

Company Registration No. SC491311 (Scotland)

WPH (LAND) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

WPH (LAND) LIMITED

COMPANY INFORMATION

Directors	I Rigby S W Cullis G Lyon
Secretary	I Rigby
Company number	SC491311
Registered office	3 Arthur Street Clarkston Glasgow United Kingdom G76 8BQ
Auditor	Azets Audit Services Titanium 1 King's Inch Place Renfrew Renfrewshire United Kingdom PA4 8WF

WPH (LAND) LIMITED

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WPH (LAND) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present the strategic report for the year ended 30 September 2020.

Fair review of the business

WPH (Land) Group is a property development group developing residential properties throughout the central belt of Scotland. The results for the Group comprise 4 development companies the results of which are considered below in total.

The results for the Group show a pre-tax profit of £4,340,825 (2019 - £1,740,602) for the year with turnover of £17.2m (2019 - £22.5m).

The reduction in turnover is due in part to delays caused by Covid-19, but also as a result of the timing of developments with turnover only recognised on successful completion and sale of plots.

In general, the developments have performed well during the year and the group has posted a gross profit margin of 6% for the year (2019 - 8%) despite the difficult trading conditions as a result of the pandemic and government enforced lockdowns.

During the year under review, Westpoint Homes Limited (a subsidiary) was sold to Westpoint Group Limited, a related party. The pre-tax profit has increased as result of the gain on sale.

Further new developments have commenced during the year, or are due to commence subsequent to the year end, which are expected to further increase turnover and gross profit over the coming financial years.

The directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance and position of the business, given the straightforward nature of its operations.

At the year end, the total Group has managed to improve its balance sheet position with net assets amounting to £5.36m (2019 - £0.30m).

Principal risks and uncertainties

As a development group building residential properties, the group shares the majority of its risks with that of the house building sector. The key business risks affecting the Group combined are as follows:

- Market health and stability
- Current economic conditions
- Mortgage availability
- Funding availability
- Land supply
- Construction materials costs and supply
- Covid-19 pandemic

The directors have in place a risk management system which aims to manage and reduce the above risks to which the group is exposed.

WPH (LAND) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Covid-19

Following the global outbreak of the Covid-19 virus during the year under review, there has been a significant increase in risk and uncertainty in the economy.

The Covid-19 pandemic and subsequent Government enforced lockdown towards the end of March 2020 presented unprecedented challenges and demands on the business with our sites closed from the end of March 2020 throughout April and May. During this time, the group took advantage of Government support measures where available and managed its working capital and cash flow closely to ensure it maintained sufficient financial resources at all times.

From June 2020, our sites re-opened and the group has experienced high levels of demand with properties selling strongly during the year and post year end.

The group continues to follow Government guidance for the Property industry concerning all aspects of the pandemic to ensure best practice precautions are applied and risk to staff is mitigated. The group communicates regularly with its staff, its suppliers, and customers as Government advice develops.

Future outlook

Whilst it is too early to predict the long term impact of Covid-19 on the property sector, the group and its related parties continue to experience high demand from its customers.

Overall, we believe the group is well placed to meet the unprecedented challenges presented by Covid-19 and we remain positive about the future outlook for the Group.

Financial instruments

Our financial risk management objectives are to ensure sufficient working capital and cash flow for the Group and to ensure there is sufficient support for its growth strategy. This is achieved through careful management of our cash resources and by obtaining bank or related party funding where necessary.

The group's principal financial instruments are bank loans and loans received from related parties. Such financial instruments are utilised to fund particular developments. Bank loans are secured over the developments to which they relate and are subject to market rate interest. Related party development loans are unsecured and are repaid upon completion of the development to which they relate to. These loans are subject to a return based on interest and an exit fee based on the profit generated by the development.

No treasury transactions or derivatives are entered into.

On behalf of the board

I Rigby
Director

21 June 2021

WPH (LAND) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their annual report and financial statements for the year ended 30 September 2020.

Principal activities

The principal activity of the company and group continued to be that of property development.

Directors

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

I Rigby
S W Cullis
G Lyon

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Auditor

The auditor, Azets Audit Services, (previously trading as Campbell Dallas Audit Services) is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial instruments and associated risks.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

I Rigby
Director

21 June 2021

WPH (LAND) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 company, 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WPH (LAND) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WPH (LAND) LIMITED

Opinion

We have audited the financial statements of WPH (Land) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows 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 the parent company's affairs as at 30 September 2020 and of the group's profit 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

WPH (LAND) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WPH (LAND) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

WPH (LAND) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WPH (LAND) LIMITED

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.

Alan Brown (Senior Statutory Auditor)
for and on behalf of Azets Audit Services
Chartered Accountants
Statutory Auditor

21 June 2021

Titanium 1
King's Inch Place
Renfrew
Renfrewshire
United Kingdom
PA4 8WF

WPH (LAND) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	2019 £
Turnover	3	17,238,775	22,464,270
Cost of sales		(16,220,255)	(20,751,744)
Gross profit		1,018,520	1,712,526
Administrative expenses		(26,611)	(11,428)
Other operating income		4,425	-
Gain on sale of subsidiary	4	3,337,458	-
Operating profit		4,333,792	1,701,098
Interest payable and similar expenses	7	(532)	-
Other gains and losses	8	7,565	39,504
Profit before taxation		4,340,825	1,740,602
Tax on profit	9	717,825	(138,332)
Profit for the financial year	19	5,058,650	1,602,270

Profit for the financial year is all attributable to the owners of the parent company.

WPH (LAND) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020	2019
	£	£
Profit for the year	5,058,650	1,602,270
Other comprehensive income	-	-
Total comprehensive income for the year	<u>5,058,650</u>	<u>1,602,270</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

WPH (LAND) LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Current assets					
Stocks	13	35,287,360		35,699,850	
Debtors	14	5,536,765		497,351	
Cash at bank and in hand		2,221,867		661,661	
		<u>43,045,992</u>		<u>36,858,862</u>	
Creditors: amounts falling due within one year	15	<u>(36,444,430)</u>		<u>(24,894,731)</u>	
Net current assets			6,601,562		11,964,131
Creditors: amounts falling due after more than one year	16		(1,237,991)		(11,659,210)
Net assets			<u>5,363,571</u>		<u>304,921</u>
Capital and reserves					
Called up share capital	18		1,000		1,000
Profit and loss reserves	19		5,362,571		303,921
Total equity			<u>5,363,571</u>		<u>304,921</u>

The financial statements were approved by the board of directors and authorised for issue on 21 June 2021 and are signed on its behalf by:

S W Cullis
Director

WPH (LAND) LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Investments	10		1,101		1
Current assets					
Stocks	13	61,161		149,115	
Debtors	14	4,501,000		1,000	
		<u>4,562,161</u>		<u>150,115</u>	
Creditors: amounts falling due within one year	15	<u>(62,345)</u>		<u>(149,198)</u>	
Net current assets			4,499,816		917
Total assets less current liabilities			<u>4,500,917</u>		<u>918</u>
Capital and reserves					
Called up share capital	18		1,000		1,000
Profit and loss reserves	19		4,499,917		(82)
Total equity			<u>4,500,917</u>		<u>918</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £4,499,999 (2019 - £52 loss).

The financial statements were approved by the board of directors and authorised for issue on 21 June 2021 and are signed on its behalf by:

S W Cullis
Director

Company Registration No. SC491311

WPH (LAND) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 October 2018	1,000	(1,298,349)	(1,297,349)
Year ended 30 September 2019:			
Profit and total comprehensive income for the year	-	1,602,270	1,602,270
Balance at 30 September 2019	1,000	303,921	304,921
Year ended 30 September 2020:			
Profit and total comprehensive income for the year	-	5,058,650	5,058,650
Balance at 30 September 2020	1,000	5,362,571	5,363,571

WPH (LAND) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 October 2018	1,000	(30)	970
Year ended 30 September 2019:			
Loss and total comprehensive income for the year	-	(52)	(52)
Balance at 30 September 2019	1,000	(82)	918
Year ended 30 September 2020:			
Profit and total comprehensive income for the year	-	4,499,999	4,499,999
Balance at 30 September 2020	1,000	4,499,917	4,500,917

WPH (LAND) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	22				
		1,852,351		(10,091,753)	
Interest paid		(2,254,510)		(1,863,307)	
Income taxes paid		-		(84,422)	
Net cash outflow from operating activities		<u>(402,159)</u>		<u>(12,039,482)</u>	
Investing activities					
Proceeds from other investments and loans		7,565		39,504	
Net cash generated from investing activities		<u>7,565</u>		<u>39,504</u>	
Financing activities					
Proceeds from borrowings		6,404,841		5,853,330	
Repayment of borrowings		(10,326,496)		(1,076,722)	
Proceeds of new bank loans		10,226,366		11,445,340	
Repayment of bank loans		(4,349,911)		(4,070,072)	
Net cash generated from financing activities		<u>1,954,800</u>		<u>12,151,876</u>	
Net increase in cash and cash equivalents		<u>1,560,206</u>		<u>151,898</u>	
Cash and cash equivalents at beginning of year		661,661		509,763	
Cash and cash equivalents at end of year		<u><u>2,221,867</u></u>		<u><u>661,661</u></u>	

WPH (LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

Company information

WPH (Land) Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is 3 Arthur Street, Clarkston, Glasgow, United Kingdom, G76 8BQ.

The group consists of WPH (Land) Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance 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.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

Following a restructure during 2017, WPH (Land) Limited became the new parent company of the Westpoint Homes Group. The restructure was accounted for under the merger method. As a result, the investment was accounted for at the nominal value of the shares issued and any excess in value of share capital acquired was booked to the merger reserve.

On the 29th September 2020, the subsidiaries previously held by Westpoint Homes Limited were transferred to WPH (Land) Limited as part of a group restructure. Subsequently, the 100% shareholding in Westpoint Homes Limited was sold to a related party company for £4.5m.

The consolidated financial statements incorporate those of WPH (Land) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 30 September 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

WPH (LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.3 Going concern

The directors are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business. In satisfaction of this responsibility the directors have considered the group's ability to meet its liabilities as they fall due.

The group meets its day to day working capital requirements through related party funding and bank finance.

The group's going concern assessment considers its principal risks, including those in respect of Covid-19 and is dependant on a number of factors including financial performance and access to funding facilities.

The directors acknowledge that the group could be adversely affected by the pandemic depending on how the situation evolves and how this influences the property and construction market moving forward. However, to date the group has largely seen a positive impact on its operations with the property market in Scotland buoyant on the back of pent up customer demand following government enforced lockdowns.

The current and future financial position of the group, its cash flows and liquidity have been reviewed by the directors. This included reviewing the projected profitability of all ongoing and proposed developments.

Following this review, the directors have a reasonable expectation that the group has adequate resources to be able to continue in operational existences for the foreseeable future. The group has also obtained assurances that its related party undertakings will continue to provide such financial support as necessary to facilitate its objectives. Accordingly, the directors consider it appropriate to prepare the financial statements on the going concern basis.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Turnover from the sale of properties is recognised when the significant risks and rewards of ownership of the property have passed to the buyer (usually upon legal completion), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

WPH (LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.6 Stocks

Work in progress is represented by costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses.

The company capitalises borrowing costs and loan interest incurred during the development or re-development of properties to be sold in work in progress. On completion of the development or re-development, such costs cease to be included in work in progress.

Borrowing and interest costs are not capitalised in work in progress during extended periods in which active development is interrupted.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 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.

1.8 Financial instruments

The group 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 group's balance sheet when the group 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 debtors and 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 unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

WPH (LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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 group 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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. 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.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

WPH (LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.9 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

WPH (LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Accounting for work in progress

Work in progress is carried at the lower of cost and net releasable value. Calculation of the net realisable value requires management to use estimates regarding future selling prices and other projections which include a degree of uncertainty, particularly in relation to projects in the early stages of development.

Fair value of financial instruments

Non basic financial instruments are carried at fair value through profit and loss. Calculation of the fair value is based on management's best estimate regarding expected development profit, appropriate interest rates and discount rates. These estimates include a degree of uncertainty, particularly in relation to final projected profits during the early stages of development.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Sale of property	17,238,775	22,464,270

4 Exceptional item

	2020	2019
	£	£
Expenditure		
Gain on sale of subsidiary	(3,337,458)	-
	(3,337,458)	-

On 29th September 2020, the group disposed of its 100% shareholding in Westpoint Homes Limited as part of a wider group restructure. The gain arising represents the difference between the sales proceeds of £4.5m and the net asset value at date of disposal. The balance due remained outstanding at the year end.

5 Auditor's remuneration

	2020	2019
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	4,500	5,250
Audit of the financial statements of the company's subsidiaries	14,250	20,000
	18,750	25,250

WPH (LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Directors	3	3	3	3
	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>

7 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest and similar expenses on bank overdrafts and loans	979,247	881,179
	<u>979,247</u>	<u>881,179</u>
Other finance costs:		
Finance costs for financial instruments measured at fair value through profit or loss	1,918,044	3,608,361
	<u>1,918,044</u>	<u>3,608,361</u>
Total finance costs	<u>2,897,291</u>	<u>4,489,540</u>

All of the borrowing costs above relate to specific developments and were capitalised into work-in-progress during the year.

8 Other gains and losses

	2020 £	2019 £
Gain on disposal of financial assets	7,565	39,504
	<u>7,565</u>	<u>39,504</u>

Other gains and losses relate to gains made on the realisation of shared equity debtors.

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	190,311	138,332
Adjustments in respect of prior periods	(68,177)	-
	<u>122,134</u>	<u>138,332</u>
Total current tax	<u>122,134</u>	<u>138,332</u>

WPH (LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

9 Taxation

(Continued)

	2020 £	2019 £
Deferred tax		
Previously unrecognised tax loss, tax credit or timing difference	(839,959)	-
	<u></u>	<u></u>
Total tax (credit)/charge	(717,825)	138,332
	<u></u>	<u></u>

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	4,340,825	1,740,602
	<u></u>	<u></u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	824,757	330,714
Tax effect of expenses that are not deductible in determining taxable profit	(219)	-
Gains not taxable	(634,117)	-
Tax effect of utilisation of tax losses not previously recognised	(110)	(192,072)
Unutilised tax losses carried forward	(839,959)	-
Adjustments in respect of prior years	(68,177)	-
Permanent capital allowances in excess of depreciation	-	(310)
	<u></u>	<u></u>
Taxation (credit)/charge	(717,825)	138,332
	<u></u>	<u></u>

10 Fixed asset investments

		Group 2020 £	2019 £	Company 2020 £	2019 £
	Notes				
Investments in subsidiaries	11	-	-	1,101	1
		<u></u>	<u></u>	<u></u>	<u></u>

WPH (LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

10 Fixed asset investments (Continued)

Movements in fixed asset investments		Shares in group undertakings
Company		
		£
Cost or valuation		
At 1 October 2019		1
Additions		1,101
Disposals		(1)
At 30 September 2020		1,101
Carrying amount		
At 30 September 2020		1,101
At 30 September 2019		1

11 Subsidiaries

Details of the company's subsidiaries at 30 September 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Westpoint Developments (Scotland) Limited	See below	Property Development	Ordinary	100.00	0
Westpoint Property Company (Scotland) Limited	See below	Property Development	Ordinary	100.00	0
Westpoint Homes (West) Limited	See below	Property Development	Ordinary	100.00	0

The registered office address of all subsidiaries is 3 Arthur Street, Clarkston, Glasgow, G76 7BQ.

The additions in the year represent a group restructure whereby the subsidiaries owned by Westpoint Homes Limited were transferred to WPH (Land) Limited.

Following this, the company sold its shareholding in Westpoint Homes Limited on 29 September 2020.

12 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	130,000	237,032	-	-
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	14,383,099	19,736,948	-	-

WPH (LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

13 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Work in progress	35,287,360	35,699,850	61,161	149,115

Included within work in progress is £3,992,887 (2019 - £4,100,239) in respect of capitalised borrowing costs and £60,000 (2019 - £310,000) in relation to impairment provisions.

14 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Other debtors	4,696,806	497,351	4,501,000	1,000
Deferred tax asset (note 17)	839,959	-	-	-
	5,536,765	497,351	4,501,000	1,000

15 Creditors: amounts falling due within one year

	Group 2020 £	2019 £	Company 2020 £	2019 £
Notes				
Bank loans	15,502,396	6,227,346	-	-
Other borrowings	14,383,099	14,736,492	-	-
Trade creditors	1,617,594	1,778,064	-	-
Amounts owed to group undertakings	-	-	-	149,198
Corporation tax payable	226,978	138,332	-	-
Other creditors	1,929,570	2,000	62,345	-
Accruals and deferred income	2,784,793	2,012,497	-	-
	36,444,430	24,894,731	62,345	149,198

Bank loans are provided on a development by development basis. They are secured by 1st ranking security over the underlying developments being funded, by floating charge over all the assets of the company and by cost overrun guarantees provided by Stephen Cullis.

Included within Other borrowings are loans from related parties and funding provided by West High Investments Limited. Details with regards to loans from related parties can be found in note 19 to these financial statements. Loans provided by West High Investments Limited are secured by standard security and a floating charge over the underlying development being funded.

Standard security has also been granted to The Trustees of the John Menzies Trust for Scotus College and Catholic Education, and to Glasgow City Council in respect of amounts due for the purchase of land for development.

WPH (LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

16 Creditors: amounts falling due after more than one year

	Group 2020	2019	Company 2020	2019
Notes	£	£	£	£
Bank loans and overdrafts	605,991	6,557,592	-	-
Other borrowings	632,000	4,400,000	-	-
Accruals and deferred income	-	701,618	-	-
	<u>1,237,991</u>	<u>11,659,210</u>	<u>-</u>	<u>-</u>

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Assets 2020	Assets 2019
Group	£	£
Tax losses	<u>839,959</u>	<u>-</u>

The company has no deferred tax assets or liabilities.

	Group 2020	Company 2020
Movements in the year:	£	£
Asset at 1 October 2019	-	-
Credit to profit or loss	<u>(839,959)</u>	<u>-</u>
Asset at 30 September 2020	<u>(839,959)</u>	<u>-</u>

A deferred tax asset has been recognised in respect of tax losses of £4.42m which equates to a deferred tax asset of £0.84m. This amount was not recognised in previous years due to uncertainty over when the losses would be recovered against future taxable profits. The deferred tax asset set out above is expected to reverse within 12 months.

18 Share capital

	Group and company 2020	2019
Ordinary share capital Issued and fully paid	£	£
572 Ordinary A Shares of £1 each	572	572
428 Ordinary B Shares of £1 each	428	428
	<u>1,000</u>	<u>1,000</u>

WPH (LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

18 Share capital

(Continued)

The Ordinary A Shares rank pari passu in all respects with the Ordinary B Shares. Both classes of shares have full voting rights. There are no restrictions over the distribution of dividends in respect of capital.

19 Profit and loss reserves

	Group 2020 £	2019 £	Company 2020 £	2019 £
At the beginning of the year	303,921	(1,298,349)	(82)	(30)
Profit/(loss) for the year	5,058,650	1,602,270	4,499,999	(52)
At the end of the year	5,362,571	303,921	4,499,917	(82)

20 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Purchase of construction services	
	2020 £	2019 £
Group		
Companies with director(s) in common	16,820,468	15,733,309

	Finance costs recognised		Sale of subsidiary	
	2020 £	2019 £	2020 £	2019 £
Group				
Companies with director(s) in common	858,516	2,631,430	4,500,000	-
Company				
Companies with director(s) in common	-	-	4,500,000	-

The following amounts were outstanding at the reporting end date:

	2020 £	2019 £
Amounts due to related parties		
Group		
Companies with director(s) in common	14,705,663	15,598,827
Company		
Companies with director(s) in common	62,346	-

WPH (LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

20 Related party transactions

(Continued)

£3,522,564 (2019 - £5,457,750) of the amounts due above is unsecured, due on demand and no interest is applied. The remaining £11,183,099 (2019 - £10,141,077) is also unsecured and due on demand, but accrues interest and a % exit fee on completion of the underlying development.

As permitted by exemption under the terms of FRS 102 has made no disclosure of transactions with wholly owned subsidiaries within the group.

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2020 Balance £	2019 Balance £
Group		
Companies with director(s) in common	4,513,970	-
Company		
Companies with director(s) in common	4,500,000	-

21 Controlling party

The controlling party is S W Cullis by virtue of his shareholding in the company.

22 Cash generated from/(absorbed by) group operations

	2020 £	2019 £
Profit for the year after tax	5,058,650	1,602,270
Adjustments for:		
Taxation (credited)/charged	(717,825)	138,332
Finance costs	532	-
Gain on sale of subsidiary	(3,177,458)	-
Amounts written off investments	(7,565)	(39,504)
Movements in working capital:		
Increase in stocks	(3,601,274)	(12,899,977)
Increase in debtors	(2,377,521)	(107,663)
Increase in creditors	6,674,812	1,214,789
Cash generated from/(absorbed by) operations	1,852,351	(10,091,753)

WPH (LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

23 Analysis of changes in net debt - group

	1 October 2019	Cash flows	Acquisitions and disposals	Market value movements	30 September 2020
	£	£	£	£	£
Cash at bank and in hand	661,661	1,621,194	(60,988)	-	2,221,867
Borrowings excluding overdrafts	(31,921,430)	2,015,978	-	(1,218,034)	(31,123,486)
	<u>(31,259,769)</u>	<u>3,637,172</u>	<u>(60,988)</u>	<u>(1,218,034)</u>	<u>(28,901,619)</u>

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