

Registration number: 11149375

Castell Homes Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

Beever and Struthers
St George's House
215-219 Chester Road
Manchester
Lancashire
M15 4JE

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Castell Homes Limited

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Castell Homes Limited

Company Information

Directors	Mr S L Epps Mr S A Hembrow Mrs A K Hinchey Mr S T J Porter Mr A Stephenson
Registered office	Archway House 77 Parc Ty Glas Llanishen Cardiff CF14 5DU
Auditor	Beever and Struthers St George's House 215-219 Chester Road Manchester Lancashire M15 4JE

Castell Homes Limited

Strategic Report for the Year Ended 31 December 2021

The directors present the strategic report of Castell Homes Limited ("Castell Homes" or the "company") for the year ended 31 December 2021.

Principal activity

The principal activity of the company in the year was that of the development and sale of residential homes.

Fair review of the 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").

Castell Homes was established in 2018 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 group annual report and financial statements.

Covid-19

Construction work continued throughout the pandemic albeit at a slower pace, and sales viewings were temporarily affected, but otherwise Covid-19 has had little impact on the company. The risks are limited so the controls needed are not deemed to be significant.

Performance during the year

Castell Homes completed the construction of seven homes in the year with all but two sold, generating sales of £1.4m (2020: nil) and an operating profit of £49,766 (2020: £15,232). After interest payments the profit before tax was £10,951 (2020: £41,459 loss).

At 31 December 2021, the company had gross assets of £346,521 (2020: £1,641,174).

Castell Homes Limited

Strategic Report for the Year Ended 31 December 2021

Future developments

Castell Homes will continue with its current principal activities for the foreseeable future. There are currently two properties for sale which are expected to generate sufficient profits in 2022 to eliminate the negative reserves. There are currently no developments in progress but a number of sites have been identified for future construction which will generate sales in 2023 and beyond.

Approved and authorised by the Board on ~~26 May 2022~~ and signed on its behalf by:



.....
Mrs A K Hinchey
Director

Castell Homes Limited

Directors' Report for the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Director of the company

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

Mr S L Epps

Mr S A Hembrow

Mrs A K Hinchey

Mr S T J Porter

Mr A Stephenson

Disclosure of information to the Auditor

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

Approved and authorised by the Board on 26 May 2022 and signed on its behalf by:



.....
Mrs A K Hinchey
Director

Castell Homes Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Castell Homes Limited

Independent Auditor's Report to the Members of Castell Homes Limited

Opinion

We have audited the financial statements of Castell Homes Limited (the 'company') for the year ended 31 December 2021, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, 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 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 2021 and of its 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 responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The 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.

Castell Homes Limited

Independent Auditor's Report to the Members of Castell Homes Limited

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor 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.

Castell Homes Limited

Independent Auditor's Report to the Members of Castell Homes Limited

Extent to which the audit was considered capable of detecting irregularities including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006 and tax legislation.
- We enquired of the Directors and reviewed meeting minutes for evidence of non-compliance with relevant laws and regulations.
- We enquired of the Directors about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks.
- We enquired of the Directors about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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

Castell Homes Limited

Independent Auditor's Report to the Members of Castell Homes 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.

Beever and Struthers

.....
Lee Cartwright (Senior Statutory Auditor)
For and on behalf of Beever and Struthers, Statutory Auditor

St George's House
215-219 Chester Road
Manchester
Lancashire
M15 4JE

Date: 26 May 2022.....

Castell Homes Limited

Income Statement for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover		1,390,000	-
Cost of sales		<u>(1,326,140)</u>	<u>18,369</u>
Gross profit		63,860	18,369
Administrative expenses		<u>(14,094)</u>	<u>(3,137)</u>
Operating profit	3	49,766	15,232
Interest payable and similar expenses	4	<u>(38,815)</u>	<u>(56,691)</u>
Profit/(loss) before tax		<u>10,951</u>	<u>(41,459)</u>
Profit/(loss) for the financial year		<u><u>10,951</u></u>	<u><u>(41,459)</u></u>

The above results were derived from continuing operations.

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

Profit and total comprehensive income for the year is £49,766.

There was no other comprehensive income in the year.

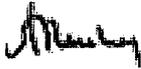
Castell Homes Limited

(Registration number: 11149375)

Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
Current assets			
Stocks	8	336,916	1,618,682
Debtors	9	795	326
Cash at bank and in hand		<u>8,810</u>	<u>22,166</u>
		346,521	1,641,174
Creditors: Amounts falling due within one year	11	<u>(376,750)</u>	<u>(1,682,354)</u>
Net liabilities		<u>(30,229)</u>	<u>(41,180)</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		<u>(30,230)</u>	<u>(41,181)</u>
Shareholders' deficit		<u>(30,229)</u>	<u>(41,180)</u>

Approved and authorised by the Board on 26.May.2022 and signed on its behalf by:



.....
Mrs A K Hinchey
Director

Castell Homes Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2021	1	(41,181)	(41,180)
Profit for the year	-	10,951	10,951
Total comprehensive income	-	10,951	10,951
At 31 December 2021	<u>1</u>	<u>(30,230)</u>	<u>(30,229)</u>
	Share capital	Profit and loss	Total
	£	£	£
At 1 January 2020	1	278	279
Loss for the year	-	(41,459)	(41,459)
Total comprehensive income	-	(41,459)	(41,459)
At 31 December 2020	<u>1</u>	<u>(41,181)</u>	<u>(41,180)</u>

Castell Homes Limited

Statement of Cash Flows for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit/(loss) for the year		10,951	(41,459)
Adjustments to cash flows from non-cash items			
Finance costs	4	<u>38,815</u>	<u>56,691</u>
		49,766	15,232
Working capital adjustments			
Decrease/(increase) in stocks	8	1,281,766	(625,994)
Increase in trade debtors	9	(469)	(326)
(Decrease)/increase in trade creditors	11	<u>(1,305,604)</u>	<u>630,642</u>
<i>Net cash flow from operating activities</i>		25,459	19,554
Cash flows from financing activities			
Interest paid	4	<u>(38,815)</u>	<u>(56,691)</u>
Net decrease in cash and cash equivalents		(13,356)	(37,137)
Cash and cash equivalents at 1 January		<u>22,166</u>	<u>59,303</u>
Cash and cash equivalents at 31 December		<u><u>8,810</u></u>	<u><u>22,166</u></u>

The notes on pages 14 to 17 form an integral part of these financial statements.

Castell Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

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

The address of its registered office is:

Archway House

77 Parc Ty Glas

Llanishen

Cardiff

CF14 5DU

These financial statements were authorised for issue by the Board on

Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

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

Summary of 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 the Republic of Ireland:"

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

Going concern

The financial statements have been prepared on a going concern basis. The Directors have reviewed and considered relevant information, including the rolling forecasts and future cash flows in making their assessment. In particular, in response to the COVID-19 pandemic, the Directors have tested their cash flow analysis to take into account the impact on their business of possible scenarios brought on by the impact of COVID-19, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the Directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

Revenue recognition

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.

Castell Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

Tax

Taxation for the year 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 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 the financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing differences.

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 futures taxable profits.

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.

3 Operating profit

Arrived at after charging/(crediting)

	2021	2020
	£	£
Auditor's remuneration - The audit of the company's annual accounts	<u>2,900</u>	<u>3,120</u>

4 Interest payable and similar expenses

	2021	2020
	£	£
Interest expense on other finance liabilities	<u>38,815</u>	<u>56,691</u>

5 Staff costs

There were no staff costs for the year ended 31 December 2021 (2020: £nil).

Castell Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	-	-

7 Taxation

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021	2020
	£	£
Profit/(loss) before tax	<u>10,951</u>	<u>(41,459)</u>
Corporation tax at standard rate	2,081	(7,877)
Effect of tax losses	(2,081)	-
Tax losses carried forward due to gift aid	-	7,877
Total tax charge/(credit)	<u>-</u>	<u>-</u>

8 Stocks

	2021	2020
	£	£
Completed stock	336,916	-
Work in Progress	-	1,618,682
	<u>336,916</u>	<u>1,618,682</u>

9 Debtors

	2021	2020
	£	£
Other debtors	<u>795</u>	<u>326</u>
	<u>795</u>	<u>326</u>

10 Cash and cash equivalents

	2021	2020
	£	£
Cash at bank	<u>8,810</u>	<u>22,166</u>

Castell Homes Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

11 Creditors

	2021 £	2020 £
Due within one year		
Amounts owed to group undertakings	23,850	54,454
Amounts owed to group loan	350,000	1,625,000
Accruals	<u>2,900</u>	<u>2,900</u>
	<u><u>376,750</u></u>	<u><u>1,682,354</u></u>

12 Analysis of changes in net debt

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash and cash equivalents			
Cash	<u>22,166</u>	<u>(13,356)</u>	<u>8,810</u>
	<u><u>22,166</u></u>	<u><u>(13,356)</u></u>	<u><u>8,810</u></u>

13 Parent and ultimate parent undertaking

The company's ultimate controlling party and ultimate parent undertaking is Wales & West Housing Association Limited, incorporated in England and Wales.

These financial statements are available upon request from Archway House, 77 Parc Ty Glas, Llanishen, Cardiff, CF14 5DU.