homes in a way that is sensitive to the local area and community
- Working in partnership with local companies who share our vision and values to deliver new homes in an ethical way.

### KEY RISKS

Throughout the year, senior executives have been involved in weekly project meetings to ensure all risks are closely monitored and mitigated where possible; and the Board has reviewed risk at every Board meeting.

A formal risk management process is in place to ensure risks are identified, assessed, quantified and mitigated to the satisfaction of the Board. At the request of the Board, this has been reviewed and updated during the year to ensure the risks are directly aligned to the achievement of Corporate Plan objectives. This process includes a Corporate Risk Map summarising the Strategic Risks, separate Project Risk Maps for each committed scheme and a summary of pipeline sites assessing likelihood of proceeding and site readiness. Performance metrics are in place to help quantify risks and provide early warning of risks materialising, and are provided to the Board. Key areas of risk under consideration have included the housing market locally and nationally, sales performance, marketing suitability, materials and labour shortages, and cashflow.

Covid-19 continued to increase the risk profile for the Taw Wharf development in the year – although with safe operating procedures well established, the impact in 2021/22 related more to indirect impacts, for example supply chain disruption, increasing prices, and site delays. Materials prices increased during the year due to supply chain disruption and materials shortages, exacerbated at the end of the period by the war in Ukraine, although this was somewhat mitigated by a continued strong housing market and sale price inflation. The risks and mitigations in place can be summarised as follows:

Area of Risk	Mitigation
Health & Safety	<p>Site health and safety closely monitored and reported to the Board at every meeting.</p> <p>Building Safety legislation was developed through the year, setting higher expectations for developers. Developers need to be inquisitive about products and their safety, and not focused on minimising costs at the expense of safety. This approach is adopted with key partners and the joint venture contractor is able to demonstrate that their Health &amp; Safety practices align with the highest standards across the industry. The Board will continue to track the Building Safety legislation as it is refined to ensure expectations and standards are met.</p>

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)

### Key Risks (continued)

Area of Risk	Mitigation
Contractor failure	A contingency plan is in place if required but, with the strong housing market, our development partner continues to demonstrate robust financial performance.
Labour and Materials	A consideration during the year has been the availability of materials and labour, and their increased cost. Pearce has in place a robust labour supply chain which helps mitigate the labour risk, but delays to unit completion were caused by delays in obtaining some materials. The impact of the pandemic, strong housing demand and Brexit, further exacerbated by the Russian invasion of Ukraine mean that there is likely to be a continued risk around the cost and availability of materials during the coming year.
Cashflow	The delays to works on site during the year raised the risk of sales delays impacting on cashflow. However, interest in properties has remained strong throughout the period, and sales have continued to be completed – ensuring that the cashflow risk did not materialise. Going forward, stress testing highlights cashflow risks, and KPIs give early warning of any issues.
Sales	Sales have continued throughout the year, forecast sale prices have been achieved, and interest in the Taw Wharf scheme has remained strong. Learning from sales has continued to feed into the planning of future phases. This serves to mitigate the risk of sales lag, and lower than anticipated returns in future.

In the coming year, the volatile and difficult external environment is likely to drive a heightened risk profile for Anchorwood Ltd with: prices of materials and fuel continuing to rise; inflation predicted to rise to above 10% over the next two years; and, continued supply chain disruption. There are a number of key risks to consider, which include:

- With the volatile and challenging external environment and potential recession, there is a risk that the housing market could see a downturn, which would increase risks related to achieving surplus (if prices fall) and cashflow (if there is a sales lag). We continue to monitor the market closely, and stress testing of the business plan is carried out to understand the impact of a change in sales values or sales delays.
- Maintaining a strong development pipeline to ensure ongoing growth and financial viability.
- Increasing material prices, delays and shortages, as a result of global Covid-19 impacts and the war in Ukraine affecting the supply chain, together with Brexit impacts and high demand due to the strong housing market is a key risk.

These risks are reviewed and monitored by the Board as part of our ongoing stress testing scenarios.

## **ANCHORWOOD LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022 (continued)**

#### **RESULTS**

The Board considers that the Company has performed as anticipated in the financial year. The profit before tax for the financial year was £251k (2021: £393k); profit after tax was £250k (2021: £387k).

#### **DIRECTORS**

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Simon Sanger-Anderson  
Asad Butt  
Delyth Lloyd-Evans  
Scott Murray  
Paul Matton  
Geoffrey Fox  
Nigel Ingram (appointed 1 April 2021)

#### **Company Secretary:**

Iain Springate (appointed 31 January 2022)  
Diane Dimond (resigned 31 January 2022)

#### **GOING CONCERN**

Despite the volatile and uncertain economic conditions, the Board has a reasonable expectation that adequate resources will continue in existence for the foreseeable future, that it is well placed to manage its business risks successfully and, based on current forecasts, that it will continue in operational existence for the foreseeable future. For these reasons it continues to adopt the going concern basis in preparing the financial statements.

Details of the going concern assessment completed by the Directors is detailed in note 1.3.

#### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

As arranged through the parent company, Directors' and officers' liability insurance has been maintained throughout the year.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

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:

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022**

**(continued)**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS (CONTINUED)**

- 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.

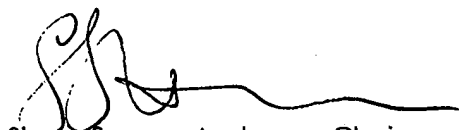
#### **Directors' confirmations**

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.

As a qualifying entity, the Directors have applied the exemptions available under FRS102.

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



Simon Sanger-Anderson, Chair  
15 August 2022



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ANCHORWOOD LIMITED FOR THE YEAR ENDED 31 MARCH 2022**

**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of Anchorwood Limited (the 'company') for the year ended 31 March 2022 which comprise Statement of Comprehensive Income and Retained Earnings, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ANCHORWOOD LIMITED FOR THE YEAR ENDED 31 MARCH 2022  
(continued)**

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

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

**Other information**

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

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

We have nothing to report in this regard.

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

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

**ANCHORWOOD LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ANCHORWOOD LIMITED FOR THE YEAR ENDED 31 MARCH 2022  
(continued)**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the strategic report.

**Responsibilities of Directors**

As explained more fully in the directors' responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ANCHORWOOD LIMITED FOR THE YEAR ENDED 31 MARCH 2022  
(continued)**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

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

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

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

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

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

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;

**ANCHORWOOD LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ANCHORWOOD LIMITED FOR THE YEAR ENDED 31 MARCH 2022  
(continued)**

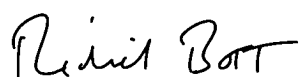
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of the audit report**

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Richard Bott (Senior Statutory Auditor) for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
90 Victoria Street  
Bristol  
BS1 6DP  
22 August 2022

ANCHORWOOD LIMITED

**STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	Year ended 31 March 2022 £000	Year ended 31 March 2021 £000
Turnover	2	2,493	3,790
Cost of sales		(1,993)	(3,275)
Gross profit		500	515
Administrative expenses		(249)	(122)
Profit before taxation	3	251	393
Tax on profit	7	(1)	(6)
<b>Profit for the financial year</b>		<b>250</b>	<b>387</b>
Accumulated losses at the beginning of the year		(6)	(393)
Profit for the financial year		250	387
<b>Accumulated profit/(losses)</b>		<b>244</b>	<b>(6)</b>

All of the Company's activities relate to continuing operations.

There were no recognised gains or losses in the year other than those included in the Statement of Comprehensive Income and Retained Earnings.

The notes on pages 16 to 24 form part of these financial statements.

## ANCHORWOOD LIMITED


## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	2022 £000	2021 £000
<b>Fixed Assets</b>			
Property, plant and equipment	6	94	99
<b>Current Assets</b>			
Stocks	8	5,824	5,538
Debtors	9	1,403	396
Cash and cash equivalents		122	738
		<b>7,349</b>	<b>6,672</b>
<b>Creditors: amounts falling due within one year</b>	10a	(3,886)	(2,076)
Provision	10b	(239)	(165)
<b>Net current assets</b>		<b>3,224</b>	<b>4,431</b>
<b>Total assets less current liabilities</b>		<b>3,318</b>	<b>4,530</b>
<b>Creditors: amounts falling due after more than one year</b>	11	(1,005)	(2,236)
<b>Net assets</b>		<b>2,313</b>	<b>2,294</b>
<b>Capital and Reserves</b>			
Called up share capital	12	2,300	2,300
Accumulated profits/(losses)	13	13	(6)
<b>Total Shareholders' Funds</b>		<b>2,313</b>	<b>2,294</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £000	Retained Earnings £000	Total £000
<b>At 1 April 2021</b>	2,300	(6)	<b>2,294</b>
Gift Aid	-	(231)	<b>(231)</b>
Profit and total comprehensive income for the financial year	-	250	<b>250</b>
<b>At 31 March 2022</b>	<b>2,300</b>	<b>13</b>	<b>2,313</b>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime with regards to the Strategic Report. The financial statements on pages 14 to 24 were approved by the Board of Directors on 15 August 2022 and signed on its behalf by:

  
Simon Sanger-Anderson, Chair  
15 August 2022

The notes on pages 16 to 24 form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2022

### 1. Accounting policies

#### 1.1 General information

Anchorwood Limited is a Private Limited Company, limited by shares. It is incorporated in the United Kingdom and is registered in England at Westacott Road, Barnstaple, Devon EX32 8TA.

#### 1.2 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with FRS102 and the Companies Act 2006. The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, North Devon Homes includes the Company in its consolidated financial statements. The consolidated financial statements of North Devon Homes are available to the public and may be obtained from Westacott Road, Barnstaple, Devon EX32 8TA.

In these financial statements the Company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS102 in respect of the following disclosures:

- Transactions with group entities;
- Cash Flow Statement and related notes.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### 1.3 Going Concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the reasons below.

The Anchorwood Board has reviewed the potential impact on the property market as a result of economic volatility and uncertainty, including taking into account sales delays, a possible future decline of the housing market and disruptions to the materials and labour supply chains. It has also considered in detail the potential adverse impact on its contractors. The Board is of the opinion that, taking account of severe but plausible downsides, the Company has adequate resources to continue in business for the foreseeable future and has risk-managed its contractual commitments to reduce its financial exposure.

The Board approved its updated seven year financial plan in April 2022 setting out its modest growth ambitions for the future and updated its stress testing for a range of scenarios as part of this process. The Board has a reasonable expectation that adequate resources will continue in existence for the foreseeable future, that it is well placed to manage its business risks successfully, and based on current forecasts, that it will continue in operational existence for the foreseeable future.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 1. Accounting policies (continued)

For these reasons the Board continues to adopt the going concern basis in preparing the financial statements.

#### 1.4 Basic financial instruments

##### *Trade and other debtors/creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

##### *Interest-bearing borrowing classified as basic financial instruments*

Interest-bearing borrowing is recognised initially at the present value of cash payable, which is ordinarily equal to the proceeds received net of direct issue costs. Subsequent to initial recognition, interest-bearing borrowing is stated at amortised cost using the effective interest method.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

#### 1.5 Significant judgements and key sources of estimation uncertainty

The Company may make estimates and assumptions concerning the future. However, the nature of estimation means that the actual outcomes could differ from those estimates.

##### *Recoverability of stock and work in progress*

Stock and work in progress is held at cost at the reporting date without any impairment. This is management's estimate, based on forecast sales performance, its assessment of the quality of the Company's development properties and its assessment of the current market conditions.

##### *Onerous contracts*

Where construction contracts are loss making, if management has assessed that the contract is onerous a provision is made based on forecast cost estimates. The provisions will be unwound over the remaining term of the contract.

There are no other judgements or estimates in the current year.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2022

### 1. Accounting policies (continued)

#### 1.6 Turnover

Turnover from open market property sales is recognised in the income statement at the fair value of the consideration received or receivable on legal completion, based on the 50% share of receipts that Anchorwood Limited is entitled to under the joint venture agreement with Pearce. This is after deduction of land and infrastructure costs allocated on an individual plot basis, for which Anchorwood is entitled to 100% repayment under the joint venture agreement and this is recognised in full in Anchorwood's turnover on the sale completion of each open market sale property.

In September 2018, a Golden Brick Sale and purchase contract was agreed between Anchorwood Limited and North Devon Homes, to facilitate the sale of the 37 affordable homes to North Devon Homes once they had reached the golden brick level. Turnover from the affordable homes golden brick sales is recognised in the income statement at the fair value of the consideration received or receivable on legal completion, based on the 50% share of receipts that Anchorwood Limited is entitled to under the joint venture agreement with Pearce.

Feed-in Tariff income generated from photovoltaic panels is recognised when consideration is received, and to the extent that, the company obtains the right to consideration in exchange for its performance under these agreements.

#### 1.7 Long-term contracts

Profit is recognised on long-term contracts if the final outcome can be recognised with reasonable certainty by including in the Statement of Comprehensive Income turnover and related costs as contract activity progresses.

Full provision is made for loss-making contracts, including the golden brick affordable homes agreement.

#### 1.8 Stocks and Work in Progress

Stocks and work in progress is stated at the lower of cost and net realisable value. Properties developed for outright sale are included in current assets as they are intended to be sold. At each reporting date stock and properties held for sale are assessed for impairment. Any impairment losses are recognised in the Statement of Comprehensive Income.

#### 1.9 Borrowing costs

Interest payable on borrowings and similar fees and charges, to the extent that the borrowings are financing development activity, is capitalised up to the date of practical completion of the scheme or phase within the scheme.

#### 1.10 Impairment

Impairment is recognised where the carrying value of an asset exceeds the higher of its net realisable value and is recognised by a charge to the income

**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022****1. Accounting policies (continued)**

statement. The Company has carried out an assessment of impairment and no impairment losses were identified in the reporting period.

**1.11 Deferred tax**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

**1.12 Fixed assets**

Fixed assets are recorded at cost less any accumulated depreciation and impairment losses. Impairment is recognised where the carrying value of a fixed asset exceeds the higher of its net realisable value or its value in use. Depreciation of fixed assets is provided for on the following straight line basis:

- Photovoltaic panels                      30 years

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

**2. Turnover**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Open market sales	2,339	3,789
Feed-in tariff income	78	-
Other Income	76	1
	<b>2,493</b>	<b>3,790</b>

**3. Profit/(loss) before taxation**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Profit/(loss) before taxation is stated after charging:		
Depreciation on tangible fixed assets	5	5
Auditors' remuneration:		
- Statutory Audit	7	9
- Tax advice	2	2

**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the year ended 31 March 2022****4. Directors' remuneration**

Members of the Board of Directors and Executive Team are deemed to be key management personnel. During the year payments totalling £13,077 (2021: £16,500) were paid to Directors as set out below. No Directors (2021: nil) were members of the parent company pension scheme.

Director	2022 £	2021 £
Jon Dunman	-	3,900
Geoffrey Fox	2,916	1,100
Asad Butt	1,088	2,300
Nigel Ingram	2,893	-
Delyth Lloyd-Evans	1,088	2,300
Paul Matton	2,916	2,300
Scott Murray	1,088	2,300
Simon Sanger-Anderson	1,088	2,300
	<b>13,077</b>	<b>16,500</b>

The Executive Team is employed by North Devon Homes and their remuneration for the year has been borne by North Devon Homes.

**5. Employees**

The Company's level of activity does not warrant the direct employment of staff required to carry out its various functions therefore no employees received remuneration for services to the Company during the year. A service level agreement is in place between North Devon Homes and Anchorwood Limited and during the year there was a recharge of £70,700 (2021: £80,865) for services provided by the parent, which is included within administration expenses.

**ANCHORWOOD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2022**

**6. Property, Plant and Equipment**

	<b>Photovoltaic panels £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>		
As at 1 April 2021	119	119
<b>At 31 March 2022</b>	<b>119</b>	<b>119</b>
<b>Accumulated depreciation</b>		
As at 1 April 2021	(20)	(20)
Charge for the year	(5)	(5)
<b>At 31 March 2022</b>	<b>(25)</b>	<b>(25)</b>
<b>Net book value at 31 March 2022</b>	<b>94</b>	<b>94</b>
Net book value at 31 March 2021	99	99

Property, plant and equipment comprises photovoltaic panels purchased from North Devon Homes during the year ended 31 March 2017. The transaction is held as a long-term intercompany debt with no repayment date.

**7. Tax on Profit/( loss)**

	<b>2022 £000</b>	<b>2021 £000</b>
Current tax:		
Total tax per income statement	1	6
The charge for the year can be reconciled to the profit per the income statement as follows:		
Profit /(loss) before taxation	257	393
Tax on profit/(loss) at standard UK tax rate of 19.00% (2021: 19.00%)	48	75
Effects of:		
Expenses not deductible	-	-
Effects of group relief/other reliefs	(47)	-
Losses	-	(69)
Tax charge for the year	1	6

Deferred taxation: Potential deferred tax amounts not recognised in the financial statements is as follows:

	<b>2022 £000</b>	<b>2021 £000</b>
Deferred tax profits/(losses)	-	19

**ANCHORWOOD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2022**

**8. Stocks**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Properties held for sale	-	463
Work in progress	5,824	5,075
	<b>5,824</b>	<b>5,538</b>

£1,723k (2021: £3,230k) of inventory was expensed during the year in relation to the cost of sales for open market sale units. This represents the 50% share of costs incurred by Anchorwood Limited under the 50/50 joint venture agreement with Pearce Construction.

**9. Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Recoverable taxation	15	14
Other debtors	1,388	382
	<b>1,403</b>	<b>396</b>

**10a. Creditors: Amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Trade creditors	31	12
Amounts owed to group undertakings	107	26
Accruals and deferred income	646	832
Loan	2,315	597
Taxation	7	6
Other creditors	780	603
	<b>3,886</b>	<b>2,076</b>

Other creditors represent S106 highways, public open space and education monies that are due to be paid in the next financial year.

Loan amounts due represent amounts owed to National Westminster Bank PLC in respect of funding for the Taw Wharf scheme. NatWest hold a first legal charge over the Anchorwood Bank site as security for their lending.

**ANCHORWOOD LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 31 March 2022****10b. Provisions**

	<b>£'000</b>
As at 1 April 2021	165
Added in the year	74
Released in the year	-
Carry forward 31 March 2022	<u>239</u>

The Provision relates to the loss making contract in respect of the delivery of the 37 affordable homes.

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

	<b>2022 £000</b>	<b>2021 £000</b>
Amounts owed to group undertakings	952	1,551
Other creditors	53	685
	<u>1,005</u>	<u>2,236</u>

Included in the amounts owed to group undertakings is £143k relating to the acquisition of photovoltaic panels from North Devon Homes by Anchorwood Limited on 31 March 2017, which is held as a long-term intercompany debt with no repayment date.

The intercompany loan balance at the end of the year was £808k (2021: £1,551k). The loan facility at the end of the year was £4,877k (2021: £4,955k) and expires in July 2025. As security for the loan facility, North Devon Homes has a fixed and floating charge over all Anchorwood Limited's property and assets. Interest payable to North Devon Homes during the year was £30k (2021: £90k).

Interest payable during the year was initially at 3 month LIBOR which subsequently reverted to base rate from 1<sup>st</sup> January 2022 (2021: LIBOR) plus 3.35% (2021: 3.35%) margin. Interest paid in the year was £23k (2021: £98k) and was capitalised as work in progress.

Other creditors represent S106 highways, public open space and education monies that are due to be paid in later years as units are completed.

**ANCHORWOOD LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2022**

**12. Called up share capital**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Ordinary Shares of £1 each	1	1
Preference Shares of £1 each	2,299	2,299
	<b>2,300</b>	<b>2,300</b>

Each preference share and ordinary share carries one vote. The ordinary shares and preference shares rank equally in all respects (save as to redemption) and carry the right to participate in any distributions as respects dividends and as respects capital (including on winding up). The ordinary shares are not redeemable; the preference shares are liable to be redeemed at their nominal value, at the option of the Company.

**13. Accumulated profits/(losses)**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
As at 1 April	(6)	(393)
Profit for the financial year	250	387
<b>As at 31 March</b>	<b>244</b>	<b>(6)</b>

The retained earnings/ (accumulated losses) represent cumulative historic profits and losses.

**14. Parent company and related parties**

The Company is a subsidiary of North Devon Homes which is the ultimate parent company and is registered company number 03674687 (and registered charity number 1164142). North Devon Homes is the only company in the group to prepare consolidated financial statements. A copy of the consolidated financial statements can be obtained from the parent company at Westacott Road, Barnstaple, Devon EX32 8TA.