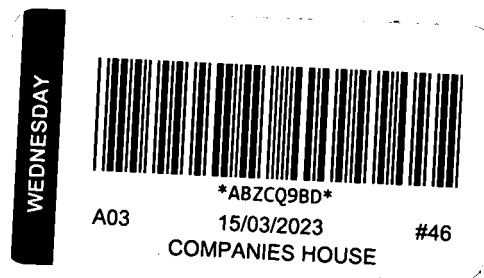


Registration number: 11747311

SOUTH TEES DEVELOPMENTS LIMITED

Annual Report and Financial Statements

for the Year Ended 31 March 2022



South Tees Developments Limited

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South Tees Developments Limited

Company Information

Chief executive	Ms J Gilhespie
Directors	Mr J McNicholas Mr G J Macdonald
Company secretary	Endeavour Secretary Limited
Registered office	Teesside Airport Business Suite Teesside International Airport Darlington DL2 1NJ
Auditor	Azets Audit Services Chartered Accountants & Statutory Auditor 1 Massey Road Thornaby Stockton-on-Tees TS17 6DY

South Tees Developments Limited

Directors' Report for the Year Ended 31 March 2022

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

Directors of the company

The directors who held office during the year were as follows:

Mr J McNicholas

Mr G J Macdonald

Ms J Gilhespie - Chief executive

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors


Azets Audit Services Limited, trading as Azets Audit Services, were appointed auditor to the company following their acquisition of the trade of Tait Walker LLP, trading as MHA Tait Walker, on 1 May 2022.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Small companies' provision statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 8th March 2023 and signed on its behalf by:



.....
Mr G J Macdonald
Director

South Tees Developments Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 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 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

South Tees Developments Limited

Independent Auditor's Report to the Members of South Tees Developments Limited

Opinion

We have audited the financial statements of South Tees Developments Limited (the 'company') for the year ended 31 March 2022, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including 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 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its 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 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 director's 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.

South Tees Developments Limited

Independent Auditor's Report to the Members of South Tees Developments Limited (continued)

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 our 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 Statement of Directors' Responsibilities [set out on page 3], 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.

South Tees Developments Limited

Independent Auditor's Report to the Members of South Tees Developments Limited (continued)

Auditor 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:

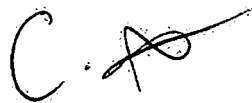
Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available 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.



.....
Christopher Potter BA (Hons) ACA (Senior Statutory Auditor)
For and on behalf of
Azets Audit Services
Chartered Accountants
Statutory Auditor

1 Massey Road
Thornaby
Stockton-on-Tees
TS17 6DY

Date: 10th March 2023

Azets Audit Services is a trading name of Azets Audit Services Limited

South Tees Developments Limited

Income Statement for the Year Ended 31 March 2022

	2022 £	2021 £
Turnover	-	-
Cost of sales	<u>-</u>	<u>(200,000)</u>
Gross loss	-	(200,000)
Administrative expenses	(37,264,409)	(8,379,309)
Other operating income	<u>32,555,658</u>	<u>4,401,214</u>
Operating loss	<u>(4,708,751)</u>	<u>(4,178,095)</u>
Loss before tax	<u>(4,708,751)</u>	<u>(4,178,095)</u>
Loss for the financial year	<u><u>(4,708,751)</u></u>	<u><u>(4,178,095)</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 10 to 15 form an integral part of these financial statements.

South Tees Developments Limited

(Registration number: 11747311)

Statement of Financial Position as at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	6	15,000,000	19,700,000
Current assets			
Stocks	7	300,000	300,000
Debtors	8	32,589,069	1,624,484
Cash at bank and in hand		<u>7,397,222</u>	<u>6,673,725</u>
		40,286,291	8,598,209
Creditors: Amounts falling due within one year	9	<u>(40,702,878)</u>	<u>(9,006,045)</u>
Net current liabilities		<u>(416,587)</u>	<u>(407,836)</u>
Total assets less current liabilities		14,583,413	19,292,164
Creditors: Amounts falling due after more than one year	9	<u>(24,252,900)</u>	<u>(24,252,900)</u>
Net liabilities		<u>(9,669,487)</u>	<u>(4,960,736)</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		<u>(9,669,488)</u>	<u>(4,960,737)</u>
Total equity		<u>(9,669,487)</u>	<u>(4,960,736)</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Board on 8th March 2023 and signed on its behalf by:



.....
Mr G J Macdonald
Director

The notes on pages 10 to 15 form an integral part of these financial statements.

South Tees Developments Limited

Statement of Changes in Equity for the Year Ended 31 March 2022

	Share capital	Profit and loss account	Total
	£	£	£
At 1 April 2020	1	(782,642)	(782,641)
Loss for the year	-	(4,178,095)	(4,178,095)
Total comprehensive income	-	(4,178,095)	(4,178,095)
At 31 March 2021	1	(4,960,737)	(4,960,736)

	Share capital	Profit and loss account	Total
	£	£	£
At 1 April 2021	1	(4,960,737)	(4,960,736)
Loss for the year	-	(4,708,751)	(4,708,751)
Total comprehensive income	-	(4,708,751)	(4,708,751)
At 31 March 2022	1	(9,669,488)	(9,669,487)

The notes on pages 10 to 15 form an integral part of these financial statements.

South Tees Developments Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is Teesside Airport Business Suite, Teesside International Airport, Darlington, DL2 1NJ.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A smaller entities - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and the Companies Act 2006 (as applicable to companies subject to the small companies' regime).

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are prepared in sterling which is the functional currency of the entity.

South Tees Developments Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

2 Accounting policies (continued)

Going concern

At 31 March 2022 the company reports net current liabilities of £416,587 (2021: £407,836) and net liabilities of £9,669,487 (2021: £4,960,736). The significant creditors on the balance sheet relate to amounts owed to South Tees Development Corporation, the immediate parent company, and Tees Valley Combined Authority, the ultimate parent undertaking.

The company meets its day to day working capital requirements through cash generated from operations and borrowings and grants from group entities. The directors have received confirmation that the company's ultimate parent undertaking, Tees Valley Combined Authority, will continue to provide financial support to the company for a period of at least twelve months from the date on which these financial statements are signed.

The company's forecasts and projections for the next twelve months show that the company should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance. However in the directors' assessment they have considered the effectiveness of available measures to assist in mitigating the impact.

Although the forecasts prepared taking into account the matters above support the ability of the company to remain a going concern and to be able to trade and meet its debts as they fall due, the underlying assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to significant variation.

Based on the factors set out above the directors believe there is no material uncertainty in relation to going concern and that the company has adequate resources to continue in operational existence for at least twelve months from the date of signing the financial statements and therefore they believe it remains appropriate to prepare the financial statements on a going concern basis.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

South Tees Developments Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

2 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 16 (2021 - 1).

4 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	<u>15,000</u>	<u>6,250</u>

South Tees Developments Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

5 Other operating income

	2022	2021
	£	£
Grants receivable	32,016,277	2,354,553
Other operating income	66,131	1,834,052
Rent receivable	<u>473,250</u>	<u>212,609</u>

During the period the company received grant funding of £32,016,277 (2020: £2,354,553) from its ultimate parent undertaking, Tees Valley Combined Authority, to cover operational costs and capital works on the site for the period to 31 March 2022.

Other operating income consists of electricity and other property costs incurred which are then recharged to third parties.

6 Tangible assets

	Land and buildings £
Cost	
At 1 April 2021	24,481,051
Additions	<u>30,406,456</u>
At 31 March 2022	<u>54,887,507</u>
Impairment	
At 1 April 2021	4,781,051
Impairment	<u>35,106,456</u>
At 31 March 2022	<u>39,887,507</u>
Carrying amount	
At 31 March 2022	<u>15,000,000</u>
At 31 March 2021	<u>19,700,000</u>

Included within the net book value of land and buildings above is £15,000,000 (2021 - £19,700,000) in respect of freehold land and buildings.

7 Stocks

	2022	2021
	£	£
Other inventories	<u>300,000</u>	<u>300,000</u>

South Tees Developments Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

8 Debtors

	2022 £	2021 £
Trade debtors	260,485	264,762
Amounts owed by group undertakings	32,045,487	1,187,681
Prepayments and accrued income	112,422	116,991
Other debtors	170,675	55,050
	<u>32,589,069</u>	<u>1,624,484</u>

9 Creditors

Creditors: amounts falling due within one year

	2022 £	2021 £
Due within one year		
Amounts owed to group undertakings	29,968,242	908,032
Taxation and social security	10,904	6,550
Accruals and deferred income	9,723,732	6,593,462
Other creditors	1,000,000	1,493,236
Corporation tax liability	-	4,765
	<u>40,702,878</u>	<u>9,006,045</u>

Other creditors includes a £1,000,000 retention amount due as part of the acquisition of freehold land.

Creditors: amounts falling due after more than one year

	2022 £	2021 £
Due after one year		
Amounts owed to group undertakings	<u>24,252,900</u>	<u>24,252,900</u>

10 Financial commitments, guarantees and contingencies

Amounts not provided for in the statement of financial position

The total amount of financial commitments not included in the statement of financial position is £661,327 (2021 - £Nil).

South Tees Developments Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

11 Parent and ultimate parent undertaking

The company's immediate parent is South Tees Development Corporation.

The most senior parent entity producing publicly available financial statements is Tees Valley Combined Authority. These financial statements are available upon request from on request from Tees Valley Combined Authority, Cavendish House, Teesdale Business Park, Stockton on Tees, Tees Valley, TS17 6QY