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**SIXTY BRICKS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

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**SIXTY BRICKS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	D P Welsh R J Manning J A Garrod P G Lowenberg S A Wall J J Anderson
<b>Company secretary</b>	E H J Mannan
<b>Registered number</b>	10593957
<b>Registered office</b>	The Magistrates Room G10 1 Farnan Avenue London E17 4NX
<b>Independent auditors</b>	Barnes Roffe LLP Chartered Accountants  Statutory Auditor Leytonstone House Leytonstone London E11 1GA

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**SIXTY BRICKS LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2021**

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**Principal Objectives and Strategies**

Sixty Bricks Limited is a local authority-controlled trading company (LATC) of the London Borough of Waltham Forest ("The Council") and is limited by shares.

It was established by the Council to deliver both social and economic benefits to the local community and the Council as shareholder. Specifically, Sixty Bricks would:

- Respond to housing need by building quality homes and of these homes a significant amount of "affordable" homes for local people in the greatest need
- Create a commercial entity that will deliver a significant amount of new homes on council owned land making better use of council assets
- Retain council control over housing delivery and accountability

The Five-Year Business Plan, which is reported to the Council's Shareholders Committee, set the housing delivery and financial performance targets for the company, and established a series of principles which underpin the planning and execution of the company's Business.

Sixty Bricks business objectives are to:

- To drive the delivery of new homes quicker than the traditional home builders in the Borough on Council owned sites
- Deliver at least 450 new homes over the business plan period
- Aspire to deliver 50% affordable homes on all developments with no less than 50% affordable across our development portfolio
- Generate a financial return to the Shareholder reflecting the principle that development schemes will secure a 10% profit before tax
- Target 1,000 new homes within pipeline by year 5

The Company will offer housing new build, acquisition and refurbishment on Council owned sites but also on sites purchased or provided as part of partnerships. Such developments may include retail, commercial and other public service Health, Social Care etc. and community provision.

The Company's main clients are the London Borough of Waltham Forest and other public sector authorities. Demand from the clients may grow for Sixty Bricks (and other LATCs) due to budgetary pressures, loss of internal resources, growing service needs and public sector bodies looking for other solutions to traditional outsourcing to ensure that funding stays within the public sector.

Longer term plans for the Company include creating an appropriate structure that enables GLA and other grants, and potentially right to buy receipts to pass through the Company to accelerate housing delivery and improve scheme viability. Delivering Affordable Housing Sixty Bricks aspires to deliver 50% affordable homes on all projects, and no less than 50% affordable across Phase 1 and subsequent programmes. For the 50% affordable units the Company will also aim to deliver 60% rented and 40% Intermediate as Shared Ownership tenure in line with the Council's planning policy.

**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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**Performance in 2020-21**

Great progress was made with the Phase 1 programme in 2020-21. The first 299 homes at Centenary House, Hyland Road, Essex Close, Sansom Road and South Grove secured planning permission and started on site. The Sixty Bricks owned sites (Centenary House, Essex Close and South Grove) will all deliver 50% affordable homes on a habitable room basis while development agency schemes (at Hyland Road and Sansom Road) will be 100% social rent on all homes delivered.

Tangible progress was made on each of the Phase 1 schemes during 2020-21. This was reflected in progress on-site and associated financial expenditure. The Delivery Team made considerable efforts with their supply chains to maintain effective governance and control of each scheme. Thorough programmes and cashflow forecasts were developed to accompany the handover of sites and effective project delivery arrangements were put in place with the principle contractor, Employers Agents (EA's), Planning Consultants, Landscape Architects (LA), Quantity Surveyors (QS) and Architects. This work helped de-risk individual schemes and the programme and meant that by year-end the Phase 1 Delivery Team were able to deliver c96% of the expenditure forecast in 2020-21.

**Principal risks and uncertainties**

There are risks associated with conducting a property development business, such as increasing construction costs, changes in interest rates, legislation, Brexit and changes in the property sales and rental markets. However, the ownership of property over the medium to long term can be considered a strong investment and with a growing demand for affordable housing nationally there is no reason to suggest this will change. The business model benefits to the Council are considerable and compelling; the risks will be managed through preventative due diligence undertaken and the governance and controls in place.

At the request of the Board in the spring of 2020 Sixty Bricks began to develop a Covid-19 Recovery Plan. This was presented to the Board and endorsed in late May 2020. The purpose of the Sixty Bricks Covid-19 Recovery Plan is twofold:

- First, as a wholly owned local authority trading company, Sixty Bricks' Recovery Plan will contribute directly to the Council's Economic Recovery Action Plan
- Second, the Recovery Plan takes proactive action at an organizational, project and programmatic level to ensure Sixty Bricks remains commercially sustainable and continues to deliver the shareholder's priorities for the local community

Sixty Bricks Recovery Plan is structured to deliver the Council's three phase Respond, Resilience and Recovery model – while also continuing to actively review aspects of the Company's business continuity plan in response to national and local pandemic guidance.

Given the anticipated depth and potential duration of the Covid-19 recession the Council's £550m capital investment portfolio will play an important role in the organisation's overall Economic Recovery Action Plan. Sixty Bricks Phase 1 new build programme has been identified as one of the Council's Top Ten capital investment priorities. Consequently, its successful delivery will make a significant contribution to the social and economic recovery of the local community.

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## SIXTY BRICKS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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#### Overall financial position

The Company is projected to start generating profits from the year ending 31 March 2022 upon the completion of the first schemes. The main costs incurred during the year consist of staffing (£1.6m) and service level agreements with the Council (£0.3m) and other set up costs total of £2.0m. From this £1.5m has been capitalised to the schemes with the balance to be funded from working capital. For the year ending 31 March 2021, Sixty Bricks made a loss of £554k.

During the year 2020/21 the build contracts were held by the Council, apart from Centenary House which has been successfully novated to Sixty Bricks. The intention is to novate the remaining schemes to Sixty Bricks in line with the development and loan agreements by the end of 2021/22.

This report was approved by the board on 1 October 2021 and signed on its behalf.

**P G Lowenberg**

Director

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2021**

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The directors present their report and the financial statements for the year ended 31 March 2021.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

**Results and dividends**

The loss for the year, after taxation, amounted to £554,411 (2020 - loss £351,269).

The directors do not recommend the payment of a final dividend.

**Directors**

The directors who served during the year were:

D P Welsh  
J C Walling (resigned 8 October 2020)  
R J Manning  
J A Garrod  
P G Lowenberg (appointed 8 October 2020)  
S A Wall (appointed 8 October 2020)  
J J Anderson (appointed 8 October 2020)

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**SIXTY BRICKS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Post balance sheet events**

Subsequent to the balance sheet date, on 3 September 2021, the company converted £411,238 of interest free debt owed to the parent entity to 411,238 of newly issued £1 Ordinary shares.

**Auditors**

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 1 October 2021 and signed on its behalf.

**P G Lowenberg**  
Director



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIXTY BRICKS LIMITED

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**Opinion**

We have audited the financial statements of Sixty Bricks Limited (the 'Company') for the year ended 31 March 2021, which comprise the Statement of income and retained earnings, the Balance sheet, the Statement of cash flows and the related notes, 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 Financial Reporting Standard 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 2021 and of its loss 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIXTY BRICKS LIMITED (CONTINUED)

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

**Opinion 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

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

In the 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 Strategic report or the Directors' report.

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.

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIXTY BRICKS LIMITED (CONTINUED)

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**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.

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the relevant sector;
- We focused on specific laws and regulations, which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and FRS 102;
- We assessed the extent of compliance with laws and regulations identified above through making enquires of management and inspecting legal correspondence and identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquires of management as to where they considered there was susceptibility to fraud, their knowledge of actual suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify and unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial statements, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from errors as they

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## SIXTY BRICKS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIXTY BRICKS LIMITED (CONTINUED)

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may involve deliberate concealment or collusion.

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 Auditors' report.

#### Use of our 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 Auditors' 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.

Adam Dodds (Senior statutory auditor)  
for and on behalf of  
**Barnes Roffe LLP**  
Chartered Accountants

Statutory Auditor  
Leytonstone House  
Leytonstone  
London  
E11 1GA

11 October 2021

**SIXTY BRICKS LIMITED**

**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
Administrative expenses		(479,815)	(301,952)
<b>Operating loss</b>		(479,815)	(301,952)
Interest receivable and similar income	8	27	-
Interest payable and similar expenses	9	(74,623)	(49,317)
<b>Loss before tax</b>		(554,411)	(351,269)
<b>Loss after tax</b>		(554,411)	(351,269)
Retained earnings at the beginning of the year		(1,444,360)	(1,093,091)
		(1,444,360)	(1,093,091)
Loss for the year		(554,411)	(351,269)
<b>Retained earnings at the end of the year</b>		(1,998,771)	(1,444,360)

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of income and retained earnings.

The notes on pages 14 to 23 form part of these financial statements.

**SIXTY BRICKS LIMITED**  
**REGISTERED NUMBER: 10593957**

**BALANCE SHEET**  
**AS AT 31 MARCH 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	11	9,602	9,945
Tangible assets	12	1,518	2,276
		<u>11,120</u>	<u>12,221</u>
<b>Current assets</b>			
Stocks		11,100,354	-
Debtors: amounts falling due within one year	14	8,088	-
Cash at bank and in hand	15	143,040	4,500
		<u>11,251,482</u>	<u>4,500</u>
Creditors: amounts falling due within one year	16	(13,261,273)	(1,460,981)
<b>Net current liabilities</b>		<u>(2,009,791)</u>	<u>(1,456,481)</u>
<b>Total assets less current liabilities</b>		<u>(1,998,671)</u>	<u>(1,444,260)</u>
<b>Net liabilities</b>		<u>(1,998,671)</u>	<u>(1,444,260)</u>
<b>Capital and reserves</b>			
Called up share capital	17	100	100
Profit and loss account	18	(1,998,771)	(1,444,360)
		<u>(1,998,671)</u>	<u>(1,444,260)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 October 2021.

**P G Lowenberg**  
Director

The notes on pages 14 to 23 form part of these financial statements.

SIXTY BRICKS LIMITED

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(554,411)	(351,269)
<b>Adjustments for:</b>		
Amortisation of intangible assets	343	343
Depreciation of tangible assets	758	-
Interest paid	74,623	49,317
Interest received	(27)	-
(Increase)/decrease in stocks	(11,100,354)	-
(Increase)/decrease in debtors	(8,088)	-
Increase in creditors	997,177	9,897
Increase in amounts owed to groups	10,803,115	358,576
<b>Net cash generated from operating activities</b>	<b>213,136</b>	<b>66,864</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible fixed assets	-	(10,288)
Purchase of tangible fixed assets	-	(2,276)
Interest received	27	-
<b>Net cash from investing activities</b>	<b>27</b>	<b>(12,564)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(74,623)	(49,317)
<b>Net cash used in financing activities</b>	<b>(74,623)</b>	<b>(49,317)</b>
<b>Net increase in cash and cash equivalents</b>	<b>138,540</b>	<b>4,983</b>
Cash and cash equivalents at beginning of year	4,500	(483)
<b>Cash and cash equivalents at the end of year</b>	<b>143,040</b>	<b>4,500</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	143,040	4,500
	<b>143,040</b>	<b>4,500</b>

The notes on pages 14 to 23 form part of these financial statements.

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**SIXTY BRICKS LIMITED**

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**ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 MARCH 2021**

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	At 1 April 2020	Cash flows	At 31 March
	£	£	2021 £
Cash at bank and in hand	4,500	138,540	143,040
Debt due within 1 year	-	(12,234,573)	(12,234,573)
	<u>4,500</u>	<u>(12,096,033)</u>	<u>(12,091,533)</u>

The notes on pages 14 to 23 form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**1. General information**

Sixty Bricks Limited ("the Company") is a company limited by shares, incorporated in England and Wales. Its registered office is The Magistrates Room G10, 1 Farnan Avenue, London, England, E17 4NX.

The principal activity of the company is to provide new build housing.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Going concern**

The company has net current liabilities as at 31 March 2021. The company is supported by its parent entity. On this basis, the directors are of the opinion that the company will be able to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. They therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

**2.3 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.4 Finance costs**

Finance costs not relating to schemes under development are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Capitalised finance costs relating to schemes under development are held in work in progress and amortised over the period of the facility.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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**2. Accounting policies (continued)**

**2.5 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**2.6 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**2.7 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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**2. Accounting policies (continued)**

**2.7 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	-	33%	straight line.
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.8 Stocks**

Stock comprises of property held for short-term development and resale. The cost included in stock includes all purchases and developments made on the property during the period. All purchases have been included at their original cost price.

At the balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete. Any impairment loss is recognised immediately in the profit or loss.

**2.9 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.10 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

**2.11 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**2. Accounting policies (continued)****2.12 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

**3. Judgments in applying accounting policies and key sources of estimation uncertainty****Capitalisation of certain costs included within work in progress**

The Company uses their judgement in capitalising certain costs within work in progress, specifically Agency Staff and Service License Agreement costs. The Company capitalises these on an agreed apportioned basis, with a certain agreed percentage of the cost capitalised, and the balance expensed to the profit and loss account. This apportionment is based on the judgement of the project management team.

**4. Operating loss**

The operating loss is stated after charging:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Depreciation	758	-
Amortisation	343	343
Agency worker costs	349,107	198,302
SLA charges	<u>65,006</u>	<u>25,538</u>

**5. Auditors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>10,000</u>	<u>4,000</u>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
All other services	<u>6,750</u>	<u>3,750</u>

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SIXTY BRICKS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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6. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Agency worker costs	<u>349,107</u>	<u>198,302</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Directors	<u>6</u>	<u>4</u>

7. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	<u>26,250</u>	<u>-</u>

8. Interest receivable and similar income

	2021 £	2020 £
Other interest receivable	<u>27</u>	<u>-</u>

9. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	-	17
Other loan interest payable	74,623	49,300
	<u>74,623</u>	<u>49,317</u>

SIXTY BRICKS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

10. Taxation

	2021 £	2020 £
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
<b>Total deferred tax</b>	-	-
<b>Taxation on profit on ordinary activities</b>	-	-

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(554,411)	(351,269)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(105,338)	(66,741)
<b>Effects of:</b>		
Unrelieved tax losses carried forward	105,338	66,741
<b>Total tax charge for the year</b>	-	-

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**SIXTY BRICKS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**11. Intangible assets**

	<b>Website development £</b>
<b>Cost</b>	
At 1 April 2020	<b>10,288</b>
	<hr/>
At 31 March 2021	<b>10,288</b>
	<hr/>
<b>Amortisation</b>	
At 1 April 2020	<b>343</b>
Charge for the year on owned assets	<b>343</b>
	<hr/>
At 31 March 2021	<b>686</b>
	<hr/>
<b>Net book value</b>	
At 31 March 2021	<b>9,602</b>
	<hr/>
<b>At 31 March 2020</b>	<b>9,945</b>
	<hr/>

The intangible assets include the development of the Company's website which was created by an external firm. The assets is being amortised over 5 years.

**SIXTY BRICKS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**12. Tangible fixed assets**

	Office equipment £
<b>Cost or valuation</b>	
At 1 April 2020	2,276
At 31 March 2021	2,276
<b>Depreciation</b>	
Charge for the year on owned assets	758
At 31 March 2021	758
<b>Net book value</b>	
At 31 March 2021	1,518
<b>At 31 March 2020</b>	2,276

**13. Stocks**

	2021 £	2020 £
Work in progress - Schemes under development	11,100,354	-

**14. Debtors**

	2021 £	2020 £
Other debtors	8,088	-

**15. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	143,040	4,500



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SIXTY BRICKS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	11,141	-
Amounts owed to group undertakings	12,254,199	1,451,084
Accruals and deferred income	995,933	9,897
	<u>13,261,273</u>	<u>1,460,981</u>

An amount of £10,277,132 included within amounts owed to group undertakings is secured against the development at Centenary House.

17. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
100 (2020 - 100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

18. Reserves

**Profit and loss account**

The profit and loss account represents cumulative distributable profits and losses net of dividends.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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**19. Related party transactions**

At the year end £12,254,199 (2020 - £1,450,904) was owed to its parent entity.

The above amount comprised as follows;

- £1,977,067 (2020 - £1,450,904) relating to a working capital loan agreement. Interest is charged on this loan at 4% plus LIBOR. Interest of £74,623 (2020 - £49,300) was charged to the company in relation to this loan.

- £3,747,483 (2020 - £nil) in respect of a General Funding Loan. Interest is charged on this loan at 8% per annum. Interest of £231,518 (2020 - £nil) was charged to the company in relation to this loan. The interest has been capitalised within schemes under developments

- £5,022,807 (2020 - £nil) in respect of a Housing Revenue Account Loan, both agreed under a development facility loan agreement. This loan is interest free.

- £1,506,842 (2020 - £nil) in respect of a General Funding Equity Loan, both agreed under a development facility loan agreement. This loan is interest free.

During the year the parent entity recharged expenses of £451,359 (2020 - £304,276) to the company.

During the year the company remunerated key management personnel amounts of £475,386 (2020 - £nil).

**20. Post balance sheet events**

Subsequent to the balance sheet date, on 3 September 2021, the company converted £411,238 of interest free debt owed to the parent entity to 411,238 of newly issued £1 Ordinary shares.

**21. Ultimate controlling party**

The Company's ultimate parent undertaking and controlling party is The London Borough of Waltham Forest.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.