Keyland Developments Limited

Annual Report and Financial Statements

Registered number 02180728

Year ended 31 March 2022

Contents

Directors and advisers

Directors

P Garrett
C I Johns
L Axe

Company secretary

K O H Smith

Independent auditor

Deloitte LLP
Statutory Auditor
1 City Square
Leeds
LS1 2AL

Registered office

Western House
Halifax Road
Bradford
West Yorkshire
BD6 2SZ

Bankers

National Westminster Bank PLC
Leeds City Office
8 Park Row
Leeds
LS1 5HD

Strategic report

The directors present their strategic report on Keyland Developments Limited (the company) for the year ended 31 March 2022.

Business model and strategy

The company, a subsidiary of the Kelda Holdings Limited group (Kelda group), exists to provide property services for the group. The company operates in the management, development and trading of land and property both on its own and in conjunction with other parties.

Financial performance and outlook

During the year to 31 March 2022, the company continued to focus on developing and seeking planning on key large sites, whilst continuing to trade in sites.

It is anticipated that the company will continue to follow the same model for the foreseeable future, whilst also actively working to identify and secure further opportunities to utilise its property development expertise, by working with third party landowners seeking to bring forward potential development sites.

Key performance indicators

Due to the nature of the business, which consists of a small number of diverse property transactions, the principal performance indicator is profit or loss before tax, which for the current year is a profit of £1,420,000 (2021: £577,000 loss). The profit after tax for the financial year is £1,186,000 (2021: £421,000 loss). Profit before tax was affected by a higher level of revenue, relating to the property that was sold. This reflects the inhomogeneous nature of the underlying property transactions.

At the year end the net assets of the company were £24,840,000 (2021: £23,654,000), the increase due to the profit after taxation for the financial year.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company's trading activities arise through the planning process, by which the company seeks to add value to the inventory of properties held for resale, and through the cyclical nature of the property market. These have a bearing on both value and delivery timescale. A further key risk is the supply of land into the company. With the supply of land from within the Kelda Holdings group reducing in recent years, the directors have attempted to mitigate this risk by offering services to third party landowners. The directors seek to manage the property planning and development programme in order to mitigate these risks wherever possible. Covid-19 has had a significant impact on the economy leading to increased uncertainty in the property market. The directors are monitoring this closely but do not foresee any adverse material impact on the properties held in this company.

The principal risks and uncertainties for the Kelda group, including climate change and macro-economic factors, and how these are mitigated, are discussed in the Kelda Holdings Limited Annual Report and Financial Statements (which do not form part of this report). There are not considered to be any specifically relating to this company, given the nature of its activities, apart from those mentioned above.

Strategic report *(continued)*

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually.

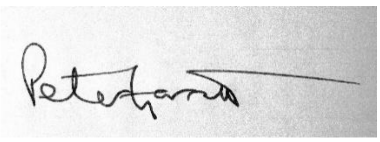
Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available fund for operations and planned expansions.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The directors consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and having regard (amongst other matters) to factors (a) to (f) of s172 Companies Act 2006, in the decisions taken during the year ended 31 March 2022. The company's principal activity is the provision of property services for the Kelda Holdings Limited group. Through their actions, the directors operate the company in a manner consistent with Kelda Holding Limited's high standards of business conduct. The company's largest United Kingdom (UK) holding company is Kelda Eurobond Co Limited, a copy of whose s172(1) Statement can be found in its 2021/22 Annual Report and Financial Statements. This statement sets out how the group's decisions and policies affect employees, customers and other stakeholders, suppliers, and the impact of the group's operations on the community and the environment.

Approved by the Board and signed on its behalf by:



P Garrett
Director

29 July 2022

Directors' report

The directors present their Annual Report and the audited Financial Statements of the company for the year ended 31 March 2022.

Review of business and future developments

Results and dividends

The profit for the financial year after taxation amounts to £1,186,000 (2021: £421,000 loss).

The directors do not propose to pay a dividend in respect of the year ended 31 March 2022 (2021: £nil). No dividends were paid post year end.

Principal activity and review of business

The company operates in the trading, holding, development, investment and management of land and property. A review of the business is included in the financial performance and outlook and key performance indicators sections of the strategic report on page 2.

Future developments

A review of the company's outlook is included in the financial performance and outlook section of the strategic report on page 2.

Going concern

The company's business activities, together with the likely factors to affect its future development, performance and position are set out in the strategic report.

The directors believe that preparing the Financial Statements on the going concern basis is appropriate. The company, a subsidiary of the Kelda Holdings Limited group (Kelda group), provides the property services for the group. The majority of properties that are developed by the company have been provided to the company by the wider group. As such we believe there is an inherent interdependency between the company and the operations of the Kelda group. In addition, the company has significant receivables due from other Kelda group undertakings of £13.9m which are repayable on demand. As a result of the significant net current assets, including these group debtors, held by the company of £21.9m, the directors believe the going concern assumption is appropriate. As part of determining if the going concern assumption is appropriate for this company, the directors have challenged and scrutinised the ability of the Kelda group to continue as a going concern.

The Kelda group's available combination of cash and committed undrawn facilities totalling £745.0m at 31 March 2022 (2021: £726.8m), comprising £693.0m (2021: £490.8m) undrawn committed facilities and £52.0m (2021: £236.0m) of cash and cash equivalents. In addition, the directors have considered the business plan and the cash position of Yorkshire Water Services Limited (YWS), as the main subsidiary of the group, and concluded that the group is well placed to manage its business risks successfully and have a reasonable expectation that the group has adequate resources to continue in operational existence over a period of at least 12 months from the date of approval of the Financial Statements. In addition, YWS has an indefinite licence to operate as a water and sewerage operator terminable with a 25-year notice period.

The directors believe that there are no material uncertainties that could cast significant doubt over the ability of the Kelda group to continue as a going concern, and therefore in turn the ability of the company to continue as a going concern. The directors have thus adopted the going concern basis of accounting in preparing the Financial Statements.

Directors' report *(continued)*

Financial instruments

The risks and uncertainties the company is exposed to in relation to financial instruments are discussed in the financial risk management section of the strategic report on page 3.

Directors

The directors of the company who were in office during the year and up to the date of signing the Financial Statements were:

P Garrett
E M Barber (resigned 6 May 2022)
C I Johns (appointed 23 September 2021)
L Axe (appointed 1 April 2021)
G L Carpenter (appointed 15 December 2021, resigned 10 June 2022)
N G Muncaster (resigned 31 July 2021)

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Disclosure of information to independent auditor

As at the date of this report, as far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware and the directors have taken all the steps that they ought to have as directors, in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of this information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Directors' report *(continued)*

Directors' responsibilities statement

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

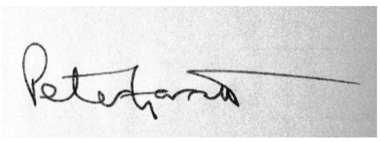
Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including FRS 102 "The Financial 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 judgments 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Kelda Holdings Limited group’s website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Approved by the Board and signed on its behalf by:



P Garrett
Director

29 July 2022

Independent auditor's report to the members of Keyland Developments Limited

Report on the audit of the Financial Statements

Opinion

In our opinion the Financial Statements of Keyland Developments Limited (the company):

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 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.

We have audited the Financial Statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

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).

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 Financial Reporting Council's (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 directors' 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 12 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.

Independent auditor's report to the members of Keyland Developments Limited *(continued)*

Other information

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

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

We have nothing to report in this regard.

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 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'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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of Keyland Developments Limited *(continued)*

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management , internal audit, and the group Audit Committee about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the Financial Statements. These included the UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the Financial Statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax, IT, forensic and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the Financial Statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing Financial Statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the Financial Statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Independent auditor's report to the members of Keyland Developments Limited *(continued)*

Report on other legal and regulatory requirements

Opinions 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 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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

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.

Sarah Miller

Sarah Miller ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom

29 July 2022

Profit and loss account
for year ended 31 March 2022

	Note	**2022** **£'000**	2021 £'000
Revenue	*3*	**5,479**	3,241
Cost of sales		**(3,172)**	(2,842)
Gross profit		**2,307**	399
Administrative expenses		**(1,020)**	(1,204)
Other operating income	*4*	**109**	202
Operating profit/(loss)	*5*	**1,396**	(603)
Interest receivable and similar income	*8*	**24**	26
Profit/(loss) before taxation		**1,420**	(577)
Taxation	*9*	**(234)**	156
Profit/(loss) for the financial year		**1,186**	(421)

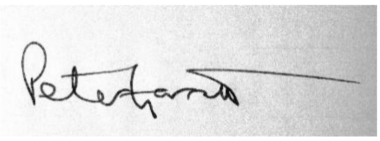
There are no other items of comprehensive income or expenses in the current or prior year, therefore no separate statement of comprehensive income has been presented.

Balance sheet
as at 31 March 2022

	Note	2022	Restated [1] 2021
		£'000	£'000
Fixed assets			
Investments	*10*	**439**	439
Non-current debtors	*12*	**16,436**	14,656
		16,875	15,095
Current assets			
Inventory	*11*	**8,757**	8,995
Current debtors	*12*	**1,165**	456
Cash and cash equivalents		**1**	156
		9,923	9,607
Creditors: amounts falling due within one year	*13*	**(1,938)**	(1,002)
Net current assets		**7,985**	8,605
Total assets less current liabilities		**24,860**	23,700
Creditors: amounts falling due after more than one year	*14*	**(20)**	(46)
Net assets		**24,840**	23,654
Capital and reserves			
Called up share capital	*16*	**15,000**	15,000
Profit and loss account	*16*	**9,840**	8,654
Total Shareholders' funds		**24,840**	23,654

[1] Restated see note 1

These Financial Statements on pages 11 to 28 were approved by the Board of directors and authorised for issue on 29 July 2022 and were signed on its behalf by:



P Garrett
Director

Company registered number: 02180728

Statement of changes in equity
for the year ended 31 March 2022

	Called up share capital £'000	**Profit and loss account £'000**	**Total Shareholders' funds £'000**
Balance at 1 April 2021	15,000	8,654	23,654
Total comprehensive income for the year			
Profit for the financial year	-	1,186	1,186
Total comprehensive income for the financial year	**-**	1,186	1,186
Balance at 31 March 2022	**15,000**	**9,840**	**24,840**

	Called up share capital £'000	Profit and loss account £'000	Total Shareholders' funds £'000
Balance at 1 April 2020	15,000	9,075	24,075
Total comprehensive expense for the year			
Loss for the financial year	-	(421)	(421)
Total comprehensive expense for the financial year	-	(421)	(421)
Balance at 31 March 2021	15,000	8,654	23,654

Notes to the Financial Statements

1 Accounting policies

The company is a private company limited by shares, incorporated in the UK under the Companies Act 2006, registered in England and Wales, and resident for tax in the UK.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group Financial Statements. These Financial Statements present information about the company as an individual undertaking and not about its group.

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) and the Companies Act 2006. The presentation currency of these Financial Statements is £ sterling.

Kelda Eurobond Co Limited, a parent company incorporated in England and Wales, includes the company in its consolidated Financial Statements. The consolidated Financial Statements of Kelda Eurobond Co Limited are prepared in accordance with International Financial Reporting Standards as issued by the IASB and are available to the public and may be obtained from Western House, Halifax Road, Bradford, West Yorkshire, BD6 2SZ.

In these Financial Statements, the company, as a qualifying entity, 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 between wholly-owned subsidiaries, or with their parent.

As the consolidated Financial Statements of Kelda Eurobond Co Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the disclosures required by FRS 102.11 *Basic Financial Instruments.*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements. No new accounting standards that are effective for the year ended 31 March 2022 have had a material impact on the company.

Measurement convention

The Financial Statements are prepared on the historical cost basis of accounting.

Prior year restatement

For the year ended 31 March 2022, there has been a presentational change to reclassify £1,890,000 of amounts owed by associates reported as current assets at 31 March 2021 to fixed assets, in line with the nature of the underlying loans. There has been no impact on net assets as a result of this reclassification.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

Prior year restatement *(continued)*

	Reported 2021 £'000	Adjustment £'000	Restated 2021 £'000
Non-current debtors	12,766	1,890	14,656
Fixed assets	**13,205**	**1,890**	**15,095**
Current debtors	2,346	(1,890)	456
Current assets	**11,497**	**(1,890)**	**9,607**
Net current assets	**10,495**	**(1,890)**	**8,605**
Net assets	**23,654**	**-**	**23,654**

Going concern

The company's business activities, together with the likely factors to affect its future development, performance and position are set out in the strategic report.

The directors believe that preparing the Financial Statements on the going concern basis is appropriate. The company, a subsidiary of the Kelda Holdings Limited group (Kelda group), provides the property services for the group. The majority of properties that are developed by the company have been provided to the company by the wider group. As such we believe there is an inherent interdependency between the company and the operations of the Kelda group. In addition, the company has significant receivables due from other Kelda group undertakings of £13.9m which are repayable on demand. As a result of the significant net current assets, including these group debtors, held by the company of £21.9m, the directors believe the going concern assumption is appropriate. As part of determining if the going concern assumption is appropriate for this company, the directors have challenged and scrutinised the ability of the Kelda group to continue as a going concern.

The Kelda group's available combination of cash and committed undrawn facilities totalling £745.0m at 31 March 2022 (2021: £726.8m), comprising £693.0m (2021: £490.8m) undrawn committed facilities and £52.0m (2021: £236.0m) of cash and cash equivalents. In addition, the directors have considered the business plan and the cash position of Yorkshire Water Services Limited (YWS), as the main subsidiary of the group, and concluded that the group is well placed to manage its business risks successfully and have a reasonable expectation that the group has adequate resources to continue in operational existence over a period of at least 12 months from the date of approval of the Financial Statements. In addition, YWS has an indefinite licence to operate as a water and sewerage operator terminable with a 25-year notice period.

The directors believe that there are no material uncertainties that could cast significant doubt over the ability of the Kelda group to continue as a going concern, and therefore in turn the ability of the company to continue as a going concern. The directors have thus adopted the going concern basis of accounting in preparing the Financial Statements.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

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.

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.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries, jointly controlled entities, and associates

These are separate Financial Statements of the company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

Inventory

Inventory comprises properties for sale, including land, and is stated at the lower of cost and estimated net realisable value. The net realisable value is determined by assessing the market value of the property item and deducting the estimated costs in developing the item to the point of disposal. Cost does not include any apportionment of interest or overheads.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

Impairment excluding inventory

Financial assets (including trade, intercompany and other debtors)

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.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Group plans

The company's employees are members of a group wide defined benefit pension plan. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the sponsoring employer of the plan, which is Kelda Group Limited. The company recognises a cost equal to its contribution payable for the period as an expense.

Revenue

Revenue comprises sale of land, commercial and residential properties to third parties, excluding value added tax, together with additional proceeds arising from residual retained interests. Revenue is recognised on unconditional exchange contract.

Operating lease income

Operating lease income is recognised as other operating income in the profit and loss account on a straight-line basis over the term of the lease unless the receipts are structured to increase in line with expected general inflation; in which case the receipts related to the structured increases are recognised as per the lease terms. Lease incentives paid are recognised in profit and loss over the term of the lease as an integral part of the total lease income.

Notes to the Financial Statements *(continued)*

1 Accounting policies *(continued)*

Expenses

Operating lease expenses

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

Interest receivable and interest payable

Interest receivable and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Dividends

Dividends payable are recognised on approval by the Board. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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.

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.

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of Financial Statements under FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. There were no such areas of judgement or estimation uncertainty deemed significant in these Financial Statements.

Notes to the Financial Statements *(continued)*

3 Revenue

All the company's revenue is derived in the UK. Revenue comprises sales from continuing operations and is recognised at a point in time.

	2022	2021
	£'000	£'000
External revenue	**5,471**	3,233
Intercompany revenue	**8**	8
Total revenue	**5,479**	3,241

4 Other operating income

	2022	2021
	£'000	£'000
Rents receivable and recharges to tenants - external	**97**	137
Other income	**12**	65
	109	202

5 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2022	2021
	£'000	£'000
Operating lease rentals: land and buildings	**24**	27

Auditor's remuneration:

	2022	2021
	£'000	£'000
Audit of these Financial Statements	**6**	6

Notes to the Financial Statements *(continued)*

6 Staff numbers and costs

The monthly average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2022	2021
Activity:		
Office and management	**6**	6

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£'000	£'000
Wages and salaries	**643**	431
Social security costs	**76**	52
Other pension costs	**39**	37
	758	520

7 Directors' remuneration

	2022	2021
	£'000	£'000
Directors' emoluments	**359**	170
Amounts receivable under long-term incentive schemes	**31**	34
	390	204
Remuneration of the highest paid director		
Emoluments	**238**	204

	Number	**Number**
	2022	2021
The number of directors who:		
Are members of a defined benefit schemes	**1**	1
Are members of a money purchase pension scheme	**2**	-

One director (2021: one) is a member of the Kelda group's defined benefit pension scheme and had accrued pension of £20,000 (2021: £19,000) and accrued lump sum of £32,000 (2021: £31,000) at the end of the year.

Notes to the Financial Statements *(continued)*

7 Directors' remuneration *(continued)*

All directors' emoluments have been included in the Financial Statements of the company with the exception of E M Barber, C I Johns and N G Muncaster who were remunerated by other group companies and their emoluments are shown in the Financial Statements of those companies. No amounts were received for their services to the company (2021: £nil).

8 Interest receivable and similar income

	2022	2021
	£'000	£'000
Interest receivable from group undertakings	**24**	26

9 Taxation

Total tax charge/(credit) recognised in the profit and loss account

	2022	2021
	£'000	£'000
Current tax		
Current tax on income for the period	**240**	(149)
Total current tax	**240**	(149)
Deferred tax		
Origination and reversal of timing differences	**6**	(7)
Change in tax rate	**(12)**	-
Total deferred tax	**(6)**	(7)
Total tax charge/(credit)	**234**	(156)

The Provisional Collection of Taxes Act, enacted on 17 March 2020, set the corporation tax rate at 19% from 1 April 2020, the rate which has been used in preparing these Financial Statements.

The Finance Bill 2021 introduced an increase to the main rate of corporation tax to 25% from April 2023. This rate was substantively enacted on 24 May 2021. As a result, deferred tax balances expected to reverse after April 2023 and calculated at the previous 19% rate have been re-measured using the increased 25% rate.

Notes to the Financial Statements *(continued)*

9 Taxation *(continued)*

The tax for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

Reconciliation of effective tax rate

	2022	2021
	£'000	£'000
Profit/(loss) before taxation	**1,420**	(577)
Tax using the UK corporation tax rate of 19% (2021: 19%)	**270**	(110)
Effects of:		
Transfer pricing adjustments	**(4)**	(5)
Income not taxable for tax purposes	**(20)**	(41)
Tax rate changes	**(12)**	-
Total tax charge/(credit) included in profit or loss	**234**	(156)

10 Investments

	Shares in associated undertakings £'000
Cost	
At 1 April 2021 and 31 March 2022	448
Provisions for impairment	
At 1 April 2021 and 31 March 2022	9
Net book value	
At 31 March 2022	**439**
At 31 March 2021	439

Notes to the Financial Statements *(continued)*

10 Investments *(continued)*

The company has the following investments in associates and jointly controlled entities whose registered office, unless otherwise stated, is Western House, Halifax Road, Bradford, West Yorkshire BD6 2SZ:

	Aggregate of capital and reserves	Profit or (loss) for the year	Country of incorporation	Nature of business	Class of shares held	Ownership 2022 & 2021
	£'000	£'000				%
Templegate Developments Limited	4,983	2,315	England and Wales	Property development	Ordinary	**50%**
Springswood Limited [1]	17	-	England and Wales	Dormant	Ordinary	**50%**
Tingley Limited [1]	(7)	-	England and Wales	Property development	Ordinary	**50%**
Whinmoor Limited [1]	(295)	(3)	England and Wales	Property development	Ordinary	**50%**
*White Laith Developments Limited [1]	-	-	England and Wales	Property development	Ordinary	**37.5%**
*Rampart Developments Limited [1]	-	-	England and Wales	Property development	Ordinary	**25%**
*The Sir Robert Ogden Partnership Limited [1]	-	-	England and Wales	Property company	Ordinary	**25%**
The Sir Robert Ogden Evans Property Partnership Limited [1]	(862)	(2)	England and Wales	Property company	Ordinary	**25%**

** Indirect holdings*

[1] Registered office address: Millshaw Ring Road, Beeston, Leeds, West Yorkshire, LS11 8EG

In the opinion of the directors, the value of the company's investments exceeds the amount at which they are stated in the balance sheet.

Notes to the Financial Statements *(continued)*

11 Inventory

	2022	2021
	£'000	£'000
Properties held for resale, net of provisions for impairment	**8,757**	8,995

Inventory impairment and expense

The inventory impairment provision at 31 March 2022 was £827,000 (2021: £1,079,000).

The directors consider all inventory to be essentially current in nature although the company's operations are such that a proportion may not be realised within 12 months. It is not possible to determine with any certainty when specific inventory will be realised.

12 Debtors

		Restated [1]
	2022	2021
	£'000	£'000
Trade debtors	**1,007**	236
Amounts owed by group undertakings	**8**	149
Amounts owed by associates	**10**	-
Other debtors	**35**	2
Deferred tax assets (note 15)	**49**	43
Prepayments and accrued income	**56**	26
Current debtors	**1,165**	456
Amounts owed by group undertakings	**13,895**	12,766
Amounts owed by associates	**2,541**	1,890
Non-current debtors	**16,436**	14,656

[1] Restated see note 1

Notes to the Financial Statements *(continued)*

12 Debtors *(continued)*

Non-current debtors include a loan of £13,895,000 (2021: loans of £12,766,000) to Kelda group companies. The loan has no contractual repayment date and is repayable on demand. However, the loan is not expected to be repaid within the next 12 months.

On 28 February 2022, a loan balance of £6,796,000 was novated from Kelda Non-Reg Holdco Limited to Kelda Group Limited, the balance of which at 31 March 2021 was £5,868,000. At 31 March 2022, amounts owed by group undertakings are due from Kelda Group Limited. With effect from 4 January 2022 the loan transitioned from bearing interest at three-month London Inter-Bank Offered Rate (LIBOR) to an economically equivalent Sterling Overnight Index Average (SONIA) based rate.

Amounts owed by group undertakings in current debtors are unsecured, interest free and repayable on demand and include an amount for corporation tax group relief of £nil (2021: £149,000), £7,000 (2021: £nil) for intercompany interest receivable and £1,000 (2021: £nil) for intercompany trading.

Amounts owed by associates of £2,541,000 (2021: £1,890,000) are not expected to be repaid within the next 12 months and include provisions of £127,000 (2021: £628,000) (note 18).

13 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	**22**	18
Amounts owed to group undertakings	**333**	403
Amounts owed to associates	**9**	9
Taxation and social security	**10**	93
Other creditors	**3**	3
Accruals and deferred income	**1,561**	476
	1,938	1,002

Amounts owed to group undertakings includes £16,000 (2021: £23,000) owed to Kelda Group Limited and £78,000 (2021: £380,000) owed to Yorkshire Water Services Limited in respect of inter-company recharges. The balance of £239,000 (2021: £nil) relates to amounts owed to group companies for corporation tax group relief. These are unsecured, interest free and repayable on demand.

Notes to the Financial Statements *(continued)*

14 Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Other creditors	**20**	46

Other creditors include amounts payable under the Long-Term Incentive Plan. There are no amounts falling due after more than five years that should be separately disclosed (2021: £nil).

15 Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	2022	2021
	£'000	£'000
Accelerated capital allowances	**(1)**	-
Short-term timing differences	**(48)**	(43)
Net tax assets	**(49)**	(43)

The company has no deferred tax assets not recognised (at the closing rate) (2021: £nil). The deferred tax assets above are expected to be recoverable after more than 12 months.

Movement in deferred tax during the year

	1 April 2021 £'000	**Recognised in income £'000**	**31 March 2022 £'000**
Accelerated capital allowances	-	(1)	(1)
Short-term timing differences	(43)	(5)	(48)
	(43)	(6)	(49)

Movement in deferred tax during the prior year

	1 April 2020 £'000	**Recognised in income £'000**	**31 March 2021 £'000**
Short-term timing differences	(36)	(7)	(43)

Notes to the Financial Statements *(continued)*

16 Capital and reserves

Called up share capital	**2022**	2021
	£'000	£'000
Allotted, called up and fully paid		
15,000,000 ordinary shares of £1 each (2021: 15,000,000 ordinary shares of £1 each)	**15,000**	15,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

The profit and loss account represents cumulative profits or losses, net of dividends paid.

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2022	2021
	£'000	£'000
Less than one year	**22**	19
Between one and five years	**15**	37
	37	56

Notes to the Financial Statements *(continued)*

18 Related parties

In these Financial Statements, the company has applied the exemptions available under FRS 102 in respect of key management personnel compensation and transactions between wholly-owned subsidiaries, or with their parent. The disclosures below relate to related party transactions with joint ventures.

	Recharges to related parties	**Loan debtor receivable from/(loan creditor payable to) related parties**	**Provision against loan debtor from related parties**	**Interest payable to related parties**	Recharges to related parties	Loan debtor receivable from/(loan creditor payable to) related parties	Provision against loan debtor from related parties	Interest payable to related parties
	2022	**2022**	**2022**	**2022**	2021	2021	2021	2021
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Joint ventures								
Templegate Developments Limited	**10**	**966**	**-**	**-**	3	866	-	-
Springswood Limited	**-**	**(9)**	**-**	**-**	-	(9)	-	-
Tingley Limited	**-**	**95**	**(95)**	**-**	-	95	(95)	-
Whinmoor Limited	**-**	**802**	**-**	**-**	-	754	(501)	-
The Sir Robert Ogden Evans Property Partnership Limited	**-**	**805**	**(32)**	**-**	-	803	(32)	-
	10	**2,659**	**(127)**	**-**	3	2,509	(628)	-

19 Ultimate parent company and ultimate controlling party

The company's immediate parent undertaking is Kelda Group Limited, incorporated in England and Wales. The ultimate parent undertaking is Kelda Holdings Limited, incorporated in Jersey and resident for tax in the UK. In the opinion of the directors, there is no ultimate controlling party.

The largest group in which the results of the company are consolidated is that headed by Kelda Holdings Limited, the registered office of which is 47 Esplanade, St Helier, Jersey, JE1 0BD, Channel Islands. The smallest group in which they are consolidated is that headed by Kelda Eurobond Co Limited, the registered office of which is the same as that of the company. The consolidated Financial Statements of these groups are available to the public and may be obtained from the Company Secretary, Western House, Halifax Road, Bradford, West Yorkshire, BD6 2SZ.