

Registered number
11161983

ADVANCE NORTHUMBERLAND LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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Advance Northumberland Limited
Annual Report and Financial Statements
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**Advance Northumberland Limited
Officers and Professional Advisors**

Directors

Mr J G Watson
Mr J S Reid
Mr G Renner-Thompson
Ms K Gardner
Mrs M Taylor
Mr S C Bridgett
Mr J R Riddle
Mr F C O'Farrell
Ms M B Murphy

Company Secretary

Mr W Thompson

Registered Office

Wansbeck Workspace
Rotary Parkway
Ashington
Northumberland
United Kingdom
NE63 8QZ

Bankers

Cooperative Bank
Norfolk House
84/86 Grey Street
Newcastle upon Tyne
NE1 6BZ

Auditor

Mazars LLP
100 Queen Street
Glasgow
G1 3DN

Advance Northumberland Limited

Registered number: 11161983

Directors' Report

for the year ended 31 March 2021

The Directors have pleasure in presenting their annual report together with the audited Financial Statements and Auditor's Report for the year ending 31 March 2021.

Certain information, including review of the business and principal risks and uncertainties is not shown in the Directors' Report because it is shown in the Strategic Reporting instead, under S414 C (ii).

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note 7 to the financial statements. Advance Northumberland Limited and associated subsidiaries are UK companies limited by shares.

Principal Activities

The principal activity of the Group during the year was the provision of rented residential accommodation, commercial buildings and garages, provide project management services and new build homes for sale through Ascent Homes.

Results and Dividends

The financial position of the Group for the year is set out in detail on page 15.

The Directors did not propose a dividend during financial year (2020: £Nil).

Financial risk management policy

The financial instruments used by the Group are cash, working capital and loan facilities from banks and its parent undertaking. The management of these instruments provides finance for the group's operations.

The main risks arising from the group's financial instruments are cash flow, interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks, which are outlined below.

Interest rate risk

Wherever possible, cash reserves are held within a high interest current account to achieve the best interest returns.

Price risk

For new build residential sales, there is a process to review market information to assess the risk and future property prices. The board has set criteria to be met in terms of appraisal prices and sensitivity analysis is carried out at 10% above and below current valuations/market conditions.

Credit risk

The Group's principal financial assets are cash and debtors. All cash deposits at the balance sheet date were held in the UK. Reputable financial institutions are used in the placement of cash deposits, to reduce the overall credit risk to the Group. In addition the Group reviews the debtor position regularly. Given the nature of the Group's customers and their credit worthiness the Group considers the risk of significant bad debts to be low.

Liquidity risk

The Group aims to manage liquidity risk by having flexible payment options with group undertakings for trading balances.

Directors

The following persons served as Directors during the year and up to the date of signing:

Mr J G Watson	Chair - Appointed 13/07/2021
Mr J S Reid	
Mr G Renner-Thompson	Appointed 20/04/2020
Ms K Gardner	Appointed 23/04/2021
Mrs M Taylor	Appointed 23/04/2021
Mr S C Bridgett	Appointed 01/07/2021
Mrs L Grimshaw	Appointed 01/07/2021
Mr J R Riddle	Appointed 13/07/2021
Mr F C O'Farrell	Appointed 20/10/2021
Ms M B Murphy	Appointed 26/04/2022
Mrs C Dunbar	Resigned 04/04/2020
Mr P Jackson	Resigned 18/04/2020
Mr M Knowles	Resigned 29/01/2021
Mr C Sayers	Resigned 29/01/2021
Mr J Woodman	Resigned 29/01/2021
Mr I Swithenbank	Resigned 09/02/2021
Mr M Robinson	Resigned 05/07/2021
Mr R Wearmouth	Resigned 27/07/2021
Mrs L Grimshaw	Resigned 20/01/2022

The Group is a wholly owned subsidiary and the interests of the Group Directors are disclosed in the Financial Statements of Northumberland County Council. All Directors during the year were insured under Zurich Municipal Trustee and Trust Fund Indemnity Policy, which was obtained through the Groups Ultimate Parent Entity Northumberland County Council.

Going concern, future plans, post balance sheet events and basis of preparation

Advance Northumberland Limited was created to solely focus on Northumberland based regeneration, job creation and economic growth. Northumberland County Council are the sole Shareholder of the Advance Group.

There will be a continued emphasis on industrial and commercial infrastructure which will deliver more jobs in Northumberland. Advance Northumberland Limited will continue to manage and potentially grow a portfolio of commercial and residential assets to maximise return and to ensure the development of jobs and investment alongside assisting in delivering appropriate housing solutions for Northumberland.

Note 1 to the financial statements sets out in detail the basis of preparation and the accounting policies of the Group.

Directors' Indemnities

The Group has made qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

Donations

During the year the Group made contributions amounting to £Nil (2020: £Nil).

Provision of Information to Auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

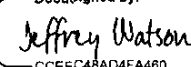
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

- the 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Mazars LLP will be proposed for reappointment in accordance with section 485 Companies Act 2006.

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

DocuSigned by:

CCEEC48AD4FA460
23-Jun-22

Mr J G Watson
Director

*Registered Office: Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom,
NE63 8QZ*

**Advance Northumberland Limited
Strategic Report
for the year ended 31 March 2021**

Strategy and Objectives

Advance Northumberland Limited, has a county-wide remit to deliver development and regeneration and to attract investment. The Advance Group brings together services in housing, commercial property, physical regeneration and business growth. Wholly owned by Northumberland County Council, Advance brings an enterprising business-like approach to promoting economic growth in Northumberland.

Advance's mission is to lead the way in delivering sustainable economic and social prosperity for Northumberland by:-

- helping create prosperous, attractive, sustainable communities across Northumberland;
- promoting enterprise and supporting business investment and growth;
- increasing the local residential sector offer through Ascent Homes brand and Advance Northumberland (Housing) Limited;
- attracting private sector investment in business and property; and
- delivering new developments and creating attractive new places to live, work and play.

The Advance Group consists of five companies all focussed and working towards our mission. The operational companies within the Group are:-

- Advance Northumberland Limited
- Advance Northumberland (Housing) Limited
- Advance Northumberland (Commercial) Limited
- Advance Northumberland (Developments) Limited
- Advance Northumberland (Financial) Limited

In addition we have one 50/50 Joint Venture, Prudhoe LLP.

Each Company within the Group has its own principal activities, as shown below which are all aligned to achieve the overall Advance mission.

Advance Northumberland Limited

The Company acts as a holding entity for the companies that comprise the Advance Group. Advance Northumberland Limited conducts no business in its own right.

Advance Northumberland (Commercial) Limited

The principal activity of the Company during the year was to optimise the performance of the commercial property portfolio by maintaining high levels of occupancy, reducing debt and ensuring prompt payment by tenants.

Advance Northumberland (Housing) Limited

The principal activity of the Company during the year was the provision of rented residential accommodation in Northumberland.

Advance Northumberland (Developments) Limited

The principal activity of the Company is to house the Ascent Homes brand who provide new homes for sale throughout Northumberland. The Company also provides project management services in connection with capital developments undertaken by the Advance Group and Northumberland County Council.

Advance Northumberland (Financial) Limited

The principal activities of the Company during the year was to collect repayments on loans that were previously granted by Northumberland County Council.

Review of the Group's Business during 2020/21

2020/21 has continued to be a difficult year due to the impact COVID-19 however there are signs of recovery. Reductions in the available land supply in prior years have impacted on the number of units Ascent Homes have been able to sell. This has had a marked impact on the turnover position of the Group. Revenue has increased from £33.3m in 2019/20 to £34.5m in 2020/21. Gross profit has also increased from £18.3m to £25.6m during the financial year. The majority of the Commercial portfolio was down valued in year due to COVID-19 and therefore the relevant loss on revaluation of £17.2m (2020: £33.1m) has been charged into the Statement of Comprehensive Income.

Fixed assets values have decreased from £280.9m at the start of the financial year to £269.9m at the Balance Sheet date. Current assets amount to £57.4m, whilst short term creditors of £17.4m exist at the Balance Sheet date. Long Term Creditors have risen to £302.2m due to increased deferred income. Cash levels within the Group have decreased to £5.3m (2020: £9.5m).

Shareholders' funds within the Balance Sheet now amount to £2.8m, a decrease from the previous year level of £19.9m. This decrease is largely down to the overall decrease on the revaluation of our investment portfolio of £17.2m.

Financial Ratios

As described previously there has been a substantial movement in the level of activity within the Group throughout 2020/21

Quick Ratio

2019/20	0.87:1
2020/21	0.98:1

Gearing Ratio

2019/20	0.07:1
2020/21	0.01:1

Although we haven't been set specific financial ratio targets by either our Board or Shareholder we will continue to monitor these ratios, during 2021/22

Non-Financial key achievements during 2020/21

Advance Northumberland (Commercial) Limited

During the year, the Company has focussed its activities on the redevelopment of our land assets, with the aims of creating commercial property investments, promoting town centre regeneration and place making. Having made substantial progress in bringing forward key strategic employment sites, which will deliver employment opportunities in future years.

Key achievements in 2020/21

- Through our inward investment and strategic account management activities the Economic Growth Team has supported £39,992,000 Private Sector investment in Northumberland, the creation of over 870 new jobs and safeguarding of 30 existing jobs. They have also worked with 356 businesses and potential investors over the course of the year.

- 2020/21 was the fifth year of delivery for the £6m Rural Growth Network Programme funded by the North East LEP Growth Deal – Local Growth Fund. The programme supports the growth of the economy through expansion of businesses and creation of economic infrastructure within the rural parts of Northumberland, Gateshead and Durham. By the end of 2020/21 a further 5 businesses had been allocated grant funding as a result of the programme. Grant of £1,142,224 had been received by businesses leveraging a further £664,106 of public funding and £3,390,585 of private sector investment.
- Business Northumberland launched on 1st July 2019 after securing £686,021 in ERDF funding from MHCLG. By the end of 2020-21 the programme had engaged with 349 businesses of which 65 had received 12 hours of support through the programme, and 1 job has been created.
- The Rural Business Growth Service launched on 17th February 2020 with the objective to support businesses with access to finance and business planning. Advance, working with NCC, were successful in securing £7.896m of North of Tyne Combined Authority and ERDF funding. The project will run for 3 years and will aim to support 245 SMEs in the rural North of Tyne area, and provide 62 grants to businesses.

Advance Northumberland (Housing) Limited

Revenue of £5.6m has been static within our residential portfolio (2020: £5.6m). Gross profit has decreased slightly to £4.4m (2020: £4.6m). Advance Northumberland (Housing) Limited made a pre-tax profit of £2.4m (2020: £0.3m loss).

The number of residential properties we now own and manage has increased to over 1,100 with a total of 165 affordable units now within the portfolio, including 26 units acquired in year.

Advance Northumberland (Developments) Limited

2020/21 has been a period of significant progress on numerous regenerative, commercial and private sale developments within the county, delivered with ongoing support from both our development management activities and the construction of new homes for sale through Ascent Homes. Work in progress levels have increased to £59.2m (2020: £49.2m) of which £29.0m relates to Ascent Homes (2020: £26.9m).

The Company has seen significant growth in Revenue to £12.1m (2020: £10.0m) but reduction in Cost of Sales to £7.8m (2020: £14.0m). This is due to the sale of completed assets set out below and the increase in work through Ascent Homes.

The key developments in the year were:-

- Site Clearance and Dock Remediation works have continued on the East Sleekburn/Energy Central site (as known as Northumberland Energy Park Phase 1).
- Progress has continued with town centre development proposals, including: Bedlington Town Centre - a scheme is emerging that will be capable of transforming the town centre, creating exciting new places to visit, dwell and shop, contracts have been agreed with a main Anchor Tenant; Portland Park, Ashington - a mixed use leisure and retail scheme with planning consent secured, Phase I highways complete.
- Progress has continued with providing Project Management Services to NCC for the design and build of the new Berwick upon Tweed, Morpeth and Newbiggin Leisure Centres.
- Work has continued / started on several other development sites across Northumberland through the Ascent Homes brand of Advance Northumberland (Developments) Limited. The developments currently in construction are as follows:
 - St Pauls Place, Cramlington, NE23 6DG - 8 units have completed on a development of 19 new high quality homes.

- Wayside Point (Phase 1), Ellington, NE61 5HH - 68 units have completed on a development of 99 new build homes.
- Wayside Point (Phase 2), Ellington, NE61 5HH - 8 units have completed on a development of 61 new build homes.
- Ellington (Affordable) - Construction work continues and is largely complete on 28 affordable units which are being delivered under a development agreement with an external registered provider of affordable homes.
- Empire Court - 13 out of the 14 units on this site have now been sold.
- Kingsmead, Wooler, NE71 6AE - Construction work continues on a 71 unit scheme delivering homes to the private sale and affordable markets.
- Commissioners Quay, Blyth, NE24 3AF - Construction work continues on a revised scheme to aid in the regeneration of Blyth delivering 41 homes to a waterfront location.
- There are a large number of schemes at various stages of planning/feasibility to continue to deliver homes to the private retail market and also to support Northumberland County Council's aim of increasing the number of affordable houses available throughout the County.

Principal risks and uncertainties

The Advance Group operates a 5x5 risk management matrix with all risks being recorded and presented by Heads of Service to monthly Performance monitoring meetings (Performance Clinics).

Following these meetings risks that remain high level are then reported to the Senior Leadership Team who will look to eliminate/mitigate risks before escalating to the Board.

The risks highlighted at the February 2021 Advance Board in relation to all Advance entities were as follows:-

Advance Northumberland Limited

- Political change at a local level (risk of change in direction of travel, with differing political parties strategic direction).
- Deterioration in the general economic environment (Financial Risk).
- Increasing local authority aspirations could place strain on the Advance Group's resources and ability to deliver.
- Broader national economic position may negatively impact on local economic performance and levels of investment activity.
- Reduced Risk - IT Hardware Failure, due to ageing servers supporting the Group.
- Budgetary Pressures within Ultimate Shareholder (Northumberland County Council)

Advance Northumberland (Commercial) Limited

- Council review of loan interest rate policy may impact on financial viability of the Company and ability to deliver the Council's objectives/aspirations.
- Removal of Northumberland County Council commercial loan facility (Risk of non-delivery or achievement of growth targets);
- Impact of legislation changes regarding EPC rating on commercial buildings and the Groups ability to let in future and potential impact on financial required to deliver a capital programme;

Advance Northumberland (Housing) Limited

- Council review of loan interest rate policy may impact on financial viability of the Company and ability to deliver the Council's objectives/aspirations.
- Removal of Northumberland County Council commercial loan facility (Risk of non-delivery or achievement of growth targets); and
- Changes in legislation regarding payment of Housing Benefit coupled with under-occupancy legislation will lead to a reduced income stream into Advance Northumberland (Housing) Limited and dependency on tenant paying rent when liable (Financial risk).

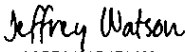
Advance Northumberland (Developments) Limited

- Council review of loan interest rate policy may impact on financial viability of the Company and ability to deliver the Council's objectives/aspirations.
- The Company's revenue stream includes income driven from projects delivered on behalf of Northumberland County Council. If the pipeline of projects are not progressed and approved in a timely manner the level of management fee recoverable will reduce and force financial pressures firstly onto Advance Northumberland (Developments) Limited.
- The current forecast revenue for 2021/22 is based on having 5-7 live Ascent Homes sites to deliver 80 units in the next financial year. Rising to between 6 and 8 live sites to each a constant 150 unit sales per year. This is also predicated on having a forward land supply to meet demand. If the pipeline of development land is not forthcoming then this will also force financial pressures firstly onto Advance Northumberland (Developments) Limited and then further onto the Group.

Future Business Performance

The Advance Group fully expects to continue its operational activity in each of its subsidiary entities as they currently operate. Increasing the number of PRS, Affordable and Market sale properties through Advance Housing and Ascent Homes, continuing to generate attractive commercial and retail opportunities throughout Northumberland and leading on regeneration and inward investment through our Economic Growth and Business Northumberland teams.

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

DocuSigned by:

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23-Jun-22

Mr J G Watson
Director

Registered Office: Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ

Advance Northumberland Limited Statement of Directors' Responsibilities

The Directors' are responsible for preparing the Annual Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 Group and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors' are required to:

- select suitable accounting policies 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, and
- prepare the Financial Statements in accordance with applicable accounting standards.

The Directors' are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors' are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Advance Northumberland Limited

Opinion

We have audited the financial statements of Advance Northumberland Limited (the 'parent company') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income (Group), the Balance Sheet (Group), the Balance Sheet (Company Only), Group and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2021 and of the group's 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 "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group 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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 light of the knowledge and understanding of the group 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 10, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

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

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

Use of the audit report

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

Craig Maxwell (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
100 Queen Street
Glasgow
G1 3DN

DocuSigned by:


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24-Jun-22

Advance Northumberland Limited
Statement of Comprehensive Income (Group)
for the year ended 31 March 2021

	Notes	Total 2021 £	Restated Total 2020 £
Revenue	2	34,548,161	33,272,805
Cost of Sales		<u>(8,927,941)</u>	<u>(14,976,742)</u>
Gross Profit		25,620,220	18,296,063
Administrative expenses		<u>(9,377,234)</u>	<u>(9,267,777)</u>
Other Operating Income		<u>1,276,704</u>	<u>4,773,111</u>
Operating Profit	2	17,519,690	13,801,397
Interest receivable		1,859	9,749
Interest payable	10	<u>(13,125,848)</u>	<u>(13,017,974)</u>
Loss on revaluation of investment properties	6	<u>(17,207,656)</u>	<u>(33,077,606)</u>
Impairment of work in progress	2	<u>(89,211)</u>	<u>(509,853)</u>
Loss before taxation		(12,901,167)	(32,794,287)
Taxation on loss	5	(4,217,527)	148,485
Loss for the financial year		<u>(17,118,694)</u>	<u>(32,645,802)</u>
Total comprehensive income		<u>(17,118,694)</u>	<u>(32,645,802)</u>

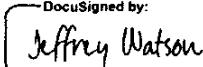
The notes on pages 20 to 33 form part of the financial statements.

Advance Northumberland Limited
Registered number: 11161983
Balance Sheet (Group)
as at 31 March 2021

	Notes	2021 £	Restated 2020 £
Tangible Fixed Assets			
Tangible fixed assets	6	<u>269,949,391</u>	<u>280,875,684</u>
		269,949,391	280,875,684
Investment in Joint Venture	7	<u>5,997,772</u>	885,043
		5,997,772	885,043
Current assets			
Debtors	8	11,777,928	6,354,594
Work in Progress	13	40,328,194	41,755,742
Cash at bank and in hand		<u>5,325,467</u>	<u>9,455,387</u>
		57,431,589	57,565,723
Creditors: amounts falling due within one year	9	<u>(17,396,694)</u>	<u>(18,185,468)</u>
		(17,396,694)	(18,185,468)
Net current assets		40,034,895	39,380,254
Total assets less current liabilities		315,982,058	321,140,982
Creditors: amounts falling due after one year			
Long Term Borrowing	10	(277,895,357)	(278,619,320)
Deferred Income	11	<u>(24,278,129)</u>	<u>(14,950,700)</u>
		(302,173,486)	(293,570,020)
Provision for liabilities and charges			
Deferred taxation	12	<u>(11,021,633)</u>	<u>(7,665,305)</u>
		(11,021,633)	(7,665,305)
Net assets		<u>2,786,939</u>	<u>19,905,657</u>
Capital and reserves			
Called-up share capital	16	2	2
Merger Reserve		4,337,839	4,337,839
Capital Contribution	18	6,266,568	6,266,568
Minority Interest	18	-	25
Profit and loss account		(7,817,470)	9,301,223
Shareholders' funds		<u>2,786,939</u>	<u>19,905,657</u>

The notes on pages 20 to 33 form part of the financial statements.

The Financial Statements of Advance Northumberland Limited were approved by the Board of Directors and signed on its behalf by:

DocuSigned by:

 CCEE48AD4FA480

23-Jun-22

Mr J G Watson
 Director

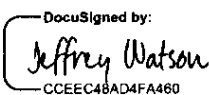
Advance Northumberland Limited
Registered number: 11161983
Balance Sheet (Company Only)
as at 31 March 2021

	Notes	2021 £	2020 £
Tangible Fixed Assets			
Tangible fixed assets	6	18,805	25,076
Investments	7	<u>3,340,752</u>	<u>3,340,752</u>
		3,359,557	3,365,828
Current assets			
Debtors	8	656,625	983,877
Cash at bank and in hand		<u>410,617</u>	<u>223,156</u>
		1,067,242	1,207,033
Creditors: amounts falling due within one year	9	<u>(420,580)</u>	<u>(613,378)</u>
Net current assets		646,661	593,654
Total assets less current liabilities		4,006,218	3,959,482
Provision for liabilities and charges			
Deferred taxation		<u>-</u>	<u>-</u>
		-	-
Net assets		<u>4,006,218</u>	<u>3,959,482</u>
Capital and reserves			
Called-up share capital	16	2	2
Share premium	16	4,337,839	4,337,839
Profit and loss account		(331,623)	(378,359)
Shareholders' funds		<u>4,006,218</u>	<u>3,959,482</u>

The company's profit for the year was £46,736 (2020: Loss of £460,077).

The notes on pages 20 to 33 form part of the financial statements.

The Financial Statements of Advance Northumberland Limited were approved by the Board of Directors and signed on its behalf by:

DocuSigned by:

 CCEEC48AD4FA460

23-Jun-22

Mr J G Watson
 Director

Advance Northumberland Limited
Statement of Changes in Equity
for the year ended 31 March 2021

GROUP	Notes	Called up	Merger	Minority	Capital	Profit and	Restated
		share capital	Reserve	Interest	Contribution	loss account	Total
		£		£	£	£	£
At 1 April 2019		2	4,337,839	25	6,266,568	40,232,883	50,837,317
Prior Year Adjustment	19	-	-	-	-	1,714,142	1,714,142
Loss for the year		-	-	-	-	(32,645,802)	(32,645,802)
At 1 April 2020		2	4,337,839	25	6,266,568	9,301,223	19,905,657
Adjusted				(25)			(25)
Loss for the year		-	-	-	-	(17,118,694)	(17,118,694)
At 31 March 2021		2	4,337,839	-	6,266,568	(7,817,470)	2,786,939

The notes on pages 20 to 33 form part of the financial statements.

Advance Northumberland Limited
Statement of Changes in Equity
for the year ended 31 March 2021

COMPANY	Called up share capital	Share Premium	Profit and loss account	Total
	£		£	£
At 1 April 2019	2	4,337,839	81,718	4,419,559
Share Capital Issued	-	-	-	-
(Loss) for the year	-	-	(460,077)	(460,077)
At 31 March 2020	2	4,337,839	(378,359)	3,959,482
Profit for the year	-	-	46,736	46,736
At 31 March 2021	2	4,337,839	(331,623)	4,006,218

The notes on pages 20 to 33 form part of the financial statements.

Advance Northumberland Limited
Notes to the Financial Statements
for the year ended 31 March 2021

1 Accounting policies

A summary of the principal accounting policies of the Company, all of which have been applied consistently throughout the current year, is set out below:

a) Statement of compliance

Advance Northumberland Limited is a limited liability company, limited by shares, incorporated in England. The Registered Office: Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, United Kingdom, NE63 8QZ.

The Company's Financial Statements have been prepared in compliance with FRS 102 as it applies to the Financial Statements of the Company for the year ended 31 March 2021.

In these financial statements, the company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- The requirements of Section 4 Statement of Financial Position 4.12(a)(iv)
- The requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A
- The requirements of Section 33.7 and 33.1A Related Party Disclosures.

The group in which the results of the company are consolidated is Northumberland County Council.

b) Basis of preparation

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and previous year.

The Financial Statements have been prepared in accordance with the Financial Reporting Standard 102 under the historical cost convention.

The functional currency of Advance Northumberland Limited is considered to be pounds sterling because that is the currency of the sole economic environment in which the Company operates. The consolidated Financial Statements are also presented in pounds sterling. There are no foreign operations. Advance Northumberland Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions in relation to presentation of a cash flow statement, disclosure in respect of financial instruments and remuneration of key management personnel.

c) Post balance sheet events

Since the year end, Advance Northumberland Limited secured additional funding from the Ultimate Parent, Northumberland County Council. This funding will ensure that the current construction related claims are settled and the Group continues to trade as a going concern.

d) Basis of consolidation

The Financial results of Advance Northumberland Limited and its subsidiaries have been consolidated in accordance with FRS 102 with the year-end accounting date of 31 March 2021. The objective of consolidated financial statements is to present the financial position and results of the parent and its subsidiary undertakings as if they were those of a single company from the point of view of the members of the parent. The intercompany trade and balances are eliminated upon consolidation.

The Company has provided a guarantee in respect of the outstanding liabilities of the subsidiary company, Advance Northumberland (Financial) Limited in accordance with sections 479A – A79C of the Companies Act 2006, as these UK subsidiary companies of the Group are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts by virtue of section 479A of this Act.

e) Revenue

Revenue comprises gross rentals exclusive of VAT for Commercial, Residential, Workspace and Garage properties. Gross rental income is recognised on a straight line basis over the lease term on an accruals basis. The group records deferred revenue when it receives consideration from a customer before achieving certain criteria that must be met for revenue to be recognised, which mainly is the timing of when rentals are due.

Development site sales are recognised as follows:

- On sites that are sold outright - when legal completion occurs.
- On sites that are developed under a management agreement with a third party the sales are recognised when certain milestones are achieved, those being legal completion has occurred on a per plot basis and the overall development site profit can be reasonably measured.

f) Fixed assets

All fixed assets are initially recorded at cost. Where the Directors' become aware of circumstances which indicate that an impairment may have occurred to the value of the assets (other than due to temporary market conditions) a professional valuation of the assets is sought and impairment recognised through operating expenditure where, in the view of the Directors', the impact is material.

In accordance with FRS102, investment properties are included in the Balance Sheet at their open market value and the aggregate surplus or deficit is transferred to Statement of Comprehensive Income. It is the policy of the company for a qualified independent valuer to perform the valuation annually.

The classification of fixed assets between Investment Properties or Land and Buildings is determined by the use of the assets and whether it is an income generating asset and therefore held for current rental income or future Investment opportunities.

g) Going concern

The Group's business activities together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The Group meets day to day working capital from operating cashflows. The Group's forecasts and projections, taking account of expected changes to the business and trading environment, show that the Group can continue to operate on this basis. Funding for capital investment continues to be available from Northumberland County Council under the terms of the existing loan agreement.

The Directors' have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

h) Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the Financial Statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future. Deferred tax is provided on Revaluation gains and/or (losses).

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

i) Borrowing costs

The Company raises finance through its commercial loan facility with the Group's Ultimate Parent Entity, Northumberland County Council, at a commercial rate. Interest incurred for this facility is accrued to the Statement of Comprehensive unless it is in relation to assets under construction, which are held within work in progress on the Balance Sheet, then they are accrued to work in progress.

j) Cashflow statement

Advance Northumberland Limited has taken advantage of an exemption, under FRS102, from the requirement to prepare a cashflow statement. This exemption is available to subsidiary companies where the parent organisation, in this case Northumberland County Council, prepares a consolidated cashflow statement.

k) Agent/principal contractor

Advance Northumberland (Developments) Limited operates as an agent on behalf of Northumberland County Council in delivery of elements of their capital programme, all expenditure and income (with the exception of project management fee) is therefore accounted for on the Balance Sheet, with the variation between amounts drawn down for delivery and actual development costs being held on the Balance Sheet as a creditor.

l) Work in progress

Work in progress is accounted for at the lower of cost and net realisable value and amounts to ongoing development schemes. Finance costs which are directly attributable to the construction of assets are capitalised as part of the work in progress. The commencement of capitalisation begins when both finance costs and expenditure for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

m) Benefits payable during employment (Staff costs and pensions)

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, national insurance, pension contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year.

n) Pension costs

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

o) Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equipment instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

p) Joint ventures and joint arrangements

The Group has two agreements in place, which were entered into during the 2016/17 financial year.

A) A Partnership arrangement with the Homes and Communities Agency through Advance Northumberland (Commercial) Limited for the development of Blyth Workspace. The Group entered into a 20 year partnership arrangement with the HCA to develop the Blyth Workspace as a Joint Venture that is not an Entity. In accordance with FRS102 the Group recognises and accounts for its share of the workspace asset and the revenues and costs deriving from it.

B) In the Group Financial Statements, investments in Joint Venture's are accounted for using the equity method or at historic cost as appropriate. The consolidated Statement Of Comprehensive Income account includes the Group's share of Joint Venture's losses while the Group's share of the net assets of the Joint Venture's are shown in the consolidated Balance Sheet.

q) Joint arrangement that is not an entity

Advance Northumberland (Commercial) Limited has entered into a 20 year partnership arrangement with the HCA to develop the Blyth Workspace as a Joint Venture that is not an Entity. In accordance with FRS102 Advance Northumberland (Commercial) Limited recognises and accounts for its share of the workspace asset and the revenues and costs deriving from it. Therefore in accordance with FRS102 the funding received from the HCA has been offset against the fixed asset valuation shown within these statements. Advance Northumberland (Commercial) Limited will also account for all early trading losses and subsequent trading gains through its Profit and Loss account. Once the Blyth Workspace starts to show a cumulative surplus only Advance's share will be shown within Advance Northumberland (Commercial) Limited 's Profit and Loss accounts profits, with the residual HCA entitlement being set aside as a creditors for repayment at the end of the agreement.

r) Appraisal of future developments

Management appraise all developments for technical, economic and financial feasibility through an established internal criteria. The appraisal is most sensitive to development construction costs and estimated yield.

s) Capitalisation

The Group capitalises acquisitions based on the following policy:-

- Desktop IT equipment and Software are not capitalised due to their short life span and regular cyclical replacement.
- Fixtures and fittings are capitalised at cost where they provide additional value to the property portfolio offer.
- Vehicles are capitalised at cost.
- Land, Buildings and associated identified investment capital works required at the point of purchase are capitalised at cost, to the extent they add value to the overall fixed asset value and cyclical repairs to maintain current value are financed through Statement of Comprehensive Income.

t) Depreciation

Depreciation is calculated so as to write off the cost or revaluation of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Land and buildings	Reducing Balance basis over lease period (30/50 years)
Other plant and machinery	10% - 33% per annum reducing balance – 33% per annum straight-line
Motor Vehicles	25% per annum straight-line
Photovoltaics	5% per annum straight-line

No depreciation is provided in the first year of acquisition.

u) Government grants

Deferred Grants are released into the Statement of Comprehensive Income when all conditions attached to each Grant are met with no recourse for repayment.

v) Separate company profit and loss

Exemption from publishing a separate Company profit and loss for the year has been taken under s408 (CA2006).

w) Contingent liability

The Company was formally notified in April 2020 that a key contractor, engaged to deliver on a live development project, has raised force majeure claims under the terms of the building contract due to delays and issues arising. The Company, taking into consideration both internal and external advice, has formally assessed the claims, held discussions with the contractor and reached a conclusion on each part of the claims and/or impact on the project. However, as the claim process is still ongoing and the project continues to be delayed to current working conditions through COVID-19, there could be a position where the Company will incur costs greater than that provided for.

x) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimations and assumptions that affect the amounts reported for assets and liabilities as at balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

y) Appraisal of future developments

Management appraise all developments for technical, economic and financial feasibility through an established internal criteria. The appraisal is most sensitive to development construction costs and estimated yield.

z) Valuation of investment properties

The group carries its investment properties at fair value, with changes in fair value being recognised through the income statement. The group engaged Knight Frank (Commercial Investments) and Aspin and Co. (Residential Investments) to determine fair value at 31 March 2021. The valuation has been made in accordance with the RICS Appraisal and Valuation Manual. The determined fair value of the commercial investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The determined fair value of the residential investment property is most sensitive to the latest market information for similar properties in the same locality.

aa) Carrying value of work in progress

At the end of each reporting period development sites are assessed for impairment. If a development is impaired it is reduced to the selling price less costs to sell and an impairment charge is recognised through the Statement of Comprehensive Income.

2 Revenue and Operating Profit

The amount of group turnover attributable to each of the classes of continuing activity of the Group is as follows:

	Group 2021 £	Group 2020 £
Residential House Rents	5,612,946	5,629,640
Commercial Properties	15,961,525	16,899,233
Workspace Properties	658,477	684,241
Garage Rents	76,684	72,498
Prudhoe LLP	140,912	-
Development Project Delivery	12,097,617	9,987,194
	<u>34,548,161</u>	<u>33,272,805</u>

Group operating profit is stated after charging/(crediting):

	Group 2021 £	Group 2020 £
Depreciation of owned fixed assets	205,387	209,826
Revaluation of investment properties	16,994,875	33,572,641
Reversal of Historic Impairments	(3,475,039)	(814,000)
Release and Amortisation of Government Grants	-	(4,344,820)
(Gain)/loss on disposal of fixed assets	(577,031)	(94,446)
Impairment of work in progress	89,211	509,853
Auditor's Remuneration - Audit services	34,000	32,500

The company engages staff that are employed by fellow group company, Advance Northumberland (Housing) Limited, disclosures in relation to employee costs and numbers are available in that entity's published accounts.

3 Directors' Emoluments

The Directors received remuneration in the year in the amount of £3,333 (2020: £2,100). The Directors' are paid by the Ultimate Parent Undertaking for their services as Councillors, where applicable.

4 Pension Scheme

The Group operates a defined contribution pension scheme for the benefit of all employees. The assets of the scheme are administered by trustees in a fund independent from those of the Group.

The total contributions paid in the year in respect of the scheme amounted to £362,426 (2020: £317,646). There were no prepayments or unpaid contributions as at 31 March 2021.

5 Taxation on loss

Analysis of the tax charge:

	Group 2021 £	Group 2020 £
Current tax on loss:		
In respect of the year		
United Kingdom corporation tax at 19% (2020: 19%) based on the profit for the year	861,199	-
Over provision in prior year	-	(23,562)
	<u>861,199</u>	<u>(23,562)</u>
Total current tax	861,199	(23,562)
Deferred tax:		
Origination and reversal of timing differences	940,653	(1,076,711)
Adjustment in respect of previous periods	(3,761)	31,848
Effect of changes in tax rates	2,419,436	919,940
Total deferred tax	<u>3,356,328</u>	<u>(124,923)</u>
Total tax on loss	<u>4,217,527</u>	<u>(148,485)</u>

Factors affecting future tax charge

The rate of UK corporation tax was 19% in both the current and preceding years. An increase in the main rate to 25% from 01/04/2023 was substantively enacted on 24/05/2021. A rate of 25% has therefore been applied to the company's deferred tax balance at the Balance Sheet date.

Factors affecting tax charged for the current period

Profit/(Loss) before tax	(12,901,167)	(32,794,287)
Tax on profit/(loss) at standard UK rate of 19% (2020: 19%)	(2,451,222)	(6,230,915)
Tax on discontinued activities	-	-
Fixed asset timing differences	(329,438)	(3,172)
Expenses not deductible for tax purposes	4,647,621	6,700,668
Income not taxable for tax purposes	(276,665)	(982,843)
Change in deferred tax on investment property valuations	2,366,529	(538,734)
Group relief surrendered/(claimed)	-	(1)
Adjust deferred tax to current rate of 19%	-	919,940
Adjust deferred tax to future rate of 25%	262,562	-
Movement in short term timing differences	-	72,343
Adjustment to tax charge in respect of previous periods - DT	(3,761)	-
Adjustments to tax charge in respect of previous years	-	8,285
Other differences	1,899	(94,056)
Rounding	2	-
Total tax on loss	4,217,527	(148,485)

6 Tangible Fixed Assets

	Assets Under Construction	Investment Properties	Land and Buildings	Other plant and machinery	Total
GROUP	2021	2021	2021	2021	2021
Cost	£	£	£	£	£
At 1 April 2020	22,828,789	259,105,479	2,090,104	3,095,885	287,120,257
Prior Year Adjustment	-	(4,822,500)	-	-	(4,822,500)
Reclassification	-	-	-	-	-
Additions	7,578,653	95,697	869	-	7,675,219
Transfer	-	-	-	-	-
Disposals	-	(1,401,250)	-	-	(1,401,250)
Revaluation	-	(16,994,875)	-	-	(16,994,875)
At 31 March 2021	30,407,442	235,982,551	2,090,973	3,095,885	271,576,850
Depreciation					
At 1 April 2020	-	-	448,687	973,386	1,422,073
Charge for the year	-	-	37,945	167,441	205,387
Disposals	-	-	-	-	-
At 31 March 2021	-	-	486,632	1,140,827	1,627,460
Net Book Value					
At 31 March 2021	30,407,442	235,982,551	1,604,341	1,955,058	269,949,391
At 31 March 2020	22,828,789	254,282,979	1,641,417	2,122,500	280,875,684

Opening balances have been restated, please refer to Note 19 for further information.

The freehold investment properties are valued at investment value on 31 March 2021. The properties were valued by Knight Frank (Commercial Investments) and Aspin and Co. (Residential Investments) on the basis of open market value for investment purposes, subject to existing tenancies and leases. We have valued the Properties according to their Market Value with vacant possession. Properties acquired in-year not captured by an external valuation were subject to a Director's valuation based upon an achievable rental value, capitalised at an appropriate rental yield.

In arriving at valuations Knight Frank and Aspin and Co. made the following assumptions:

- a. That all the houses are freehold.
- b. That all the structural aspects of the properties to be in good repairing condition.
- c. That the properties are free from all structural, latent and other defects.
- d. That the majority of Properties are let on Assured Short hold Tenancies and that none of the tenants have security of tenure.
- e. That all the Properties have been valued individually and not as part of a portfolio.

In respect of certain fixed assets stated at valuations and assets under construction, the comparable historical cost and depreciation values are as follows:

Tangible Fixed Assets	Other plant and machinery	Total
COMPANY	2021	2021
Cost	£	£
At 1 April 2020	83,245	83,245
Additions	-	-
At 31 March 2021	83,245	83,245
Depreciation		
At 1 April 2020	58,169	58,169
Charge for the year	6,271	6,271
At 31 March 2021	64,440	64,440
Net Book Value		
At 31 March 2021	18,805	18,805
At 31 March 2020	25,076	25,076

7 Fixed asset investments

Share in joint ventures	Group	Group
	2021	2020
	£	£
At 1 April 2020	885,045	889,216
Working capital movements	5,112,727	(4,171)
Additions	-	-
At 31 March 2021	5,997,772	885,045
Share in Subsidiary Undertakings	Company	Company
	2021	2020
	£	£
At 1 April 2020	3,340,752	3,340,752
Additions	-	-
At 31 March 2021	3,340,752	3,340,752

The company holds 100% investment in the following companies incorporated in England:

Subsidiary undertakings	Principal Activity	Trading Position	Class
Advance Northumberland (Housing) Limited	The provision of rented residential accommodation in Northumberland	Trading	Ordinary
Advance Northumberland (Developments) Limited	The provision of project management services in connection with capital developments undertaken by the Advance Group and Northumberland County Council.	Trading	Ordinary
Advance Northumberland (Commercial) Limited	To provide land, commercial accommodation and services to the Community and Businesses.	Trading	Ordinary and Voting
Advance Northumberland (Financial) Limited	The collection of historical loan repayments which were previously granted by Northumberland County Council.	Trading	Ordinary

The registered office of all of the above named entities is as follows: Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, NE63 8QZ.

The company holds 50% investment in the following Joint ventures through its subsidiary companies:

Prudhoe Estates LLP	Property Development Company	Trading	Ordinary
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8 Debtors	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade Debtors	8,214,700	5,378,743	-	-
Corporation tax	-	103,660	-	-
Amounts due from Group undertakings	-	-	620,142	941,257
Amounts Owed from Ultimate Parent Entity (Note 14)	2,837,741	222,140	-	1,292
Other taxes and social securities	-	365,199	28,493	36,070
Other Debtors	725,486	284,852	7,990	5,258
	11,777,928	6,354,594	656,625	983,877

9 Creditors: amounts falling due within one year	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	327,961	340,168	-	-
Trade creditors	213,375	198,827	12,826	126
Corporation tax	857,388	-	-	-
Amounts due to Group undertakings	-	-	17,763	39,836
Amount owed to Ultimate Parent Entity (Note 14)	4,385,745	4,067,150	68,088	405,700
Other taxes and social securities	490,198	-	-	-
Deferred Tax	-	-	593	-
Other Creditors	4,490,956	6,987,347	23,456	10,490
Accruals and deferred income	6,631,069	6,591,976	297,854	157,226
	17,396,694	18,185,468	420,580	613,378

The following liabilities disclosed under creditors falling due within one year are secured by the company:

Bank Loans	<u>327,961</u>	<u>340,168</u>	<u>-</u>	<u>-</u>
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Bank loans falling due within one year relate to commercial mortgages provided by Northern Rock Asset management which attract a variable rate of interest calculated in reference to LIBOR.

10 Creditors: amounts falling due after more than one year	Group	Group
	2021	2020
	£	£
Bank loans	436,270	750,585
Amounts owed to Ultimate Parent (Note 14)	<u>277,459,087</u>	<u>277,868,735</u>
	<u>277,895,357</u>	<u>278,619,320</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group	Group
	2021	2020
	£	£
Loans	<u>277,895,357</u>	<u>278,619,320</u>

Included within creditors falling due after more than one year is an amount of £436,270 (2020: £750,585) in relation to Northern Rock Asset Management (NRAM). £277,459,087 (2020: £277,868,735) of the total outstanding is in relation to related party (Northumberland County Council) in respect of liabilities which fall due for payment after more than five years from the Balance Sheet date. No capital repayments are due until the formal terms end. Interest is accrued and/or paid monthly/quarterly.

Total Interest payable on bank loans and overdrafts amounted to £13,125,848 during the year (2020: £13,017,973), of which £13,115,474 was accounted for in relation to Northumberland County Council through its long term borrowing facility (2020: £12,989,444) and interest payable to Northern Rock in relation to mortgages was accounted for at a total of £10,374 (2020: £26,505).

Borrowings are repayable as follows:

Bank loans	Group	Group
	2021	2020
	£	£
Between one and two years	331,792	323,718
Between two and five years	104,478	426,867
After five years	<u>-</u>	<u>-</u>
	436,270	750,585
Within one year	<u>327,961</u>	<u>340,168</u>
	<u>764,231</u>	<u>1,090,753</u>

Included within creditors falling due after more than one year is an amount of £436,270 (2020: £750,585) in respect of liabilities which fall due for payment after more than one year from the Balance Sheet date. These loans attract a variable rate of interest which is calculated in line with LIBOR. Maturities vary between 3 and 5 years.

11 Deferred Income

	Group 2021	Group 2020
	£	£
Deferred grants received		
At 1 April 2020	29,955,654	16,636,585
Received during the year	9,327,430	13,319,069
At 31 March 2021	<u>39,283,084</u>	<u>29,955,654</u>
Amortisation		
At 1 April 2020	15,004,955	10,660,135
Credit to Statement of Comprehensive Income	-	4,344,820
At 31 March 2021	<u>15,004,955</u>	<u>15,004,955</u>
Net balance at 31 March 2021	<u>24,278,129</u>	<u>14,950,700</u>

12 Deferred Taxation

	Group 2021	Group 2020
	£	£
The movement in the deferred taxation provision during the year was		
Provision brought forward	7,665,305	7,787,049
Deferred tax in Statement of Comprehensive Income	3,360,089	(155,775)
Other adjustment		884
Adjustment in respect of previous years	(3,761)	33,147
Provision carried forward	<u>11,021,633</u>	<u>7,665,305</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	Group 2021	Group 2020
	£	£
Fixed Asset Timing Differences	780,240	570,753
Short Term Timing Differences	(8,475)	(348,096)
Revaluation/chargeable gain timing differences	10,270,670	7,516,793
Losses	(20,802)	(74,145)
Provision carried forward	<u>11,021,633</u>	<u>7,665,305</u>

13 Work in progress

	Group 2021	Restated Group 2020
	£	£
Held in subsidiaries	40,328,195	41,755,742
	<u>40,328,195</u>	<u>41,755,742</u>

Work in progress is accounted for at cost and amounts to ongoing residential and commercial development schemes and Ascent Homes new builds. Please refer to Note 19 for further information.

14 Related Party Transactions

The Directors' have identified transactions with the following related parties:

Related party

Northumberland County Council
Active Northumberland

Ultimate Controlling Entity
Ken Dunbar being a Board Member of Active Northumberland and an Operational Director of Advance Northumberland Limited.

Advance Northumberland (Commercial) Limited
Advance Northumberland (Housing) Limited
Advance Northumberland (Developments) Limited
Advance Northumberland (Financial) Limited
Prudhoe Estates LLP

Subsidiary of Advance Northumberland Limited
Subsidiary of Advance Northumberland Limited
Subsidiary of Advance Northumberland Limited
Subsidiary of Advance Northumberland Limited
Subsidiary of Advance Northumberland Limited (Commercial) Limited (50% ownership)

During the year the company had the following arms length transactions with related parties.

During the year payments of £15,414,334 (2020: £15,912,564) were made to Northumberland County Council in respect of Loan Interest, Non Domestic Rates, Council Tax, Planning Applications, Section 278 agreements and other services.

As at 31 March 2021 the Group owed £4,385,745 (2020: £4,067,150) and £277,459,087 (2020: £277,868,735) to Northumberland County Council (the ultimate holding company) in respect of Interest and capital due on commercial loan facility respectively, whilst Northumberland County Council owed the Group £2,837,741 (2020: £222,140).

Accumulative Funding of £42,259,172 (2020 - £42,166,398) was provided by Northumberland County Council to provide working capital towards their capital programme schemes. the prior year value has been restated following a full reconciliation of historical transactions. Prior year stats showed £41,101,152

Advance Northumberland (Developments) Limited acts as an agent on behalf Northumberland County Council in this respect. At 31 March 2019 £41,687,749 (2019: £41,687,749) had been used to fund the capital programme and the outstanding £1,099,837 (2019: £1,099,837) will be carried forward to be recovered in subsequent periods to fund development activity performed by the Company on behalf of Northumberland County Council.

Advance Northumberland Limited financial statements represent the consolidated position of the Advance Group (see note 7), in turn Advance Northumberland Limited is a wholly owned subsidiary of Northumberland County Council and is therefore consolidated in the Whole of Government financial statements.

Northumberland County Council is the immediate and ultimate controlling party. Northumberland County Council, a local authority statutorily constituted in England, prepared consolidated Group financial statements which can be obtained by application to Northumberland County Council, County Hall, Morpeth, Northumberland, NE61 2FF.

15 Operating Leases

The following is a schedule of the minimum future rentals in relation to operational leases as at 31 March 2021.

	Group 2021 £	Group 2020 £
Office Equipment		
Within one year	-	2,280
Within two to five years	-	-
Total	-	2,280

The total value of the operating lease for the period 2016-2021 was £Nil with £Nil remaining (2020: £2,281).

16 Called up share capital

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Authorised				
2 ordinary £1 shares	2	2	2	2
	2	2	2	2
Allotted, called up and fully paid				
1 ordinary £1 shares	1	1	1	1
	1	1	1	1

The initial share with a nominal value of £1 was authorised on 22/01/2018 upon incorporation but remains unpaid.

The second share was authorised and paid on 15/11/2018 with a nominal value of £1.

17 Staff Number and Costs

	Group 2021 £	Group 2020 £
The Average monthly number of employees (including executive directors) was:		
Average Employee Numbers	134	124
Their aggregate remuneration comprised:		
Wages, Salaries and Allowances	4,529,516	4,358,233
Social Security Costs	464,410	424,676
Pension Costs	362,426	317,838
	5,356,352	5,100,746

18 Reserves

Share Premium - This reserve records the amount above the nominal value received for shares issued less transaction costs.

Capital Redemption Reserve - This reserve records the nominal value of shares repurchased by the company

Non-distributable unrealised revaluation gains - The balance within the profit and loss reserve amounted to £70,482,529 (2020: £61,618,754).

19 Prior Year Adjustments

An accounting adjustment was identified relating to FY 2016-17. Assets were purchased and classified as Investment Properties (Note 6) and accounted for inline with policy on a Fair Value basis. However, some of these assets included development land which should have been accounted for as Work In Progress (Note 13) on a Cost less Impairment basis. This adjustment has a net impact of £1,714,142 to the brought forward reserves.

20 Post balance sheet events

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.