

# Westco Properties Limited

## Financial Statements

Year ended 31 March 2020

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## Company information

### Westco Properties Limited

**Board members:** Alistair Banks  
Tony Franklin  
Andrew Hart

**Secretary:** Jill Farrar

**Registered office:** 1 Wellington Way,  
Skypark, Clyst Honiton,  
Exeter EX5 2FZ

**Auditor:** KPMG LLP  
Regus, 4<sup>th</sup> Floor  
Salt Quay House  
6 North East Quay  
Plymouth PL4 0HP

**Principal banker:** National Westminster Bank Plc  
South West Corporate Business Centre  
246 High Street  
Exeter EX4 3PD

**Principal solicitor:** Trowers and Hamblins LLP  
The Senate  
Southernhay Gardens  
Exeter EX1 1UG

## **Westco Properties Limited**

### **Strategic Report**

*for the year ended 31 March 2020*

The company is a subsidiary of LiveWest Homes Limited which is the ultimate parent company and is registered under the Co-operative and Community Benefit Societies Act 2014 (registration number 7724). A copy of the consolidated financial statements can be obtained from the parent company at 1 Wellington Way, Skypark, Clyst Honiton, Exeter, EX5 2FZ.

### **Business and financial review**

The company's principal activity is the development of housing.

During the year the company continued its development activities. Turnover increased by 12.1% to £55.5m (2019: £49.5m). Turnover from open market sales increased by £4.6m to £28.7m. In total 84 units were sold externally (2019: 76 units). Where these were developed along with a joint venture partnership, the volume represents Westco's share. Turnover from affordable housing increased by £1.4m to £26.8m as Westco continues to support LiveWest's affordable housing development.

The gross profit margin decreased to 10.1% from 11.6% and generated gross profit of £5.6m (2019: £5.8m). Sales margins remained strong during the year and although house price growth was positive, it was lower than the previous year. The gross margin achieved on open market sales decreased from 26.8% to 18.7% due to the scheme mix in the year. The 84 open market properties sold during the year generated profits of £5.4m (2019: £6.4m).

The operating profit amounted to £4.5m (2019: £4.7m) and after interest costs of £2.2m (2019: £0.9m) and a Gift Aid payment to LiveWest of £2.3m (2019: £3.8m) the company retained a profit for the year of £nil (2019: £nil). Although operating profit was largely in line with the previous year, interest costs increased by £1.3m due to financing costs for the land investment at three large sites.

The company has a 25% interest in Advantage Southwest LLP, a partnership set up to promote modern methods of construction and joint procurement. The company is represented on the board of the partnership by two members of the LiveWest management team. The investment is included in the financial statements at cost. The impact of Covid-19 in late March did not affect the financial performance for the year and any long-term implications will be closely monitored.

### **Future prospects**

Westco has a healthy pipeline of both homes being built and landbank and stock levels remain consistent with last year. There are currently 101 units (2019: 77) under development and 1,006 landbank units (2019: 533) and the increase reflects the new long term strategic joint venture partnerships at three large sites.

Schemes under development provide a forward programme of market sales, with some of the larger sites expected to generate sales for in excess of 10 years, years and a pipeline of potential schemes that are subject to contract negotiations.

The impact of Covid-19 in late March resulted in the temporary closure of development sites. Sites have re-opened earlier than originally anticipated, but recovery is anticipated to be slow and this will impact delivery over the next 12-18 months as the uncertainty continues. We will continue to work with our joint venture partners to manage delivery and exposure to open market sales within the short and long term.

## **Westco Properties Limited**

### **Going concern**

The company is managed as part of the overall group, and thus the financial position of both the company and the group is relevant to the company's status as a going concern. After reviewing both the company budget for 2020/21 and the group's medium-term financial position as detailed in the 30-year business plan including changes arising from the Covid-19 pandemic, the Board is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for the foreseeable future. The Board therefore continues to adopt the going concern basis in preparing the annual financial statements.

### **Key risks**

The main external risk to which the company is exposed is the impact of Covid-19 on the economy particularly the residential property market and the development programme of its principal registered provider client LiveWest.

Market conditions are regularly reviewed by the Board and with the joint venture partners.

Westco will continue to carry out much of the new build element of LiveWest's Development.

A handwritten signature in black ink, appearing to read 'Tony Franklin', written in a cursive style.

Tony Franklin  
**Director**

## **Westco Properties Limited**

### **Directors' Report**

The directors present their report for the year ended 31 March 2020.

### **Proposed dividend**

The directors do not recommend the payment of a dividend (2019: £nil)

### **Directors**

Alistair Banks  
Tony Franklin  
Andrew Hart

### **Political contributions**

The Company made no political donations or incurred any political expenditure during the year (2019: £nil).

### **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Westco Properties Limited

### Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act

The Board and the Executive Management team of LiveWest Homes, both individually and together have acted in the way, they consider to be in good faith, would be most likely to promote the success of the company for the benefit of the members, and in doing so have regard to the matters set out in s172(1) (a) to (f) of the Companies Act:

- **The likely consequences of any decision in the long term**  
Our group purpose is to enable access to a high quality, affordable home for everyone. We are part of a sector which is well placed, if necessary, to help the government respond to recession through investment in building new homes. We have strong financial performance and tight budgetary controls and we monitor our targets monthly. Our mid-term financial plans show we are a resilient organisation that can withstand and respond to economic shock.
- **The interests of company employees**  
Our employees across the group are fundamental to our work, which is why they are at the heart of our strategy. The health, safety and well-being of our employees is one of our primary considerations and we have actively engaged with employees throughout the year to ensure staff are fully supported in their roles. This year we also implemented a harmonised reward package across the group. Our competitive pay and benefits package allow us to retain existing talent and attract new people to our business.
- **The need to foster the Company's business relationships with suppliers, customers and others**  
Our customers are core to our organisation, and we emphasise the fundamental importance of high-quality services, trust and safety. We focus on quality standards and design as part of building for the long term. Our customer services strategy focuses on achieving convenience for our customers and a cost-effective approach. We aim to act responsibly and fairly in how we engage with our suppliers, our investors and our regulator; all of whom are integral to the successful delivery of our purpose and strategy.
- **The impact of the Company's operating on the community and the environment**  
Operating across the South West of England we are committed to improving the environmental performance of new homes, building new communities where people want to live with good design principles, a focus on placemaking and safety at the heart of every home.  
We continue to invest in modern methods of construction and envisage 20% of all new development will be delivered utilising varying forms of construction and will help deliver our environmental strategy.
- **The desirability of the Company maintaining a reputation for high standards of business conduct**  
Our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good control. Through adopting NHF code of governance the group and therefore the company demonstrates the highest standards of governance.
- **The need to act fairly between members of the company**  
Our intention is to behave responsibly towards all our stakeholders and treat them equally and fairly, so they too benefit from the successfully delivery of our plan.

## **Westco Properties Limited**

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

A resolution to re-appoint KPMG LLP as auditors will be proposed at the board meeting at which these financial statements are approved.

### **Post Balance Sheet Events**

The Covid-19 pandemic is disclosed as a non-adjusting balance sheet event and the Board has adopted the going concern basis in preparing the annual financial statements.

By order of the Board



Andrew Hart  
**Director**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTCO PROPERTIES LIMITED**

### **Opinion**

We have audited the financial statements of Westco Properties Limited ("the company") for the year ended 31 March 2020, which comprise the profit & loss account, balance sheet, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Victoria Sewell (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

Regus, 4th Floor  
Salt Quay House  
6 North East Quay  
Plymouth  
19 August 2020



## Westco Properties Limited

Profit and loss account

for the year ended 31 March 2020

	Note	2020	2019
		£000	£000
<b>Turnover</b>		55,450	49,450
Cost of sales		(49,839)	(43,708)
Surplus on property sales		-	10
<b>Gross profit</b>		5,611	5,752
Other operating expenses	3	(1,123)	(1,073)
<b>Operating profit</b>	4	4,488	4,679
Interest payable and similar expenses		(2,211)	(881)
<b>Profit before taxation</b>		2,277	3,798
Taxation	7	-	-
<b>Profit after taxation</b>		2,277	3,798

### Other comprehensive income for the year ended 31 March 2020

There are no recognised gains or losses in either the current or prior year other than the profit for the year and consequently no separate statement of other comprehensive income.

All amounts relate to continuing activities.

**Westco Properties Limited**

Company No: 2677745

Balance Sheet

as at 31 March 2020

	Note	2020	2019
		£000	£000
<b>Fixed asset investments</b>			
Investments	9	5	5
Retained equity loans		352	368
		<u>357</u>	<u>373</u>
<b>Current assets</b>			
Stock and work in progress	10	73,672	44,789
Debtors	11	26,188	17,641
Cash at bank		47	2,510
		<u>99,907</u>	<u>64,940</u>
<b>Creditors</b>			
Amounts falling due within one year	12	(13,655)	(7,190)
<b>Net current assets</b>		<u>86,252</u>	<u>57,750</u>
<b>Total assets less current liabilities</b>		<u>86,609</u>	<u>58,123</u>
<b>Creditors</b>			
Amounts falling due after more than one year	13	(84,367)	(55,881)
<b>Net assets</b>		<u><u>2,242</u></u>	<u><u>2,242</u></u>
<b>Represented by:</b>			
Called up share capital	14	952	952
Share premium		1,290	1,290
Revenue reserves		-	-
<b>Equity shareholder's funds</b>		<u><u>2,242</u></u>	<u><u>2,242</u></u>

These financial statements were approved by the Board on  
signed on its behalf by:

and were



Andrew Hart  
Director



Tony Franklin  
Director

## Westco Properties Limited

Statement of changes in Equity at 31 March 2020

For the year ended 31 March 2020

	Called up share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at the 1 April 2018	952	1,290	-	2,242
<b>Total comprehensive income for the period</b>				
Profit or loss	-	-	3,798	3,798
Total comprehensive income for the period	952	1,290	3,798	6,040
Gift aid payment	-	-	(3,798)	(3,798)
Balance at 31 March 2019	952	1,290	-	2,242
Balance at the 1 April 2019	952	1,290	-	2,242
<b>Total comprehensive income for the period</b>				
Profit or loss	-	-	2,277	2,277
Total comprehensive income for the period	952	1,290	2,277	4,519
Gift aid payment	-	-	(2,277)	(2,277)
Balance at 31 March 2020	952	1,290	-	2,242

## **Westco Properties Limited**

Notes to the financial statements  
For the year ended 31 March 2020

### **1 Accounting policies**

The financial statements have been prepared in accordance with applicable accounting standards and the Companies Act 2006.

Westco Properties Limited is a company limited by shares and registered in England.

#### **Basis of accounting**

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, LiveWest Homes Limited (LiveWest) includes the Company in its consolidated financial statements. The consolidated financial statements of LiveWest are prepared in accordance with FRS102, which are available to the public and may be obtained from the address given in note 16. In these financial statements, the company is considered to be a qualifying entity (for the purposes of FRS 102) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes;
- Key Management Personnel compensation; and
- Transactions or balances with entities which form part of the Group.

As the consolidated financial statements of LiveWest Homes Limited (LiveWest) include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in note 2.

#### **Measurement convention**

The financial statements are prepared on the historical cost basis.

## **Westco Properties Limited**

Notes to the financial statements

For the year ended 31 March 2020

### **Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is managed as part of the overall group, and thus the financial position of both the company and the group is relevant to the company's status as a going concern. A 30-year business plan for the group is updated and approved on an annual basis. The most recent business plan was approved in March 2020 by the Board. Due to the nature of its activities and exposure to the housing market the Board also adopted a stress testing framework specifically for the Westco business plan.

Following the outbreak of COVID-19 the company has undertaken a series of further scenario testing including severe but plausible downsides in the worst-case assessment.

The Board, after reviewing the company's budget for 2020/21 and the medium-term financial position as detailed in the 30-year business plan including changes arising from the COVID-19 pandemic, is of the opinion that, taking account of severe but plausible downsides, the company has adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the Board have considered the following:

- the property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, and reductions in sales values;
- Liquidity – current loan facilities are £84.75m. Additional working capital finance may need to be borrowed from the group, but only in the event of a long-term slowdown in sales. Full parental support is assumed;
- The company's ability to withstand other adverse scenarios such as higher interest rates.

The Board believe the company has sufficient funding in place and expect to be in compliance with debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## **Westco Properties Limited**

Notes to the financial statements

For the year ended 31 March 2020

### **Turnover**

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied.

### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which 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 at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

### **Gift aid payment presented within shareholders' funds**

Gift aid payment is only recognised as a liability at the year-end to the extent that it has been paid prior to the year end, there is a deed of covenant prior to the year end or a Companies Act s288 written resolution has been approved by the shareholder in the year to pay the taxable profit for the year to its parent by a certain payment date.

With the exception of changes arising on the initial recognition of a business combination, the tax charge/(credit) is presented either in the Income Statement, Other Comprehensive Income or equity depending on the transaction that resulted in the tax charge/(credit).

### **Stock and work in progress**

Stock and work in progress are stated at the lower of cost and net realisable value.

### **Basic financial instruments**

#### **Trade and other debtors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

## **Westco Properties Limited**

Notes to the financial statements  
For the year ended 31 March 2020

### **Trade and other creditors**

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

### **Long term contracts**

Long term contracts are assessed on a contract by contract basis. Turnover and profit on the sale of individual properties is recognised upon sales completion. Turnover on development contracts is recognised as valuation payments become due, profit is recognised when it becomes reasonably certain. Full provision is made for any foreseeable losses.

### **Retained equity loans**

The profit on sales of open market properties on retained equity terms is recognised in full at the time of sale. The mortgages are granted on interest free terms for five years and are repayable at the mortgagees' option at the then current market value. The maximum mortgage periods are between 10 and 25 years. The mortgages are included as fixed asset investments until the mortgagee exercises the option to repay or the mortgage term is less than one year. The profit or loss on the loan repayments is recognised on repayment.

### **Investments**

Investments are stated at cost but would be written down to recoverable amount if lower.

### **Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

## Westco Properties Limited

Notes to the financial statements

For the year ended 31 March 2020

### 2 Accounting estimates and judgements

#### *Key sources of estimation uncertainty*

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The impact of Covid-19 on accounting estimates has been assessed and is not considered to have a material impact.

#### *Impairment of debtors*

The company makes an estimate for the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors.

#### *Properties held for sale and work in progress*

Completed properties and properties under construction are recognised at the lower of cost and net realisable value. Assessing net realisable value requires use of estimation techniques. In making this assessment, management considers publicly available information and internal forecast on future sales activity. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

#### *Critical accounting judgements in applying the Company's accounting policies*

There are no such judgements in either the current or prior year.

### 3 Operating expenses

	<b>2020</b>	2019
	<b>£000</b>	£000
Administration expenses	<u>1,123</u>	<u>1,073</u>

### 4 Operating profit

	<b>2020</b>	2019
	<b>£000</b>	£000

The operating profit is stated after charging:

Auditors' remuneration - audit of these financial statements	<u>7</u>	<u>6</u>
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### 5 Remuneration of directors

Andrew Hart, Tony Franklin and Alistair Banks were employed on joint contracts with the parent company, LiveWest Homes Limited. Their remuneration is borne by the parent and recharged to the company as a management fee based on time spent on company activities. The amount recharged for the year was £218,000 (2019: £200,000). There were no non executive directors during the year to 31 March 2020 and therefore no fees were paid.

## Westco Properties Limited

Notes to the financial statements  
For the year ended 31 March 2020

### 6 Employees

The company's level of activity does not warrant the full time employment of the range of staff required to carry out its various functions. During the year 15 employees (2019: 14) were employed on joint contracts with the parent company. The amount recharged for the year was £816,000 (2019: £710,000). There is also a staff sharing arrangement with the parent company, LiveWest Homes Limited, whereby work done by its staff is charged at cost which amounted to £423,000 (2019: £432,000).

### 7 Taxation

	2020 £000	2019 £000
<b>UK Corporation tax</b>		
On profit on ordinary activities @ 19%	-	-
Adjustment in respect of prior periods	-	-
	<u>-</u>	<u>-</u>
<b>Reconciliation of tax charge</b>		
Profit for the year	2,277	3,798
Total tax expense	-	-
Profit excluding taxation	<u>2,277</u>	<u>3,798</u>
Tax on profit on ordinary activities @ 19% (2019: 19%)	433	722
Adjustment for gift aid	(433)	(722)
	<u>-</u>	<u>-</u>

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 March 2020 has been calculated at 19% (2019: 17%).

### 8 Gift Aid payment

The aggregate amount of Gift Aid payments comprises:

	2020 £000	2019 £000
Gift Aid approved by written resolution of the shareholder	<u>2,277</u>	<u>3,798</u>

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**9 Investments**

	2020 £000	2019 £000
Investment at cost	<u>5</u>	<u>5</u>

The company is one of four equal partners in Advantage Southwest LLP (ASW), which is a consortium to obtain value for money in purchasing off site manufactured units and property components.

**10 Stock and work in progress**

	2020 £000	2019 £000
Completed units	1,319	323
Units in progress	<u>72,353</u>	<u>44,466</u>
	<u>73,672</u>	<u>44,789</u>

Units in progress for properties developed for outright sale has increased from the previous year as we have entered into long term strategic joint venture partnerships at three large sites. This reflects an increase in landbank plots to 1,006 (2019: 699)

**11 Debtors: due within one year**

	2020 £000	2019 £000
Amounts owed by group companies	644	531
Other debtors	<u>25,544</u>	<u>17,110</u>
	<u>26,188</u>	<u>17,641</u>

Included in other debtors are £15.8m (2019: £11.6m) which will fall due after more than one year.

**12 Creditors: Amounts falling due within one year**

	2020 £000	2019 £000
Trade creditors	970	495
Contracts for capital works	8,010	1,546
Amounts owed to group companies	619	330
Other taxation and social security	21	21
Other creditors	-	2
Accruals and deferred income	<u>4,035</u>	<u>4,796</u>
	<u>13,655</u>	<u>7,190</u>

Amount owed to group companies are trading balances repayable on demand and non-interest bearing. Included within contracts for capital works are land payments on two large sites falling due within one year of £6.7m, and falling due after more than one year of £13.5m, the remaining balance of £1.3m are retentions.

**13 Creditors: Amounts falling due after more than one year**

	2020 £000	2019 £000
Grant on retained equity loans	150	158
Contracts for capital works	13,477	-
Amounts owed to group companies	<u>70,740</u>	<u>55,723</u>
	<u>84,367</u>	<u>55,881</u>

The loan is repayable in March 2023 and is secured by a debenture. Interest is payable at Libor plus 2.5%.

## Westco Properties Limited

Notes to the financial statements

For the year ended 31 March 2020

### 14 Called up share capital

	2020	2019
	£000	£000
At 31 March 2020 and 31 March 2019:		
Authorised - 8,000,000 ordinary shares of 50p	<u>4,000</u>	<u>4,000</u>
1,904,000 allotted and fully paid ordinary shares of 50p	<u>952</u>	<u>952</u>

### 15 Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1a of the provisions of FRS102 Related Party Disclosures, on the grounds that it is a wholly owned subsidiary of LiveWest, and the LiveWest consolidated financial statements are publically available.

### 16 Parent company and related parties

LiveWest Homes Limited (LiveWest) is the parent company and is registered under the Co-operative and Community Benefit Societies Act 2014 (registration number 7096). A copy of the consolidated financial statements can be obtained from the parent company at 1 Wellington Way, Skypark, Clyst Honiton, Exeter EX5 2FZ.

### 17 Events after the end of the reporting period

The Covid-19 pandemic is disclosed as a non-adjusting balance sheet event and the Board has adopted the going concern basis in preparing the annual financial statements, as outlined on Page 3.