

Eastbourne JV Limited

Amended Annual report and financial statements  
for the year ended 31 December 2018

Registered Number 10380146



Eastbourne JV Limited

Annual report and financial statements

for the year ended 31 December 2018

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# Eastbourne JV Limited

## Directors' report

The directors present their directors' report and audited financial statements for the year ended 31 December 2018.

### Principal activities

The principal activity of the company is house building.

The company is a joint venture between Esh Homes Limited and Darlington Borough Council with the aim of developing residential schemes across the Borough of Darlington.

### Directors

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

P Brown  
D Horrocks  
P Mitchell  
A E Radcliffe  
L F Swinhoe  
C P Wildsmith

### Business review and results

The company has performed well during the period, in what continues to be a challenging but improving market.

There were 32 house sales completed in the period (2017: 17), achieving turnover of £5.9m with higher margins being achieved than forecast. The company had an operating profit of £1.1m, interest and similar charges of £104k resulting in a pre-tax profit of £1.0m for the period.

### Key performance indicators

The company uses a number of performance indicators, both non-financial and financial to ensure that activities are monitored and controlled effectively. These indicators are reported to the staff and the Board regularly and include; health & safety, staff welfare, training and development, personal development reviews and customer care. Our financial indicators include turnover, gross and net profit, cash management and overheads. We hold weekly sales, construction meetings and land meetings, as well as quarterly forecast reviews, valuation meetings, and board meetings. These meetings ensure that we are constantly monitoring the progress of the business and reviewing any potential problems. Financial indicators are summarised below:

	2018	2017
	£'000	£'000
Turnover	5,858	2,957
Gross profit	1,357	583
Profit before tax	1,004	295
Cash at bank	1,110	820

# **Eastbourne JV Limited**

## **Directors' report (continued)**

### **Principal risks and uncertainties**

The company operates in the house building market, the housing market has continued to see some recovery over the period but there still remains some uncertainty as to how sustained the recovery might be, with the market being dependent on the confidence of potential buyers.

The supply chain has improved although there are still shortages on certain materials and there is still pressure around the industry due to skill shortages across the country.

### **Proposed dividends**

The directors do not recommend the payment of a dividend.

### **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/period. 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 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.

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.

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director 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, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

# Eastbourne JV Limited

## Directors' report (continued)

### Political contributions

The company made no political donations or incurred any political expenditure during the period.

### Small company provisions

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

On behalf of the board



P Brown

Director

Date ..... 23/9/2019 .....

Esh House  
Bowburn North Industrial Estate  
Bowburn  
Durham  
DH6 5PF

# Eastbourne JV Limited

## Independent auditors' report to the members of Eastbourne JV Limited

### Report on the audit of the financial statements

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#### Opinion

In our opinion, Eastbourne JV Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit 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: the balance sheet as at 31 December 2018; the statement of income and retained earnings for the year then ended; the accounting policies; and the notes to the financial statements.

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#### 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.

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#### 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 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.

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#### 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 on, 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.

# Eastbourne JV Limited

## Independent auditors' report to the members of Eastbourne JV 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 31 December 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.

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### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of director's responsibilities in respect of the financial statements, 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](http://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.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

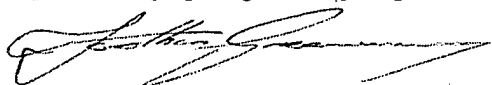
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified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

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### **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: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Jonathan Greenaway (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
25 September 2019

## Eastbourne JV Limited

### Statement of income and retained earnings for the year ended 31 December 2018

	Note	Year ended 31 December 2018 £	Period ended 31 December 2017 £
Turnover	1	5,858,217	2,957,224
Cost of sales		(4,501,691)	(2,374,345)
Gross profit		1,356,526	582,879
Administrative expenses		(249,157)	(190,263)
Operating profit		1,107,369	392,616
Interest payable and similar expenses	4	(103,719)	(97,710)
Profit before taxation		1,003,650	294,906
Tax on profit	5	(189,540)	(57,263)
Profit for the financial period		814,110	237,643
Retained earnings brought forward		237,643	-
Retained earnings carried forward		1,051,753	237,643

All results derive from continuing operations.

The company had no other comprehensive income during the current period other than that reflected in the statement of income and retained earnings.

There is no material difference between the profit before taxation and the profit for the financial period stated above and their historical cost equivalents.



# Eastbourne JV Limited

## Balance sheet as at 31 December 2018

	Note	2018 £	2017 £
<b>Current assets</b>			
Stocks	6	1,293,616	2,168,504
Debtors	7	75,488	91,938
Cash at bank and in hand		1,109,698	820,446
		<b>2,478,802</b>	<b>3,080,888</b>
<b>Creditors: amounts falling due within one year</b>	8	<b>(1,427,047)</b>	<b>(343,243)</b>
<b>Net current assets</b>		<b>1,051,755</b>	<b>2,737,645</b>
<b>Total assets less current liabilities</b>		<b>1,051,755</b>	<b>2,737,645</b>
<b>Creditors: amounts falling due after one year</b>	9	<b>-</b>	<b>(2,500,000)</b>
<b>Net assets</b>		<b>1,051,755</b>	<b>237,645</b>
<b>Capital and reserves</b>			
Called up share capital	10	2	2
Retained earnings	11	1,051,753	237,643
<b>Total shareholders' funds</b>		<b>1,051,755</b>	<b>237,645</b>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 6 to 15 were approved by the board of directors on 23/9/2019 and were signed on its behalf by:

  
A E Radcliffe

Director

Company registered number: 10380146

# **Eastbourne JV Limited**

## **Statement of accounting policies**

### **Statement of compliance and general information**

The Company is limited by shares and is incorporated in the United Kingdom. The registered address is Esh House, Bowburn North Industrial Estate, Durham, County Durham, DH6 5PF. These financial statements have been prepared in compliance with the 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.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

### **Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with.

The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and a parent company consolidated statement of cash flows includes the Company's cash flows;
- (ii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv).

### **Going concern**

The financial statements are being prepared on a going concern basis.

### **Leases**

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

### **Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and estimated selling price less cost to complete and sell, which comprises all estimated costs of completion and overheads. Work in progress comprises direct materials, labour costs, site overheads, associated professional charges and other attributable overheads.

Investments in land without the benefit of a planning consent are initially included at cost. Regular reviews are carried out to identify any impairment in the value of the land considering the existing use value of the land and the likelihood of achieving a planning consent and the value thereof. Provision is made to reflect any irrecoverable amounts.

### **Interest bearing borrowings**

Immediately after issue debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

# **Eastbourne JV Limited**

## **Statement of accounting policies (continued)**

### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, 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.

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

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. 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.

### **Classification of financial instruments issued by the company**

Financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares. Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

### **Dividends**

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the period end. Unpaid dividends that do not meet these criteria are disclosed in the notes in the financial statements.

# **Eastbourne JV Limited**

## **Statement of accounting policies (continued)**

### **Turnover**

Turnover from private housing sales and land is recognised when transactions have legally completed. Sales incentives are substantially cash in nature but where applicable include part-exchange costs which mainly relate to amounts written down, where the part-exchange allowance given to the purchaser of the new home is greater than the valuation of the part-exchange property. Where applicable incentives are accounted for by reducing the house build revenue by the cost to the company of providing the incentive.

Revenue is recognised at initial fair value.

Turnover on long term contracts is recorded at cost appropriate to the stage of completion plus attributable profits, less amounts recognised in previous periods.

### **Critical judgements and estimates in applying the accounting policies**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### **Amended accounts**

These accounts: -

- replace the original accounts.
- are now the statutory accounts.
- are prepared as they were at the date of the original accounts.

# Eastbourne JV Limited

## Notes to the financial statements for the year ended 31 December 2018

### 1 Turnover

Turnover is derived from the principal activities, wholly undertaken in the United Kingdom. Turnover can be further analysed as follows:

	Year ended 31 December 2018	Period ended 31 December 2017
	£	£
Sales of homes	5,858,217	2,957,224

### 2 Notes to the profit and loss account

#### Auditors' remuneration

	2018	2017
	£	£
Audit of these financial statements	-	-

In the current period the audit fee has been borne by another group company.

### 3 Remuneration of directors

The directors received no remuneration in respect of their services to the company during the current period. Emoluments of the Company's directors are paid by a parent company. Their services to this Company and to a number of other subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company.

The directors were the only employees.

### 4 Interest payable and similar expenses

	Year ended 31 December 2018	Period ended 31 December 2017
	£	£
Interest on loans to joint partners	103,719	97,710
	103,719	97,710

# Eastbourne JV Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 5 Tax on profit

Analysis of charge in period:

	Year ended 31 December 2018	Period ended 31 December 2017
	£	£
UK corporation tax:		
Current tax on income for the period	189,540	57,263
<b>Tax charge on profit</b>	<b>189,540</b>	<b>57,263</b>

#### Factors affecting the tax charge for the current period

The tax charge for the year is lower (2017: the same as) than the standard rate of corporation tax in the UK of 19% (2017: 19.42%). The differences are explained below:

Total tax reconciliation	Year ended 31 December 2018	Period ended 31 December 2017
	£	£
Profit before tax	1,003,650	294,906
Current tax at 19% (2017:19.42%)	190,694	57,263
Other deductible items	(302)	-
Adjustment from previous periods	(852)	-
<b>Total current tax charge</b>	<b>189,540</b>	<b>57,263</b>

#### Tax rate changes

The Finance (No. 2) Act 2015 was substantively enacted on 26 October 2015. This reduced the main rate of corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. A further reduction in the main corporation tax rate to 17% from 1 April 2020 was announced in the 2016 Budget and substantively enacted in the Finance Act 2016. Given the changes are stepped, deferred tax assets and liabilities reflect the rate of 19% that will apply from 1 April 2017.

## Eastbourne JV Limited

### Notes to the financial statements for the year ended 31 December 2018 (continued)

#### 6 Stocks

	2018	2017
	£	£
Land and raw materials	554,940	613,238
Work in progress	738,676	1,555,266
	1,293,616	2,168,504

#### 7 Debtors

	2018	2017
	£	£
Other debtors	44,501	74,000
Amounts owed on contracts	-	3,000
Other taxation and social security	-	5,010
VAT recoverable	21,385	8,528
Amounts owed by related parties (note 14)	9,602	1,400
	75,488	91,938

#### 8 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	10,172	5,582
Amounts owed to related parties (note 14)	374,229	207,320
Corporation tax	189,540	57,263
Other taxation and social security	2,648	-
Other creditors	137,234	5,000
Other loans due to joint partners	500,000	-
Accruals and deferred income	213,224	68,078
	1,427,047	343,243

## **Eastbourne JV Limited**

### **Notes to the financial statements for the year ended 31 December 2018 (continued)**

#### **9 Creditors: amounts falling due after more than one year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Other loans due to joint partners	-	2,500,000
	-	2,500,000

Other loans due to joint partners are unsecured, bear interest at 4.84% and are repayable within 5 years.

#### **10 Called up share capital**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Authorised, allotted, called-up and fully paid</b>		
1 'A' ordinary shares of £1 each	1	1
1 'B' ordinary shares of £1 each	1	1
	2	2

The Company shall not make any dividend or other distribution unless a distribution is made in respect of both the A Shares and B Shares as if they constituted one class of Shares.

#### **11 Retained Earnings**

At 31 <sup>st</sup> December 2017	237,643
Profit for the financial period	814,110
<b>At 31<sup>st</sup> December 2018</b>	<b>1,051,753</b>

#### **12 Contingent liabilities**

There are no known contingent liabilities; both partners are funding equally.



# Eastbourne JV Limited

## Notes to the financial statements for the year ended 31 December 2018 (continued)

### 13 Ultimate parent company

The directors do not consider there to be an individual ultimate controlling party. The company is owned 50% by Esh Homes Limited, and 50% by Darlington Borough Council.

### 14 Related party transactions

Transactions with related Esh Group companies during the year ended 31 December 2018 were: -

	Purchases		Sales		Debtors		Creditors	
	2018	2017	2018	2017	2018	2017	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Esh Homes Limited								
Trade	249	849	-	2	-	-	(6)	(7)
Loan	-	-	-	-	-	-	(250)	(1,250)
Esh Holdings Limited								
Trade	-	-	-	-	-	1	-	-
Esh Construction Limited								
Trade	694	3,005	-	-	10	-	(368)	(200)
	<b>943</b>	<b>3,854</b>	<b>-</b>	<b>2</b>	<b>10</b>	<b>1</b>	<b>(624)</b>	<b>(1,457)</b>