BE FIRST (REGENERATION) LTD.

Report of the Directors and Financial Statements for the year ended 31 March 2023

Company Registration Number: 10635656

Registered Office: 5th Floor, Make IT, 15 Linton Road, Barking, England, IG11 8HE

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Strategic Report for the year ended 31 March 2023

Be First is the wholly owned development and regeneration company of the London Borough of Barking and Dagenham (LBBD), with the remit of accelerating the pace and scale of physical, economic, and social regeneration in the Borough. It operates independently from LBBD and was incorporated on 23 February 2017.

Be First commenced trading on 1 October 2017. On that date, the company acquired, through TUPE, 55 staff members, covering the planning, regeneration, and capital delivery departments. Since then, the Company has grown its headcount to more than 110 members of staff. This includes considerably strengthening the planning and project management office teams and ensuring other departments have the strength in depth to manage the ever-increasing workload.

The company receives revenues from development, planning and ancillary fees from LBBD. In addition, the company derives fees from framework levies due from the contractors on the framework. The Company also undertakes property development activities on its own account and operates within the guidelines agreed with its parent LBBD. The business plan shows that the company will work within its funding arrangements, as agreed with LBBD.

Review of the business

The financial position at the end of the year is shown in the financial statements. The profit before tax for the year stands at £8,461,082 (2022: profit of £3,473,112).

Despite the uncertain economic environment in which the Company started the year with, the Company recorded an increase in profit before tax against the prior period. This was as a result of the resilient strategies that management deployed and the unwavering dedication of all members of staff.

The Company has continued to review its staffing structure to improve our effectiveness and efficiency and has further developed its processes both internally and between Be First and LBBD.

Be First met its financial objectives agreed with LBBD in the year. We finished the year with £15,322,580 (2021: £5,012,242) cash in the bank.

External factors, such as COVID-19 and wider macro-economic conditions continued to impact on the business. While no sites closed in response, some delayed opening, causing a reduction in fees in the year ended 31 March 2023. In addition, schemes in design have been delayed, which also impacted the result for the year, although mitigation strategies have been put in place to reduce the financial impact.

Governance

A board review was carried out in 20/21 by an independent consultant as part of a shareholder subsidiary governance review. Overall, the conclusions were positive, and a number of practical recommendations were made to build on the strong foundations and further strengthen governance. The board has continued to implement the recommendations made in the report.

Covid-19

The pandemic has affected the business, through delayed starts on site, a reduction in planning fees and a halt to remediation works undertaken on behalf of LBBD. The Company had put in place a recovery programme to mitigate, as far as possible, the financial impact of the disease, which has been successful in maintaining profitability and cash flow.

Brexit

The terms upon which the United Kingdom will finally transition away from the EU are now known. The sector nationally is experiencing impacts on the availability of labour, the availability, movement, and price of goods entering the UK from Europe, materials shortages and on product regulation. We are beginning to experience delays on site and materials shortages, and we are closely monitoring and mitigating on an ongoing basis and the impact in the year is not considered to be material.

Wider economic influences

In addition to the risks documented elsewhere in this Strategic Report, and as reflected by the reduction in the number of new contracts entered into during the year, the business has been impacted by wider economic and global influences, which have increased pressures on the feasibility and viability of construction schemes through increased supply chain challenges and costs. Whereas delays on site and materials shortages are elsewhere documented, we continue to monitor and mitigate the financial implications of current economic pressures on an ongoing basis.

Going Concern

The financial statements have been prepared on a going concern basis. In assessing the appropriateness of the application of the going concern basis, the Directors have regard to the fact the Company traded profitably for the year ending 31 March 2023 and meets its day to day working capital requirements through support from its parent undertaking, the London Borough of Barking & Dagenham (LBBD).

LBBD has confirmed that it will continue to provide support as needed to enable the Company to meet its financial obligations for the foreseeable future and that it does not intend to seek repayment of amounts due at the balance sheet date.

The Directors consider the support from LBBD as being critical to assessing going concern for the following reasons:

1. The company derives most of its revenues from undertaking work requested by LBBD. It has yet to receive significant income from third parties, and

2. It is LBBD's intention to seek to repatriate retained earnings by way of dividend, reducing the cash available to support the business in the future, hence the need for this support.

The Directors consider that the availability of support from LBBD (including not recalling the loan in advance of its repayment date) will enable the Company to continue in operational existence by meeting its liabilities as they fall due for payment.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

On behalf of the board:

Geoff Raw – Managing Director
Date: 18th December 2023

Directors' Report for the year ended 31 March 2023

Directors

The Directors who held office during the year and as at the date of this report were as follows:

KERSLAKE, Robert Walter, Lord (Resigned 31 July 2023)
FRANCIS, Catherine Joy (appointed 4 September 2023)
MILWARD, Jonathan Stuart (appointed 1 July 2023)
VICK, Pamela Elizabeth (appointed 1 July 2023)
CRESSWELL, Martin Richard (appointed 1 July 2023)
BERRING, Gabrielle Mary (appointed 1 July 2023)
TOWLE, Adam Steward (appointed 1 July 2023)
RAW, Geoff (appointed 9 May 2023).
RICHARDS, Ceri
MIDDLETON, Anthony Lindsey Robert (Resigned 31 July 2023)
APLIN, Deborah Ann (Resigned 31 July 2023)
MURRAY, Peter Gerald Stewart (Resigned 31 July 2023)
GRIFFIN, Synthia (Resigned 7 November 2023)
THOMAS, Catherine (Resigned 7 November 2023)
KHAN, Nabeel
WILSON, Davena

Directors' Indemnities

As permitted by Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006.

Political and Charitable contributions

The Company made no political or charitable donations during the year.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware:

i. there is no relevant audit information of which the company's auditor is unaware of; and
ii. the directors have taken all the steps that they each ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

The indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 3, 4 and 5.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Beever and Struthers will therefore continue in office.

On behalf of the board:

Geoff Raw – Managing Director
Date: 18th December 2023

Statement of Director's Responsibilities in Respect of the Annual Report and the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable, relevant and reliable.
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are responsible for the internal controls as determined necessary, to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Directors, therefore, have general responsibility for taking such steps as are reasonably open to them, for safeguarding the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditors Report to the Members of Be First (Regeneration) Ltd

Opinion

We have audited the financial statements of Be First (Regeneration) Ltd (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, statement of financial position, 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 the International Financial Reporting Standards (IFRS).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its performance for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards;
- 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.

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. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 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 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, 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 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:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations.

- We inquired of the directors, reviewed correspondence with HMRC and reviewed directors meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the directors have in place to ensure compliance.

- We gained an understanding of the controls that the directors have in place to prevent and detect fraud. We inquired about any incidences of fraud that had taken place during the accounting period.

- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud due to misappropriation of cash and other assets.

- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.

- We inquired of the directors about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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. This description forms part of our auditor's 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 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.

Beever and Struthers

Mark Bradley (FCA) (Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
Chartered accountants & statutory auditor
The Beehive
Lions Drive
Shadsworth Business Park
Blackburn
BB1 2QS

Date: 19 December 2023

BE FIRST (REGENERATION) LTD

Statement of Comprehensive Income for the year Ended 31 March 2023

	Notes	2023 £	2022 £
Revenue	3	21,082,152	20,570,761
Cost of Sales	5	(7,454,596)	(12,132,912)
Gross Profit		**13,627,556**	**8,437,849**
Administrative Expenses	6	(4,778,594)	(4,663,358)
Amortisation of Right-of-Use assets	10	(116,215)	(116,215)
Operating Profit		**8,732,747**	**3,658,276**
Net Financing Expense	7	(271,665)	(185,164)
Profit before Tax		**8,461,082**	**3,473,112**
Taxation	8	(84,100)	(113,761)
Profit after tax		8,376,982	3,359,351
Dividend declared	9	-	(1,000,000)
Retained profit for the year		**8,376,982**	**2,359,351**

BE FIRST (REGENERATION) LTD

Statement of Financial Position as at 31 March 2023

	Notes	2023 £	2022 £
Non-Current Assets			
Right-of-Use Assets	10	-	697,290
Trade and Other Receivables due after one year	11	3,918,144	5,745,575
		3,918,144	**6,442,864**
Current Assets			
Trade and Other Receivables due within one year	11	15,212,775	10,957,771
Cash and Cash Equivalents	11b	15,322,580	5,012,242
		30,535,355	**15,970,013**
Current Liabilities			
Trade and other payables	12	(10,818,384)	(6,770,612)
Lease Liabilities	15	-	(141,152)
		(10,818,384)	**(6,911,764)**
Net Current Assets		**19,716,971**	**9,058,249**
Non-Current Liabilities			
Loans and borrowings	13	(5,046,203)	(4,769,414)
Lease Liabilities	15	-	(519,768)
		(5,046,203)	**(5,289,182)**
Net Assets		**18,588,912**	**10,211,930**
Equity			
Called up share capital	14	2	2
Retained earnings		18,588,910	10,211,928
Total Equity		**18,588,912**	**10,211,930**

The Financial statements were approved by the Board of Directors on 4th December 2023 and were signed on their behalf by

Geoff Raw – Director
Date: 18th December 2023

Statement of Cash Flows for the Year Ended 31 March 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Operating profit for the year		8,732,747	3,658,276
Adjustments for:			
Gains on lease modification	10	35,002	-
Depreciation of Right-of-Use Asset	10	116,215	116,215
Changes in trade and other receivables	11	(2,472,389)	8,937,901
Changes in trade and other payables	12	4,164,266	(4,469,283)
Increase in provision		44,816	(92,608)
Net cash flows from operating activities		**10,620,657**	**8,150,501**
Cash flows from investing activities			
Interest received		18,278	85
Corporation tax payment		(200,597)	(974,689)
Net cash flows from investing activities		**(182,319)**	**(974,604)**
Cash flows from financing activities			
Dividends payment	13	-	(6,000,000)
Payment of lease obligations	15	(128,000)	(128,000)
Net cash flows from financing activities		**(128,000)**	**(6,128,000)**
Net (decrease) /increase in cash and cash equivalents		10,310,338	1,047,897
Cash and cash equivalents at the beginning		5,012,242	3,964,345
Cash and cash equivalents at end of period		**15,322,580**	**5,012,242**

Statement of Changes in Equity for the year ended 31 March 2023

	Notes	£ Called up Share Capital	£ Retained Earnings	£ Total Equity
Balance at 31 March 2022		2	10,211,928	10,211,930
Changes in Equity				
Profit for the period			8,376,982	8,376,981
Balance at 31 March 2023		**2**	**18,588,910**	**18,588,911**

Statement of Changes in Equity for the year ended 31 March 2022

	Notes	£ Called up Share Capital	£ Retained Earnings	£ Total Equity
Balance at 31 March 2021		2	7,852,578	7,852,580
Changes in Equity				
Profit for the period			2,359,350	2,359,350
Balance at 31 March 2022		**2**	**10,211,928**	**10,211,930**

Notes to the Financial Statements for the Year Ended 31 March 2023

1. STATUTORY INFORMATION

Be First (Regeneration) Ltd. is a private company, limited by shares, registered in England and Wales. The registered number is 10635656. The company's registered office is 5th Floor, Make IT, 15 Linton Road, Barking, England, IG11 8HE.

2. ACCOUNTING POLICIES

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

BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

GOING CONCERN

The financial statements have been prepared on a going concern basis. In assessing the appropriateness of the application of the going concern basis, the Directors have regard to the fact the Company traded profitably for the year ending 31 March 2023 and meets its day to day working capital requirements through support from its parent undertaking, the London Borough of Barking & Dagenham.

The London Borough of Barking and Dagenham has confirmed that it will continue to provide support, as needed, to enable the Company to meet its financial obligations for the foreseeable future and that it does not intend to seek repayment of amounts due at the balance sheet date.

The Directors consider that the availability of support from the London Borough of Barking & Dagenham (including not recalling the amounts currently due) will enable the Company to continue in operational existence by meeting its liabilities as they fall due for payment.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

REVENUE RECOGNITION

The company accounts for revenue under IFRS 15, Revenue from Contracts with Customers and the company recognises revenue on those contracts in accordance the accounting standard, as the performance obligations are fulfilled, and the customer is charged for services.

Revenue arises solely from the rendering of services to the parent entity and external customers. IFRS 15 establishes a five-step model to account for all revenue from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled, in exchange for transfer of services to customers.

The company has a division which carries out development management services for the parent entity, with revenue recognised typically on an over time basis.

On partially performed service contracts, Be First recognises revenue based on stage of completion of the project which is estimated by comparing the amount spent on delivering the project with the total spend expected to complete the project (i.e. an input based method). This is considered a faithful depiction of the transfer of services as the fee percentages in the contracts are initially priced based on anticipated spend to complete the projects and therefore also represents the amount to which Be First would be entitled based on its performance to date.

The above division also derives revenue from contracts with third parties wishing to participate in procurement framework agreements with revenue recognised upon the agreement of a contract between the third party and the Company.

The Company has a separate division which performs planning services for external customers on behalf of the parent entity. Implicit in planning services is the requirement for customers to submit a request for services therefore revenue is recognised monthly as and when payment is received.

The company provides development advice to the parent on potential acquisitions and disposals. Revenue is recognised when the transaction has been completed and the fees agreed.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

TAXATION

Tax on the profit or loss for the year, comprises current and deferred tax and is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

PENSIONS

Defined contribution pension scheme

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the pension plan are held separately from the Company in independently administered funds.

BORROWING COSTS

Borrowing costs are capitalised and added to the Facility on the last day of each Interest Period.

IFRS 16

IFRS 16 Leases (effective date 1 January 2019) which requires recognition, measurement, presentation, and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

LEASES

With effect from 1st April 2020, Be Frist adopted the accounting standard IFRS 16 Leases.

IFRS 16 requirements ensures further transparency, in that the lessees are required to recognise assets and liabilities within an on-balance sheet accounting model, with a similar treatment to a finance lease.

Consequently, Be First has presented its lease as a Right-of-Use asset, applying the cost model within its Property, Plant and Equipment. The Right-of-Use asset is measured at cost less accumulated depreciation but does not meet the definition of an investment property.

Be First leased two floors of office space from the lessor. This was maintained up till the end of the accounting year when the lease was terminated.

DEPRECIATION

The Right-of-Use of asset is subsequently depreciated using the straight-line method from the date of commencement 1 April 2020 to the earlier date of the useful life, or the end of the lease term.

LEASES OBLIGATIONS

Lease liabilities are split between long-term and short term.

For the year March 2019 rentals were previously defined as an operating lease, since all risks and rewards and ownership were transferred to the lessor and charges were made against profits over the period of the lease, using the straight-line method.

As at 1st April 2020, changes in accounting policy for adoption to IFRS 16 Leases, affected the accounting treatment of the lease to be capitalised as a Right-of-Use asset, in addition to the recognition of a lease liability.

Lease liabilities are measured at the present value of the fixed and variable lease payment, net of cash consideration that are unpaid at the balance sheet date.

Lease payments are distributed between finance charges, reduced by the lease liability using the borrowing rate.

IMPACT OF FINANCIAL STATEMENTS

Upon transition to IFRS 16, Be First now recognises its lease as a Right-of-Use Asset which is reported on the face of the Statement of Financial Position.

When measuring the lease liabilities, the company discounted the lease payments using the incremental HM Treasury borrowing rate recommended, which has not changed from 1 April 2019. Therefore, the nominal discount rate applied is 1.99%.

IMPAIRMENTS OF ASSETS

The estimated useful lives of Right-of-Use of assets are considered on the same basis as those classed as Property Plant and Equipment.

Additionally, the Right-of-Use asset will be subject to impairment review under IFRS 16, where the Right-of-Use asset is reduced by cyclical impairment losses, if there were any indicators showing the asset as eligible.

IAS 10 EVENTS AFTER THE REPORTING PERIOD

The nature of Be First's procedures assessing Events after the Reporting date, includes conducting a review of subsequent invoices to ensure these are accounted for, within the correct and relevant period. This process is also followed when dealing with its receipts. In addition to this, Interim monthly and quarterly management reports operate a risk assessment model to measure potential risks of capital projects deliverables being postponed.

It is therefore reasonable to confirm, that, based on the above there are no significant or material changes to affect the financial position for the outlook of the financial year ended 31 March 2023, or require additional disclosure in the financial statements.

3. Revenue

Revenue is comprised of Development Management Services, Planning Services and Procurement Framework Agreements and Project Feasibility.

Financial Year	Development Management Services	Planning Services	Procurement Framework Agreements	Project Feasibility	Total
	£	£	£	£	£
2023	7,974,406	3,493,845	716,081	8,897,820	**21,082,152**
2022	8,769,864	3,732,627	3,508,951	4,559,319	**20,570,761**

4. Employee Benefit Expenses

	2023	2022
	£	£
Wages and salaries	(6,941,363)	(6,887,285)
Defined contribution pension cost	(656,562)	(656,853)
Social security contributions	(817,560)	(762,964)
Other short-term benefits	(8,435)	(18,570)
Total Employees Benefit Expenses	**(8,423,920)**	**(8,325,672)**

Key Management Personnel Compensation

The key management personnel comprise the members of the Board, and the Directors (Managing Director, Planning Director and Development Director).

	2023	2022
	£	£
Wages and salaries	(715,581)	(695,831)
Defined contribution pension cost	(49,677)	(52,113)
Social security contributions	(88,436)	(82,603)
Other short-term benefits	(4,364)	(1,434)
Total	**(858,058)**	**(831,981)**

5. Cost of Sales

	2023	2022
	£	£
Employee Expenses	(6,005,695)	(5,847,741)
Supplies & Services	(1,170,021)	(5,525,154)
Transport Expenses	(6,831)	(7,749)
Premises Expenses	(272,049)	(752,268)
	(7,454,596)	**(12,132,912)**

6. Admin Expenses

	2023	2022
	£	£
Employee Expenses	(2,418,226)	(2,477,931)
Supplies and Services	(2,053,789)	(2,108,120)
Transport Expenses	(3,113)	(5,665)
Premises Expenses	(219,900)	(133,250)
Audit Fee	(38,750)	(31,000)
Provision for bad debts	(44,816)	-
	(4,778,594)	**(4,663,358)**

7. Net Financing Expense

	2023 £	2022 £
Total Interest on financial liabilities measured at amortised cost	(276,790)	(169,856)
Lease Interest	(13,153)	(15,393)
Other interest costs	18,278	85
Total Finance Expense	**(271,665)**	**(185,164)**

8. Taxation

	2023 £	2022 £
Profit for the year	8,517,081	3,473,112
Effects of non-taxable surpluses (due to 100% subsidiary status)	(8,179,546)	(2,874,368)
Profit/ excluding taxation	337,535	598,744
Current tax on profits for the year at 25% (19% for 2022)	(84,100)	(113,761)
Deferred tax asset – short term timing differences		-
Utilization of unrecognised tax losses		-
Total tax expense	**(84,100)**	**(113,761)**

9. Dividend

	2023	2022
	£	£
Dividend declared in respect of year ended 31st March 2023	-	(1,000,000)
Total	-	**(1,000,000)**

10. Right of Use Asset

	2022
	£
Opening balance as at 1 April 2022	
Cost	1,045,934
Accumulated depreciation	(348,645)
	697,290
Depreciation for the year	
Depreciation charged during the year	(116,215)
Right of Use Asset written off	(581,075)
Balance as at 31 March 2023	-

Lease modification	
ROU asset derecognised - 31 March 2023	581,075
Lease Liability derecognised - 31 March 2023	(546,073)
Gain on lease modification	**35,002**

11. Trade and Other Receivables

	2023	2022
	£	£
Due in more than one year		
Receivables from third parties	3,918,144	5,745,574
Due within one year		
Receivables from third parties	10,029,819	6,343,568
Less: Provision for Bad Debt	(44,816)	-
Prepayments	39,045	-
Receivables from related parties	5,188,727	4,614,203
	15,212,775	**10,957,771**
Total trade and other receivables	**19,130,919**	**16,703,345**

11b Cash and Cash Equivalents

	2023	2022
	£	£
Cash and Cash Equivalents	15,322,580	5,012,242

12. Trade and Other Payables

	2022	2021
	£	£
Trade payables	(1,114,458)	(1,202,235)
Other payables	(565,083)	(1,146,154)
Accruals and deferred income	(1,313,854)	(1,583,643)
Dividend Payable	(1,000,000)	(1,000,000)
VAT Payable	(6,824,989)	(1,838,580)
Total Trade and Other Payables	**(10,818,384)**	**(6,770,612)**

13. Loans and Borrowings

	2023 £	2022 £
Unsecured Loan from parent	(5,046,203)	(4,769,414)
Loan	**(5,046,203)**	**(4,769,414)**

14. Share Capital

Allotted, called up and fully paid:

Number:	Class:	Nominal Value:	£
2	Ordinary	1	2

15. IFRS 16 Leases

With effect from 1st April 2019, the accountancy treatment policy changed for companies who previously treated leases as operating leases and Be First now adopts the application of the IFRS 16 Leases standard and is required to recognise the lease as a Right-of-Use Asset which is shown on the face of the financial statements separately.

The rentals for the lease arrangement, which covers two floors of office space was capitalised as a long-term asset, with the corresponding entry recognised as a lease liability.

By the end the accounting year - 31st March 2023, the lease agreement with the lessor was terminated and Be First moved to another office space. Be First expects that no further benefit will accrue from the use of the office space and also had no obligations to settle regarding the lease. To this effect, the lease liability was derecognised.

Disclosure for the carrying value for the Right-of-Use Asset breakdown is displayed within disclosure note 10 and the amortisation against the lease obligations as well as the lease derecognised are shown within disclosure note 15, respectively.

Lease Obligations

	2023 £
As at 1 April 2022	660,921
Obligations on Implementation	
Interest charge in the year	13,152
Lease modification	
Paid in the year	(128,000)
Lease derecognised (termination)	(546,073)
As at 31 March 2023	-

16. Related Party Disclosures

Related Party period ending 31 March 2023

LBBD & LBBD Wholly owned subsidiaries	**Value of Services provided to Parent:**	**Value of Services received from Parent:**
	£	**£**
Income & Expenditure	10,868,000	703,537
	Amounts due from Parent £	**Amounts due to Parent £**
Receivables & Payables	5,188,727	7,303,044
Be First Developments (Muller) Limited	**Value of Services provided to Be First Developments (Muller): £**	**Value of Services received from Be First Developments (Muller): £**
Income and Expenditure	8,750,000	-
	Amounts due from Be First Developments (Muller): £	**Amounts due to Be First Developments (Muller): £**
Receivables & Payables	-	-

Related Party period ending 31 March 2022

LBBD & LBBD Wholly owned subsidiaries	**Value of Services provided to Parent:**	**Value of Services received from Parent:**
	£	£
Income & Expenditure	12,269,379	1,201,206
	Amounts due from Parent £	**Amounts due to Parent** £
Receivables & Payables	5,170,149	8,059,320

Be First Developments (Muller) Limited	**Value of Services provided to Be First Developments (Muller):** £	**Value of Services received from Be First Developments (Muller):** £
Income and Expenditure	-	-
	Amounts due from Be First Developments (Muller): £	**Amounts due to Be First Developments (Muller):** £
Receivables & Payables	-	-

17. Contingent Liability

Be First (Regeneration) Ltd has received correspondence from an external Housing Association, alleging Intellectual Property infringement, which from the limited information provided appears to have no basis and therefore Be First (Regeneration) Ltd has not made any financial provision for it.