

Limited Liability Partnership Registration No. OC422422 (England and Wales)

CALON HOMES LLP
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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CALON HOMES LLP

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated members

Cartrefi Developments
Limited (Appointed 24 August
2022)

Brenig Developments Limited
(Resigned 24 August 2022)

Creating Enterprises CIC

Limited liability partnership number

OC422422

Registered office

Morfa Gele
North Wales Business Park
Cae Eithin
Abergele
Wales
LL22 8LJ

External Auditors

RSM UK Audit LLP
Ninth floor, Landmark
St. Peter's Square
1 Oxford Street
Manchester
M1 4BP

CALON HOMES LLP

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MEMBERS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The members present their annual report and financial statements for the year ended 31 March 2023.

Members' drawings, contributions and repayments

The members' drawing policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business and restrictions on drawings imposed by lenders.

A member's capital requirement is linked to their share of profit and the financing requirement of the limited liability partnership. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at "par", so the retiring members are repaid their capital at "par".

Designated members

The designated members who held office during the year and up to the date of signature of the financial statements were as follows:

Brenig Developments Limited (Resigned 24 August 2022)
Creating Enterprises CIC
Cartrefi Developments Limited

On the 24 August 2022 Brenig Developments Limited sold their members interest to Cartrefi Developments Limited. Cartrefi Developments and Creating Enterprise CIC share the same ultimate parent, Cartrefi Conwy Cyfyngedig, which is a Co-operative and Community Benefit Society based in Abergele, Wales.

Statement of members' responsibilities

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then 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 limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by the members on 18/12/23 and signed on behalf by:

Katie Clubb

Cartrefi Developments Limited
Designated Member

Adrian Johnson

Creating Enterprises CIC
Designated Member

CALON HOMES LLP

Independent auditors' report to the members of Calon Homes LLP

Opinion

We have audited the financial statements of Calon Home LLP (the 'limited liability partnership') for the year ended 31 March 2023 which comprise the Profit and Loss Account, Balance Sheet, Reconciliation of Members' Interests 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 "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 limited liability partnership's affairs as at 31 March 2023 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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 limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 members' 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 limited liability partnership'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.

CALON HOMES LLP

Independent auditors' report to the members of Calon Homes LLP (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small limited liability partnerships' regime.

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set out on page 1, the members 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 members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

CALON HOMES LLP

Independent auditors' report to the members of Calon Homes LLP (Continued)

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the limited liability partnership operates in and how the limited liability partnership is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and the LLP SORP. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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 limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

John Guest

John Guest (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Landmark
St Peter's Square
1 Oxford Street
Manchester
M1 4PB
Date 18/12/23

CALON HOMES LLP

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	RESTATED 2022 £
Turnover	755,195	1,850,488
Cost of sales	(665,924)	(1,587,784)
Gross profit	89,271	262,704
Administrative expenses	(96,090)	(33,637)
Operating (loss) / Profit	(6,819)	229,067
Interest payable and similar expenses	(290,781)	(153,647)
(Loss)/profit for the financial year before members' remuneration and allocation of loss	(297,600)	75,420
Losses allocated / (members' remuneration charged as an expense)	297,600	(75,420)
Result for the financial year available for discretionary division among members	-	-

CALON HOMES LLP

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	RESTATED 2022 £
Current Assets			
Stocks	2	7,685,619	2,205,600
Debtors	3	40,740	637,852
Cash at bank and in hand		75,920	1,094
		<u>7,802,279</u>	<u>2,844,546</u>
Creditors: amounts falling due within one year	4	(2,105,622)	(357,606)
Net current assets		<u>5,696,657</u>	<u>2,468,940</u>
Creditors: amounts falling due after more than one year			
Loans and borrowings	5	(3,389,088)	-
Net assets attributable to members		<u>2,307,569</u>	<u>2,468,940</u>
Represented by:			
Debts due to members	6	2,307,567	2,468,938
Equity			
Members' other reserves		2	2
		<u>2,307,569</u>	<u>2,468,940</u>
Total members' interests			
Loans and other debts due to members		2,307,567	2,468,938
Members' other reserves		2	2
		<u>2,307,569</u>	<u>2,468,940</u>

These financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 (as applied by the Limited Liability Partnerships (Accounts and Audit)(Application of the Companies Act 2006) Regulations 2008) applicable to LLPs subject to the small LLPs regime.

The financial statements were approved by the members and authorised for issue on 18/12/23 and are signed on their behalf by:

Katie Chubb

Adrian Johnson

Cartrefi Developments Limited
Designated member

Creating Enterprises CIC
Designated Member

Limited Liability Partnership Registration No. OC422422

CALON HOMES LLP

RECONCILIATION OF MEMBERS' INTERESTS FOR THE YEAR ENDED 31 MARCH 2023

<i>Current financial year</i>	EQUITY Members' other interests	DEBT Loans and other debts due to members less any amounts due from members in debtors	TOTAL MEMBERS' INTERESTS
	Other reserves £	Other amounts £	Total 2023 £
Amounts due to members			
Members' interests at 1 April 2022 (As restated)	2	2,468,938	2,468,940
Losses allocated evenly between members	-	(297,600)	-
Members' interests after loss for the period	-	2,171,338	2,171,338
Interest Accrued		95,298	95,298
Introduced by members	-	40,931	40,931
Members' interests at 31 March 2023	2	2,307,567	2,307,569

Loan advances totaling £40,931 above is constituted by £40,931 from Cartrefi Developments Limited. This advance formed part of the agreement for Cartrefi Developments Limited to acquire a 50% members' interest from Brenig Developments and repayment of all member loans from Brenig Developments. This amount represents the accrued interest on members' loans due to Brenig Developments upon acquisition of the interest on the 24th August 2022.

Total loans due to members of £2,522,549 have been advanced (and are outstanding) to the LLP by the members under separate loan agreements and are ultimately due to be repaid to them. Consequently, such balances are classified as debt rather than equity. Interest accrued during the financial year is capitalised and included in amounts introduced by Members (£95,298). This is reduced by losses attributed / allocated between Members' (£372,494).

During the year Creating Enterprise CIC provided a short term loan of £300,000, which was repaid on the 30th January 2023 and included an additional payment for interest of £10,622.

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RECONCILIATION OF MEMBERS' INTERESTS FOR THE YEAR ENDED 31 MARCH 2023

<i>Prior financial year</i>	RESTATED EQUITY Members' other interests	RESTATED DEBT Loans and other debts due to members less any amounts due from members in debtors	RESTATED TOTAL MEMBERS' INTERESTS
	Other reserves £	Other amounts £	Total 2022 £
Amounts due to members			
Members' interests at 1 April 2021	2	707,366	707,368
Members' remuneration charged as an expense	-	75,420	-
Members' interests after loss for the period	-	782,786	782,786
Interest Accrued		46,895	46,895
Introduced by members	-	1,639,257	1,639,257
Members' interests at 31 March 2022	2	2,468,938	2,468,940

CALON HOMES LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Limited liability partnership information

Calon Homes LLP is a limited liability partnership incorporated in England and Wales. The registered office is Morfa Gele North Wales Business Park, Cae Eithin, Abergele, Wales, LL22 8LJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in December 2018, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to LLP's subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Members' participating interests

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Once an unavoidable obligation has been created in favour of members through allocation of profits or other means, any undrawn profits remaining at the reporting date are shown as 'Loans and other debts due to members' to the extent they exceed debts due from a specific member.

1.3 Going Concern

The Company retains the support of its ultimate parent Company Cartrefi Conwy Cyfyngedig and in preparing the financial statements the Directors have considered the reliance on the parent for support. Calon Homes received confirmation of support by Cartrefi Conwy Cyfyngedig through a letter of support. The Directors have a reasonable expectation that there are no material uncertainties that cast significant doubt about the Company's ability to continue in operation and meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months from date of approval of these financial statements.

1.4 Stocks

Developed land and work in progress are valued at the lower of cost, which includes materials, labour, land and relevant overheads, and estimated residual value.

Undeveloped land is valued at the lower of cost and estimated realisable value.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The limited liability partnership has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the limited liability partnership's statement of financial position when the limited liability partnership becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the limited liability partnership transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the limited liability partnership after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the limited liability partnership's obligations expire or are discharged or cancelled.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

2 Stocks

	2023 £	2022 £
Work in progress	7,240,430	1,959,840
Finished goods and goods for resale	445,189	245,760
	<u>7,685,619</u>	<u>2,205,600</u>

3 Debtors: amounts falling due within one year

	2023 £	2022 £
VAT recoverable	24,388	-
Other debtors	16,352	637,852
	<u>40,740</u>	<u>637,852</u>

4 Creditors: amounts falling due within one year

	2023 £	RESTATED 2022 £
Other borrowings	-	224,668
Trade creditors	81,188	19,029
Other Creditors	34,068	-
Bank loans and accrued interest	-	126,134
Accruals and deferred income	1,990,366	5,775
	<u>2,105,622</u>	<u>375,606</u>

5 Loans and borrowings

	2023 £	2022 £
Bank loans	3,398,855	-
Bank accrued interest	96,136	-
Arrangement fee capitalised	(105,903)	-
	<u>3,389,088</u>	<u>-</u>

Cartrefi Developments and Creating Enterprise CIC hold a floating charge over all the assets and undertakings of the company.

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors.

CALON HOMES LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

6 Loans and other debts due to members

	2023 £	RESTATED 2022 £
Members' Loan	2,522,459	2,481,528
Members' interest accrued	157,602	62,304
Losses allocated evenly between members	(372,494)	(74,894)
	<u>2,307,567</u>	<u>2,468,938</u>

Members' loans are unsecured. The ability to repay Members' loans and pay interest is restricted by banking covenants, until the loan provided by the Development Bank of Wales is repaid in full. Interest charged on these loans is 3% above the Bank of England base rate.

7 Members' and related party transactions

The Company entered into a number of transactions with Creating Enterprise CIC and the ultimate parent Cartrefi Conwy Cyfyngedig. These transactions are summarised below:

	Creating Enterprise 2023 £	Cartrefi Conwy 2023 £
Administration costs	18,059	59,256
Accruals and deferred income	-	1,960,183

These transactions relate to provision of shared services and the deposit for home purchases.

At the year end there is an amount due to Creating Enterprise Limited totaling £9,551 (2022 - £Nil).

8 Prior period adjustment

In applying the LLP SORP 2022 the members have reviewed the terms of their members' agreement relating to the allocation, division and distribution of profits. As a result of this review profits previously presented as profits available for distribution to members are presented as members' remuneration charged as an expense in the profit and loss account. In addition, accumulated undistributed losses previously shown within equity: members' other interests have been reclassified as loans and other amounts due to members in the members' interests note/statement of changes in equity. The corresponding amounts have been restated accordingly:

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

8 Prior period adjustment (Continued)

	As previously reported	Adjustment	As restated 31 March 2022
	£	£	£
Total members' interests			
Loans and other debts due to members	2,481,528	(12,590)	2,468,938
Members' other reserves	(74,894)	74,896	2
Creditors: amount falling due within one year	437,912	(62,306)	375,606
Other Borrowing	224,668	-	224,668
Trade Creditors	19,029	-	19,029
Bank loans & interest	126,134	-	126,134
Accruals and deferred Income	68,081	(62,306)	5,775

The net impact of the adjustments is that Loans and other debts due to members is increased by the reallocation of accrued interest but reduced by the allocated losses to members.