

Report and Financial Statements of Johnnie Johnson Developments Limited

For the year ended 31 March 2021



Registered Company No: 03895031

Johnnie Johnson Developments Limited

Report and Financial Statements for the year ended 31 March 2021

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Johnnie Johnson Developments Limited

Executives and advisors for the year ended 31 March 2021

Board of Directors	Steve Secker (Chair) Ralph Middlemore Yvonne Joan Castle Sue Lock (appointed 1/4/21) Debbie Noble (appointed 29/7/20) Alistair How (appointed 29/7/20) Peter Nourse (appointed 29/7/20) Tom Miskell (resigned 31/5/19) Geoff Clarke (resigned 29/7/20)
Registered Office	Astra House Spinners Lane Poynton Cheshire SK12 1GA
Registered Number	Registered Company No: 03895031
Auditor	BDO LLP 3 Hardman Street Manchester M3 3AT
Solicitor	Trowers & Hamlins LLP 55 Princess Street Manchester M2 4EW
Banker	National Westminster Bank Plc Royal Bank of Scotland Bankside 3 90 – 100 Southwark Street London SE1 0SW
Secretary	Geoff Clarke (resigned 29/7/20) Sarah-Jane Gilmore (appointed 29/7/20)

Johnnie Johnson Developments Limited

Report of the Board of Directors for the year ended 31 March 2021

The Board presents its report and the audited financial statements for the year ended 31 March 2021 for Johnnie Johnson Developments Limited (JJD).

Principal Activities

JJD operates throughout northern England with a head office in Poynton, Cheshire and is a subsidiary of Johnnie Johnson Housing Trust Limited (JJH). The company provides housing development services. The business plan for JJH includes the development of new properties and JJD will be engaged to deliver these for JJH.

Review of the Year

The Statement of Comprehensive Income shows a profit of £53k for the year ending 31 March 2021. This is generated from the construction of completed builds in the year and ongoing construction. The Statement of Comprehensive Income is set out on page 8. All profit will be gifted to the parent company Johnnie Johnson Housing within 9 months of the year end.

Over the course of the last 12 months, the team have successfully completed 19 new homes. These were located across a number of our regions with a further 48 new homes on site which are due for completion. In addition, our Start on site Target over the next 11 years is 968 homes.

The Board of Directors

The Board of Directors are listed on page 2.

Auditor

A resolution to appoint BDO LLP as auditor of the company was passed at a meeting of the directors on 28th July 2021.

Provision of information to auditor

At the date of making this report each of the company's directors, as set out on page 2, confirm the following:

- so far as each director is aware, there is no relevant information needed by the company's auditor in connection with preparing their report of which the company's auditor is unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor is aware of that information.

At the date on which this report was approved, and throughout the financial year, the Company has provided an indemnity in respect of all the Companies' Directors. Neither the insurance nor the indemnity provides cover where the Director has acted fraudulently or dishonestly. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the financial year and remain in force for all Directors of the Company.

In preparing this director's report, advantage has been taken of the small companies' exemption.

By order of the Board



Sarah-Jane Gilmore, Secretary

Johnnie Johnson Developments Limited

Statement of Board Responsibilities

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with FRS102 (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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Johnnie Johnson Developments Limited

Independent auditor's report to the members of Johnnie Johnson Developments Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 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.

We have audited the financial statements of Johnnie Johnson Developments Limited ("the Company") for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in reserves 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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 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 Report and Financial Statements, 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. 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.

Johnnie Johnson Developments Limited

Independent auditor's report to the members of Johnnie Johnson Developments Limited (continued)

Other Companies Act 2006 reporting

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

- the information given in the Report of the Board of Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board of Directors has 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 material misstatements in the Report of the Board of Directors.

We have nothing to report in respect of the following matters in relation to which 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Report of the Board of Directors and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Board Responsibilities, 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.

Extent to which the audit was 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:

Johnnie Johnson Developments Limited

Independent auditor's report to the members of Johnnie Johnson Developments Limited (continued)

Based on our understanding and accumulated knowledge of the Company, and the sector in which it operates, we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements or their continued operation. We also considered those significant laws and regulations that have a direct impact on the financial statements such as compliance with United Kingdom Generally Accepted Accounting Practice and the UK Companies Act 2006. All audit team members were briefed to ensure they were aware of any relevant regulations in relation to their work, areas of potential non-compliance and fraud risks.

We evaluated managements' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of an override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results, management bias and improper revenue recognition.

Our audit procedures in response to the risks identified above included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- procedures to test revenue including agreement of revenue recognised to supporting documentation and recalculation based on an expected markup of costs;
- identifying and testing journal entries identified as potentially unusual. This testing included, but was not limited to, any journal entries posted with specific keywords, journals posted by unexpected users, journals posted at unexpected times, and journals posted to least used accounts;
- discussions with, and inquiries of, management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- a review of board minutes both during the period, and post year end, for any known or suspected instances of non-compliance with laws and regulation and fraud;
- enquires to confirm with management that there was no legal correspondence during the period, or post year end, requiring review; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

DocuSigned by:

HELEN KNOWLES

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Helen Knowles (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Manchester

Date: 18 August 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Johnnie Johnson Developments Limited

Statement of comprehensive income for the year ended 31 March 2021

	Note	2021	2020
		£'000	£'000
Turnover		1,960	862
Operating Costs		(1,907)	(841)
Profit before tax		<u>53</u>	<u>21</u>
Tax on Profit	3	-	-
Profit for the year		<u><u>53</u></u>	<u><u>21</u></u>
Other comprehensive income for the year		0	0
Total comprehensive profit for the year		<u><u>53</u></u>	<u><u>21</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The notes on pages 11 to 14 form part of these financial statements.

Johnnie Johnson Developments Limited

Statement of financial position as at 31 March 2021

Registered Company No: 03895031

	Note	2021 £ '000	2020 £ '000
Current assets			
Debtors	6	295	157
		<u>295</u>	<u>157</u>
Creditors: Amounts falling due within one year	7	(242)	(136)
Net current assets		53	21
Total assets less current liabilities		<u>53</u>	<u>21</u>
Capital and reserves			
Non-equity share capital	8	-	-
Revenue reserve	9	53	21
		<u>53</u>	<u>21</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

The financial statements were approved by the Board of Directors and authorised for issue on 18th August 2021.



Sarah-Jane Gilmore, Secretary

Date: 18th August 2021

The notes on pages 11 to 14 form part of these financial statements.

Johnnie Johnson Developments Limited

Statement of changes in reserves for the year ended 31 March 2021

		2021	2020
	Note	£'000	£'000
Opening total funds		21	65
Total recognised profit relating to the year		53	21
Gift aid	13	(21)	(65)
<hr/>			
Closing total funds		53	21

The notes on pages 11 to 14 form part of these financial statements.

Johnnie Johnson Developments Limited

Notes forming part of the financial statements for the year ended 31 March 2021

1. General Information

Johnnie Johnson Developments Limited is a private company limited by shares incorporated in England and Wales under the Companies Act 2006. The Address of the registered office is given on the company information page and the nature of the Company's operations and principal activity is set out in the director's report.

2. Accounting Policies

2.1 Basis of preparation of Financial Statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the Financial Reporting standard exemption not to produce an individual Johnnie Johnson Development's cashflow statement. A group cashflow statement has been produced in the consolidated financial statements of Johnnie Johnson Housing Trust Limited.

2.2 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually
- associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover represents development activity income billed each month on contracts received from Johnnie Johnson Housing Trust Limited.

2.3 Group Structure

Johnnie Johnson Developments Limited forms part of a group controlled by Johnnie Johnson Housing Trust Limited.

2.4 Judgements & Estimates

There are no significant judgements or estimates.

2.5 Gift Aid and payments

Charitable donations (referred to as gift aid) from a trading subsidiary to its parent should be accounted for consistently with dividends (as a movement within reserves). Trading subsidiaries should not accrue for gift aid payments unless a legal obligation to make the payment exists at the reporting date. Gift aid payments are recognised as a dividend payment from JJD when the payment takes place.

2.6 Going Concern

The directors consider that the company will continue to operate for the foreseeable future.

The parent company Johnnie Johnson Housing Trust has expanded its development programme and this will lead to an increase in transactions through Johnnie Johnson Developments Limited. The business planning and risk mitigations are carried out within the JJH business plan. Stress testing to incorporate delays to shared ownership sales (1 year), 25% decrease in sales values, 5% increase in build costs, 25% decrease in new development units, 25% reduction in

Johnnie Johnson Developments Limited

Notes forming part of the financial statements for the year ended 31 March 2021 - continued

2.6 Going Concern - continued

grant levels received and change of tenure in new developments have all been stress tested. There was only one breach of the JJH covenant within the next 5 years. This related to a 25% decrease in sales values, mitigations are in place where a change of tenure could be required. Robust management of both our development programme and business plan are in place to ensure risks are highlighted at an early stage to enable mitigation strategies to be implemented. Our business plan is used as a decision making tool whereby it is updated prior to each new development being approved.

3 Tax on profit on ordinary activities

	2021	2020
	£'000	£'000
Profit on ordinary activities before tax	53	21
Corporation tax on ordinary activities at 19% (if not gift aided)	10	4
Tax Impact of gift aid payment not subject to UK tax	(10)	(4)
Corporation tax if gift aided to parent	-	-
Corporation tax charge	-	-

4 Employees

Johnnie Johnson Developments Limited has no employees (2020: no employees). The employees of the parent company Johnnie Johnson Housing Trust Limited perform work for Johnnie Johnson Developments Limited and cost is recharged in line with the intercompany agreement.

5 Board Members and Executive Directors

The Board of Directors did not receive any remuneration during the year from this company (2020: £nil). The remuneration and expenses were paid by the parent company Johnnie Johnson Housing Trust Limited.

6 Debtors amounts falling due within one year

	2021	2020
	£'000	£'000
Amounts owed by group undertakings	254	153
Other debtors	41	4
	295	157

Amounts owed by group undertakings are interest free and repayable on demand.

Johnnie Johnson Developments Limited

Notes forming part of the financial statements for the year ended 31 March 2021 - continued

7 Creditors – Amounts falling due within one year

	2021	2020
	£'000	£'000
Accruals and Deferred Income	242	132
Other Creditors	-	4
	242	136

8 Share Capital

	2021	2020
	£	£
Allotted and fully paid		
1 Ordinary share of £1 each	1	1

Johnnie Johnson Housing Trust Limited holds one £1 share in the company (2020: £1). No other shares have been issued.

9 Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital reserve represents the nominal value of the shares issued.

Revenue Reserve

Revenue Reserve represents cumulative profits or losses net of dividends paid and other adjustments.

10 Financial Commitments

There were contracted capital expenditure commitments of £2,406k at 31 March 2021 relating to the remaining spend on the current developments (2020: £2,744k). Non contracted commitments were zero (2020: £nil).

Johnnie Johnson Developments Limited

Notes forming part of the financial statements for the year ended 31 March 2021 - continued

11 Ultimate Parent Company

The ultimate parent company is Johnnie Johnson Housing Trust Limited, a Registered Social Landlord. The parent company is incorporated in England. Copies of the accounts of Johnnie Johnson Housing Trust Limited can be obtained from its registered office, Astra House, Spinners Lane, Poynton, Cheshire SK12 1GA or from its website www.jjhousing.co.uk.

12 Related Party Transactions

There were no related party transactions in the current or prior period. The directors did not receive any dividends during 2021 (2020 £nil).

13 Gift aid

The figure below shows the prior year trading profit taken to reserves which has been paid this financial year.

	2021	2020
	£'000	£'000
Gift aid to parent company – Johnnie Johnson Housing Trust Limited	21	65

The surplus shown in the Statement of comprehensive income is expected to be taken to reserves and will be gift aided to the parent company (JJH) within 9 months of the year end.