

REGISTERED NUMBER: 11149375 (England and Wales)

Castell Homes Limited

**Strategic Report, Report of the Directors and
Financial Statements for the Period 15 January 2018 to 31 December 2018**

**Haines Watts Wales LLP, Statutory Auditors
7 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ**



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for the Period 15 January 2018 to 31 December 2018**

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Castell Homes Limited
Company Information
for the Period 15 January 2018 to 31 December 2018

Directors:

Mr S L Epps
Mr S A Hembrow
Mrs A K Hinchey
Mr S T J Porter

Registered office:

Archway House
77 Parc Ty Glas
Llanishen
Cardiff
CF14 5DU

Registered number:

11149375 (England and Wales)

Auditors:

Haines Watts Wales LLP, Statutory Auditors
7 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ

Castell Homes Limited
Strategic Report
for the Period 15 January 2018 to 31 December 2018

The directors present their strategic report for the period 15 January 2018 to 31 December 2018.

The directors present the strategic report of Castell Homes Limited ("Castell Homes" or the "company") for the year ended 31 December 2018.

Review of business

Castell Homes is an independent company run as a social enterprise with any profits generated used to further the social purpose of its parent company, Wales & West Housing Association Limited (the "Association").

The business was newly established in 2018 through the transfer of the Homes division of Castell Ventures, a fellow group undertaking. It was established with the purpose of building and selling homes in communities where a housing need is identified.

Castell Homes strives to do the right thing to deliver what matters for the residents of the group and the community. Castell Homes has its own board of directors, which meets four times annually. All significant decisions made by the company are subject to direct oversight and governance by the group Board of Directors, which meets regularly throughout the year.

Principal risks and uncertainties

The Welsh residential housing market has an impact on company performance. Market conditions and trends are closely monitored to allow management to identify and respond to any changes identified. This risk is also partially mitigated since in the event of a very significant adverse change in the market, the Group continues to have an ongoing demand for properties to be used for letting in the areas under development.

Development work is carried out by fellow group undertakings with close cooperative monitoring of spending and no members of staff are directly employed, therefore the level of associated risk and uncertainty is reduced.

The risk of poor governance is mitigated by direct oversight from the group Board of Directors, which is diverse and draws upon a wide range of skills, backgrounds and specialisms.

The company is within the scope of the group risk assessment and risk management procedures which are set out more fully in the annual report and financial statements of the parent undertaking.

Performance during the year

During its first year of trading, the company reported turnover of £278,000, wholly arising from the sale of residential properties. The company reported an operating profit of £52,277. The transfer of the Homes division from Castell Ventures Limited resulted in a one-off accounting loss of £64,813, which is reflected in the statement of comprehensive income for the year. After deducting interest payments the company had accumulated losses at 31 December 2018 of £34,295.

At 31 December 2018, the company had gross assets of £241,280.

Future developments

Castell Homes will continue with its current principal activities for the foreseeable future. These activities are expected to generate profits which will see the clearance of the negative reserves.

On behalf of the board:



.....
Mrs A K Hinchey - Director

Date: 12-3-19

Castell Homes Limited

**Report of the Directors
for the Period 15 January 2018 to 31 December 2018**

The directors present their report with the financial statements of the company for the period 15 January 2018 to 31 December 2018.

Incorporation

The company was incorporated on 15 January 2018.

Dividends

No dividends will be distributed for the period ended 31 December 2018.

Directors

The directors who have held office during the period from 15 January 2018 to the date of this report are as follows:

Mr S L Epps - appointed 15 January 2018
Mr S A Hembrow - appointed 15 January 2018
Mrs A K Hinchey - appointed 15 January 2018
Mr S T J Porter - appointed 15 January 2018
Mr L Reeves - appointed 15 February 2018 - resigned 27 February 2018

All the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

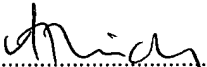
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board:


.....
Mrs A K Hinchey - Director

Date: 12-3-19

Report of the Independent Auditors to the Members of Castell Homes Limited

Opinion

We have audited the financial statements of Castell Homes Limited (the 'company') for the period ended 31 December 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement 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 Financial Reporting Standard 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 company's affairs as at 31 December 2018 and of its loss for the period 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 Auditors' 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 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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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, 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.

**Report of the Independent Auditors to the Members of
Castell Homes Limited**

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

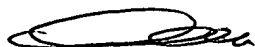
Auditors' responsibilities for the audit of the financial statements

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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Tania Cregg (Senior Statutory Auditor)
for and on behalf of Haines Watts Wales LLP, Statutory Auditors
7 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ

Date: 14 Mar 2019

Castell Homes Limited

**Statement of Comprehensive Income
for the Period 15 January 2018 to 31 December 2018**

	Notes	£
Turnover		278,000
Cost of sales		<u>(224,812)</u>
Gross profit		53,188
Administrative expenses		<u>(911)</u>
Operating profit		52,277
Transfer of Homes division	4	(64,813)
Interest payable and similar expenses	5	<u>(21,759)</u>
Loss before taxation	6	(34,295)
Tax on loss	7	<u>-</u>
Loss for the financial period		(34,295)
Other comprehensive income		<u>-</u>
Total comprehensive income for the period		<u><u>(34,295)</u></u>

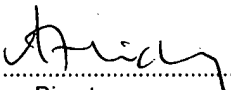
The notes form part of these financial statements

Castell Homes Limited (Registered number: 11149375)

Balance Sheet
31 December 2018

	Notes	£
Current assets		
Stocks	8	213,325
Debtors	9	1,406
Cash at bank		<u>26,548</u>
		241,279
Creditors		
Amounts falling due within one year	10	<u>(275,573)</u>
Net current liabilities		<u>(34,294)</u>
Total assets less current liabilities		<u>(34,294)</u>
Capital and reserves		
Called up share capital	11	1
Retained earnings	12	<u>(34,295)</u>
Shareholders' funds		<u>(34,294)</u>

The financial statements were approved by the Board of Directors on 12-3-19 and were signed on its behalf by:


.....
Mrs A K Hinchey - Director

The notes form part of these financial statements

Castell Homes Limited

**Statement of Changes in Equity
for the Period 15 January 2018 to 31 December 2018**

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	1	-	1
Total comprehensive income	-	(34,295)	(34,295)
Balance at 31 December 2018	<u>1</u>	<u>(34,295)</u>	<u>(34,294)</u>

The notes form part of these financial statements

Castell Homes Limited

**Cash Flow Statement
for the Period 15 January 2018 to 31 December 2018**

	Notes	£
Cash flows from operating activities		
Cash generated from operations	14	20,228
Interest paid		(21,759)
Transfer of Homes division		<u>28,079</u>
Net cash from operating activities		<u>26,548</u>
		<hr/>
Increase in cash and cash equivalents		26,548
Cash and cash equivalents at beginning of period	15	-
		<hr/>
Cash and cash equivalents at end of period	15	<u>26,548</u>

The notes form part of these financial statements

Castell Homes Limited

Notes to the Financial Statements for the Period 15 January 2018 to 31 December 2018

1. Statutory information

Castell Homes Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Turnover

Turnover is recognised at the point when the completed property is sold and is measured at the fair value of the consideration received or receivable, excluding any related taxes.

Stocks

Work in progress is valued at the lower of cost and net realisable value.

Completed properties are valued at the lower of cost and net realisable value.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3. Employees and directors

There were no staff costs for the period ended 31 December 2018.

Directors' remuneration

£

Castell Homes Limited

Notes to the Financial Statements - continued for the Period 15 January 2018 to 31 December 2018

4. Transfer of Homes division

Effective from 15 January 2018, the net assets and operations of the Homes division of Castell Ventures Limited, a fellow group undertaking, were transferred to Castell Homes Limited. A summary of the balances transferred to the company is set out below.

Description	£
Work in progress	402,270
Cash	28,079
Loan due to parent undertaking	(495,162)
Revenue expenditure	<u>64,813</u>

5. Interest payable and similar expenses

Interest payable	<u>£ 21,759</u>
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6. Loss before taxation

The loss is stated after charging:

Auditors' remuneration	<u>£ 526</u>
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7. Taxation

Analysis of the tax charge

No liability to UK corporation tax arose for the period.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

Loss before tax	<u>£ (34,295)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19%	(6,516)
Effects of:	
Tax losses carried forward	<u>6,516</u>
Total tax charge	<u>-</u>

8. Stocks

Completed Properties	<u>£ 213,325</u>
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9. Debtors: amounts falling due within one year

VAT	<u>£ 1,406</u>
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10. Creditors: amounts falling due within one year

Amounts owed to group undertakings	48
Amounts owed to group loan	250,000
Accrued expenses	<u>25,525</u>
	<u>275,573</u>

Castell Homes Limited

**Notes to the Financial Statements - continued
for the Period 15 January 2018 to 31 December 2018**

11. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	£
1	Ordinary	£1	<u>1</u>

1 Ordinary share of £1 was allotted and fully paid for cash at par during the period.

12. Reserves

**Retained earnings
£**

Deficit for the period	(34,295)
At 31 December 2018	<u>(34,295)</u>

13. Ultimate controlling party

Wales & West Housing Association Limited is the immediate parent company and owns the entire called up share capital. Wales & West Housing Association is also the ultimate parent undertaking and controlling party and the parent of the largest and smallest groups in which these financial statements are consolidated. Copies of the consolidated financial statements of Wales & West Housing Association may be obtained from the registered office of the company.

14. Reconciliation of loss before taxation to cash generated from operations

	£
Loss before taxation	(34,295)
Transfer of Homes division	64,813
Finance costs	<u>21,759</u>
	52,277
Decrease in stocks	188,945
Increase in trade and other debtors	(1,406)
Decrease in trade and other creditors	<u>(219,588)</u>
Cash generated from operations	<u>20,228</u>

15. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 31 December 2018

	31.12.18	15.1.18
	£	£
Cash and cash equivalents	<u>26,548</u>	<u>-</u>