Company number: 06540829

ZERO C HOLDINGS LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2023

CONTENTS

Directors	A Winstanley S Black A Bohr J Cook J Harrison
Company Secretary	K Alsop (appointed 1 July 2023) C Martin (resigned 1 July 2023)
Registered Office	305 Gray's Inn Road London WC1X 8QR
Registered Auditor	MHA 2 London Wall Place London EC2Y 5AU
Registration of Company	The company is incorporated under the Companies Act 2006 (Company Number 06540829)

Business review and principal activities

Zero C Holdings Limited ("the company") (Zero C) is engaged in residential-led property development.

The results for the company show a pre-tax loss of £3,618k (2022: loss of £6,130k) for the year and sales of £22,906k (2022: £35,408k). The gross loss of £1,714k in the current year (2022: gross loss of £1,024k) is mainly due to significant cost increases on legacy sites. A provision for the replacement of communal Biomass boiler systems on two sites has decreased to £823k from £899k during the year. Note 18 contains more details on the provision. Stock has decreased by 18% to £25,286k (2022: £30,831k) to reflect a number of sites being build complete during the year and finished units being sold.

Future outlook

Zero C's strategy of delivering highly sustainable homes on master planned developments has worked well in a competitive market. The company is therefore considered to be well placed to deal with current economic uncertainties and will continue to work with responsible landowners to deliver high quality homes within the upper mid-market sector.

Greenhouse Gas Emissions

Zero C has not included a statement on greenhouse gas emissions as this has been included in the statutory accounts of Places for People Group Limited, the company's ultimate parent undertaking.

Principal risks and uncertainties

Risk description	**Mitigation**
Economic conditions. Zero C's business is sensitive to changes in market conditions, unemployment and general consumer confidence.	Levels of committed expenditure are assiduously monitored against secured sales and funding facilities, so as to ensure that the company is not unduly exposed to market fluctuations.
Sales An inability to match supply to demand in terms of product, location and price could result in high levels of completed /unsold stock which would impact on the company's cash flow.	A detailed market analysis of each site is undertaken before acquisition, and throughout the delivery of each scheme, to ensure that supply is matched to the perceived demand. Later phases of larger projects are adjusted when necessary to meet the customer demand. Design typology, house size, and the product specification are all assessed on a site-by-site basis to ensure that they meet the target market, and the customer aspirations for the project. Completed stock levels are reviewed at regular Board meetings.
Mortgage interest rates might adversely affect the Company's results. Currently mortgage rates are higher than historic lows, impacting the interest rate environment and the range of products available.	Deposits are taken to mitigate the financial impact on the Company in the event that sales do not complete despite the ratio of completions to applications. Sales teams help customers find brokers who can source a good mortgage products.

Principal risks and uncertainties (continued)

Risk description	Mitigation
Build costs are affected by the availability of skilled labour and the price and availability of materials. Procurement inflation and long lead times for building materials could adversely impact on the profitability of each scheme.	Build cost reconciliations and build programmes dates are presented and reviewed in details at monthly cost review meetings. The Company has developed the expertise to deliver its schemes under both Design and Build contracts or through its own in house construction management.
Zero C has a reputation for delivering high quality, design led, sustainable homes. If the company fails to deliver against these standards, it could be exposed to reputational damage, as well as reduced sales and increased costs.	Every Zero C build is subjected to a detailed examination during the design stage and the delivery of the build. A dedicated Project Manager, who stays with the project from site acquisition through to the end of the post construction liability period, is allocated to each project.

Statement by the Directors in performance of their statutory duties in accordance with S172(1) Companies Act 2006

The Company is well known for building high quality homes and mixed use developments and for a long time has been at the forefront of sustainable, low-carbon design and construction. Our aim is to build aspirational new homes and inspirational new places that are efficient and cost-effective to live in and homes that respect both the environment and the people who live in them.

This is a long term business with a strategy of delivering highly sustainable homes on master planned developments. The Board approves and refreshes annually a three-year business plan reflecting its stategic ambitions.

There are no external shareholders - the ultimate parent company is limited by guarantee - and so the board considers a range of other stakeholders when assessing what direction to take in the immediate term and for the long term.

The key stakeholders are individual customers, the communities in which we operate, our colleagues, corporate clients, our suppliers, regulators and local government. We seek to maintain strong relationships with these stakeholders and to understand what matters to each of them. The board sets the direction of the Company with the benefit of insight gained through these relationships.

Reference to stakeholder engagement can be found in the following sections of the Stategic and Directors' Reports: Business review and principal activities, employees and Principal risks and uncertainties.

The board supports the emphasis given by the Company to social impact through the places we serve. This is captured the in the work of individuals, contributions to communities and decisions taken for the longer term benefit of the

The board identifies and stress tests strategic risks. More details on straegic risks can be found in the Strategic Report section Principal risks and uncertainties.

Key performance indicators (“KPIs")

	Mar-23	Change	Mar-22
No. units sold	48	-47%	90
Sales turnover	£22,906k	-35%	£35,408k
Average selling price	£477k	21%	£354k
Gross margin	-7.5%	-159%	-2.9%

The directors who served during the year and to the date of this report are shown on page 2.

This report was approved by the board on 26 September 2023 and signed on its behalf by:

A Winstanley
Director

The Board of Directors is pleased to present its report and financial statements for the year ended 31 March 2023.

Directors

The directors who served during the year are shown on page 2.

Statement of disclosure to the Auditor

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Dividends

The directors do not recommend the payment of a dividend (2022: £nil).

Charitable and political donations

The Company made no charitable or political donations during the period (2022: £nil).

Employees

During the year ending 31 March 2022 all employees were transferred to another group entity.

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 going concern assessment considers whether it is appropriate to prepare the financial statements on a going concern basis. The global Covid-19 pandemic, price increases in the supply chain, availability of materials, the cost of living crisis and rising mortgage interest costs have introduced significant levels of uncertainty into most businesses. The board are paying close attention to the evolving situation and to mitigating the risks for the Group and have assessed the going concern in light of the risks raised.

At 31 March 2023 Zero C Holdings had cash of £603k and undrawn facilities of £13,998k. On 3rd May 2022 the company agreed an extension to the loan facility with its parent company for a total of £45m until 31st March 2024. The company continues to actively manage its cash flows in order to mitigate any reductions in income.

The directors have reviewed all of its business forecasts and projections and has produced a revised business plan for the 3 year period ending 31 March 2025. The directors have produced forecasts on the latest information and experience in the markets in which the business operates. In addition to the reviewed forecasts, the directors have also undertaken stress testing on these forecasts to understand the impact of an increasing severity of the risks raised above.

The directors have reviewed the projected cash flows and have overlaid a number of scenarios reflecting the potential impact of the current risk environment. These scenarios include price reductions across a number of sites and a 50% reduction in sales of unreserved units. As a result of these assumptions, and before any cost reductions are applied, the directors believe that there is sufficient headroom on the facility throughout the business plan period.

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.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year has been included in the Strategic Report on page 3. Throughout the year the Company has maintained Directors and Officers insurance cover.

By order of the Board

A Winstanley
Director
26 September 2023

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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgement 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;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Opinion

We have audited the financial statements of Zero C Holdings Limited (the 'Company') for the period ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

• give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the period the ended;

•have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

•have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor'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 United Kingdom, including the Financial Reporting Council'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 Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

• the information given in the Strategic Report and the Directors' Report for the financial period for which the financia 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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 branche not visited by us; or

•the Company financial statements are not in agreement with the accounting records and returns; or

•certain disclosures of Directors' remuneration specified by law are not made; or

•we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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.

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:

•Obtaining an understanding of the legal and regulatory frameworks in which the Company operates;

• Enquiry of management and those charged with governance to identify any instances of non-compliance with laws an regulations;

•Enquiry of management and those charged with governance around actual and potential litigation and claims;

• Enquiry of management and those charged with governance to identify any instances of known or suspected instances c fraud;

• Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries t supporting documentation. These included those posted by senior finance management, those posted and approved by the same user, and those posted to unusual accounts; and

•Assessing significant accounting estimates for bias.

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

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.

Stephen Poleykett BA(Hons) FCA (Senior Statutory Auditor)
for and on behalf of MHA, Statutory Auditors
London, United Kingdom
Date: 27 September 2023

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

	Notes	2023 £'000	2022 £'000
Turnover	2	**22,906**	35,408
Cost of sales		**(24,620)**	(36,432)
Gross loss		**(1,714)**	(1,024)
Administrative expenses		**(691)**	(3,632)
Other operating income	3	**5**	9
Operating loss	4	**(2,400)**	(4,647)
Interest receivable and similar income	7a	**-**	-
Interest payable and similar charges	7b	**(1,218)**	(1,483)
Loss before taxation		**(3,618)**	(6,130)
Taxation on loss	8	**1,000**	1,215
Loss for the financial year		**(2,618)**	(4,915)

The notes on pages 14 to 26 form an integral part of these financial statements.

All operations are continuing.

Zero C Holdings Limited
Statement of Financial Position
As at 31 March 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Tangible fixed assets	10	**184**	250
Investments	11	**3,700**	3,700
		3,884	3,950
Current assets			
Stock	12	**25,286**	30,831
Debtors	13	**2,136**	8,023
Cash at bank and in hand		**603**	206
		28,025	39,060
Creditors: amounts falling due within one year	14	**(36,365)**	(44,848)
Net current liabilities		**(8,340)**	(5,788)
Total assets less current liabilities		**(4,456)**	(1,838)
Creditors: amounts falling due after more than one year	15	**-**	-
Net liabilities		**(4,456)**	(1,838)
Capital and reserves			
Called up share capital	16	**10**	10
Share premium account		**1,492**	1,492
Profit and loss account		**(5,958)**	(3,340)
Shareholders' Funds		**(4,456)**	(1,838)

The notes on pages 14 to 26 form an integral part of these financial statements.

The financial statements on pages 11 to 26 were approved by the board of directors on 26 September 2023 and signed on its behalf by:

A Winstanley
Director

	Called up Share Capital	Share Premium Account	Profit and Loss Account	Total
	£'000	£'000	£'000	£'000
Balance at 31 March 2021	10	1,492	1,575	**3,077**
Loss for the year	-	-	(4,915)	**(4,915)**
Balance at 31 March 2022	**10**	**1,492**	**(3,340)**	**(1,838)**
Loss for the year	-	-	(2,618)	**(2,618)**
Balance at 31 March 2023	**10**	**1,492**	**(5,958)**	**(4,456)**

The notes on pages 14 to 26 form an integral part of these financial statements.

1. ACCOUNTING POLICIES

Zero C Holdings Limited (the "Company") is a private company limited by shares and incorporated, registered and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements as the company's ultimate parent undertaking, Places for People Group Limited, includes the company in its consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Principal accounting policies

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") as issued in March 2018. The presentation and functional currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

The Company's ultimate parent undertaking, Places for People Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Places for People Group Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from 80 Cheapside, London, England, EC2V 6EE. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

a. Statement of cashflows and related notes;
b. Disclosure of transactions or balances with other wholly owned subsidiaries which form part of the group; and
c. Key management personnel disclosure

The Company is exempt from preparing consolidated accounts under section 400 of the Companies Act 2006. In addition, as the consolidated financial statements of the ultimate parent undertaking, Places for People Group Limited, include the equivalent disclosures, the Company has also taken the exemptions available in respect of the preparation of consolidated financial statements in accordance with FRS 102 section 1.10.

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

Going Concern

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

The going concern assessment considers whether it is appropriate to prepare the financial statements on a going concern basis. The global Covid-19 pandemic, price increases in the supply chain, availability of materials, the cost of living crisis and rising mortgage interest costs have introduced significant levels of uncertainty into most businesses. The board are paying close attention to the evolving situation and to mitigating the risks for the Group and have assessed the going concern in light of the risks raised.

At 31 March 2023 Zero C Holdings had cash of £603k and undrawn facilities of £13,998k. On 3rd May 2022 the company agreed an extension to the loan facility with its parent company for a total of £45m until 31st March 2024. The company continues to actively manage its cash flows in order to mitigate any reductions in income.

The directors have reviewed all of its business forecasts and projections and has produced a revised business plan for the 3 year period ending 31 March 2025. The directors have produced forecasts on the latest information and experience in the markets in which the business operates. In addition to the reviewed forecasts, the directors have also undertaken stress testing on these forecasts to understand the impact of an increasing severity of the risks raised above.

1. ACCOUNTING POLICIES (continued)

Going concern (continued)

The directors have reviewed the projected cash flows and have overlaid a number of scenarios reflecting the potential impact of the current risk environment. These scenarios include price reductions across a number of sites and a 50% reduction in sales of unreserved units. As a result of these assumptions, and before any cost reductions are applied, the directors believe that there is sufficient headroom on the facility throughout the business plan period.

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.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their residual value on a straight-line basis, over their expected useful lives on the following basis:

Land and buildings	40 years
Leasehold improvements	5 to 10 years
Motor vehicles	4 years
Fixtures and fittings	5 years
Computer equipment	5 years

Investments

Investments held as fixed assets are shown at cost less provision for impairment.

Operating leases

Rentals under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term. Classification of leases is based on the risks and rewards of ownership, in accordance with FRS 102 section 20.

Stock and work in progress

Stock comprise housing properties under construction. Stock is measured at the lower of cost and estimated selling price less costs to complete and sell. Stock consists of costs incurred on properties under development and completed developments ready for sale. Cost of stocks include all cost of purchases, cost on conversion and other costs incurred in bringing it to a saleable condition. These include labour costs where directly related to the delivery of projects.

Overage and Sectional costs

Overage and Sectional costs in relation to specific projects are accrued for in the financial statements at the point at which legal agreements become binding.

Turnover from sale of housing properties.

Turnover from the sale of housing properties is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Turnover is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of turnover can be measured reliably. The sale proceeds of part-exchange properties are not included in revenue.
The Company generally considers that risks and rewards have been transferred on the date when a buyer signs the act of acceptance of the property. However, transfer of risks and rewards may vary depending on the individual terms of the sales contracts.

1. ACCOUNTING POLICIES (continued)

Profit recognition

No profit is recognised on development projects until a sale contract has been completed. Provided a profitable outcome to a project can be forseen with reasonable certainty, and a sale contract has been completed, then profit is recognised by apportioning the direct development costs on a relative sales value basis.

Construction contracts

The Company distinguishes two types of construction contracts:
1) Contracts for provision of construction services;
2) Contracts for construction of an asset falling within the scope of FRS 102 section 23 'Revenue'.

For the first type of contracts turnover from construction services rendered is recognised in the statement of comprehensive income when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of turnover can be measured reliably.

For the second type of contracts turnover and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included only to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract turnover is recognised to the extent of contract costs incurred that it is probable to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

The Company recognises the following assets and liabilities related to construction contracts:

- gross amounts due from customers represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company’s contract activities based on normal operating capacity. Unbilled receivables are presented as part of trade and other receivables in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings;

- gross amounts due to customers are recognised as a part of trade and other payables if progress billings exceed costs incurred plus recognised profits.

Interest

Interest income and interest expense are recognised in the statement of comprehensive income as they accrue, using the effective interest rate method.

1. ACCOUNTING POLICIES (continued)

Financial assets

The Company's financial assets comprise investments in loan debtors, trade and other debtors, and cash and cash equivalents.

The Company initially recognises loans and debtors and deposits on the date that they are originated.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

An impairment loss in respect of a financial asset is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate. The impairment calculated is recognised immediately in the statement of comprehensive income. When a subsequent event causes the amount of the impairment to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

Loans and debtors

Loans and debtors are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and debtors are measured at amortised cost using the effective interest method, less any impairment losses. Loans and debtors comprise trade and other debtors.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following non-derivative financial liabilities: loans and borrowings, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Taxation

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

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

Current tax is the expected tax payable or receivable on the profit or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to the 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 of tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the statement of financial position date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the statement of financial position date. Deferred tax assets and liabilities are not discounted.

Accounting estimates, judgement and provisions

The preparation of financial statements requires management to exercise judgement in applying accounting policies. It also requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The accounting policies for revenue recognition, stock and taxation are disclosed above. Actual results may differ from these estimates.

The amount of material estimations to the company or financial information is limited. However a key area to consider is the assessment of the recoverability of WIP.

The Company has £25.3m of stock at 31 March 2023 (2022: £30.8m). FRS 102 section 13 requires stock to be measured at the lower of cost and estimated selling price less costs to complete and sell.

The Company monitors development projects and properties held for sale on an ongoing basis and uses rigorous appraisal techniques to estimate the recoverable amount of stock. Realistic financial projections are used on an individual site basis to allow management to estimate that land and property are held at the appropriate amount. The Company makes judgements to assess the achievable selling price for properties including assessing the views of specialist advisers on the UK housing market and future house price inflation. As such the Company judges that stock is held at the lower of cost and estimated selling price less costs to complete and sell.

2. TURNOVER

The whole of the turnover relates to the company's principal continuing activity. All turnover arises in the United Kingdom and is generated from the sale of properties.

3. OTHER OPERATING INCOME

	2023	2022
	£'000	£'000
Other operating income	**5**	9

Other operating income comprises intercompany management fees and rents receivable.

4. OPERATING PROFIT

	2023	2022
	£'000	£'000
This is stated after charging:		
Depreciation of tangible fixed assets	**29**	39
Auditor's remuneration: audit fees	**59**	46
Operating lease rentals:		
- land and buildings	**46**	75
- other	**-**	6

5. EMPLOYEES

The average number of employees (including directors) during the year was as follows:

	2023	2022
	No.	No.
Developing and selling houses	**-**	4

Total employee costs were as follows:	£'000	£'000
Wages and salaries	**-**	207
Severance costs	**-**	-
Social security costs	**-**	23
Pension costs	**-**	19
	-	249

During the year ending 31 March 2022 all employees were transferred to another group entity.

6. DIRECTORS & SENIOR STAFF EMOLUMENTS

	2023	2022
(a) Directors emoluments	£'000	£'000
Directors remuneration	**-**	-
Company contributions to money purchase pension plans	**-**	-
	-	-

The emoluments, excluding pension contributions of the highest paid director were £Nil (2022: £Nil) and the company's contributions to money purchase pension plans were £Nil (2022: £Nil).

The emoluments of five of the directors (2022: six) were not paid through Zero C Holdings Limited during the year, as they were paid through other companies within the Places for People Group Limited as services provided to the Company were incidental to their wider role in the group.

7. INTEREST

	2023	2022
(a) Interest receivable and similar income	**£'000**	£'000
Other interest receivable	**-**	-
(b) Interest payable and similar charges		
On inter-group loans	**1,218**	1,483

The amount of interest capitalised to work in progress during the year is £nil (2022: £nil).

8. TAX ON LOSS

	2023	2022
	£'000	£'000
a) Tax expense in profit and loss		
Current Tax		
Group relief	**-**	(1,128)
Adjustments in respect of prior years	**(2)**	
Total current tax	**(2)**	(1,128)
Deferred Tax		
Origination and reversal of timing differences	**(995)**	(42)
Effects of tax rate change on opening balance	**(3)**	(45)
Impact of change in rates	**(998)**	(87)
Tax on loss on ordinary activities	**(1,000)**	(1,215)

b) Reconciliation of tax expense

The tax assessed is lower than (2022: lower than) the standard rate of corporation tax of 19%. The differences are explained below:

	2023	2022
	£'000	£'000
Loss on ordinary activities before tax	**(3,618)**	(6,130)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%)	**(687)**	(1,165)
Effects of:		
Fixed asset differences	**6**	5
Remeasurement of deferred tax for changes in tax rate	**(219)**	(55)
Expenses not deductible for tax purposes	**(11)**	-
Group relief surrendered	**-**	1,128
Receipt for group relief	**-**	(1,128)
Adjustments to tax charge in respect of prior periods	**(5)**	-
Deferred tax not recognised	**(84)**	-
Tax on loss	**(1,000)**	(1,215)

8. TAX ON PROFIT (*continued*)

c) Factors that may affect future tax charges

The main rate of corporation tax will be increased from 19% to 25% (effective 1 April 2023). This change will increase the company's future current tax charge accordingly. As this change in corporation tax has been substantively enacted at the Statement of Financial Position date, deferred tax has been calculated using the increased rate of 25% due to the expected reversal of the deferred tax asset.

9. PROVISION FOR DEFERRED TAX

	£'000
Capital Allowances	**(10)**
Short term timing differences	**(206)**
Losses and other deductions	**(1,011)**
Deferred tax asset	**(1,227)**
At 1 April 2022	**(228)**
Expense in the year in profit and loss	**(999)**
At 31 March 2023	**(1,227)**

10. TANGIBLE FIXED ASSETS

	Freehold Land and buildings	Leasehold Improvements	Motor vehicles	Fixtures and fittings	Computer equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2022	193	81	11	109	161	555
Disposals	-	(74)	-	-	-	(74)
At 31 March 2023	**193**	**7**	**11**	**109**	**161**	**481**
Depreciation						
At 1 April 2022	(25)	(31)	(11)	(92)	(146)	(305)
Charge for year	(4)	(7)	-	(3)	(15)	(29)
Eliminated on disposals	-	37	-	-	-	37
At 31 March 2023	**(29)**	**(1)**	**(11)**	**(95)**	**(161)**	**(297)**
Net Book Value						
at 31 March 2023	**164**	**6**	**-**	**14**	**-**	**184**
at 31 March 2022	168	50	-	17	15	250

11. FIXED ASSET INVESTMENTS

Urban Matrix (Ditton) LLP	Purchase consideration	Loan to group companies	Total
	£'000	£'000	£'000
Cost and Net Book Value			
At 31 March 2022 and 31 March 2023	**491**	**3,209**	**3,700**

The company holds 50% of the member's interest in Urban Matrix (Ditton) LLP for £3.7m (2022 : £3.7m). The LLP's principal activity during the year was that of property development. The registered address of Urban Matrix (Ditton) LLP is 80 Cheapside, London, England, EC2V 6EE.

The company holds a £1 (2022: £1) investment, being 100% of the share capital in Zero C Ventures Limited, a dormant company incorporated and domiciled in the UK having reserves of £1 (2022: £1). The registered address of Zero C Ventures Limited is 80 Cheapside, London, England, EC2V 6EE.

The company holds 100% of the share capital in Cornerstonezed Plymouth Limited, a dormant company that has an active proposal to stike it off the register. The registered address of Cornerstonezed Plymouth Limited is 80 Cheapside, London, England, EC2V 6EE.

The company holds a £2 (2022: £2) investment, being 100% of the share capital in Zero C Acheson Consortium Limited, a company incorporated and domiciled in the UK having reserves of £2 (2022: £2). The registered address of Zero C Acheson Consortium Limited is 80 Cheapside, London, England, EC2V 6EE.

12. STOCK

	2023	2022
	£'000	£'000
Land and work in progress	**24,727**	28,576
Completed properties	**559**	2,255
	25,286	30,831

There are 4 outstanding charges (2022: 4) registered at Companies House. The outstanding securities against the company are there to ensure it fulfils all the contractual terms of the individual development agreements and the charges are satisfied once the final account of the project has been agreed and settled.

13. DEBTORS: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade debtors	**131**	528
Other debtors	**239**	815
Amounts owed by group undertakings	**79**	2,116
Deferred tax	**1,227**	228
Prepayments and accrued income	**460**	4,336
	2,136	8,023

All amounts shown under debtors fall due for payment within one year.

14. CREDITORS: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade creditors	**177**	50
Land creditors	**-**	-
Amounts owed to group undertakings	**31,549**	39,557
Social security and other taxes	**-**	-
Other creditors	**44**	125
Accruals	**4,106**	5,116
	35,875	44,848

Included in 'Amounts owed to group undertakings' is a loan of £31,010k (2022: £26,852k) against which interest is charged at a rate of 4.5% per annum (2022: 4.5%). The loan is repayable upon demand.

15. CREDITORS: amounts falling due after more than one year

	2023	2022
	£'000	£'000
Land creditors	**-**	-

15. CREDITORS: amounts falling due after more than one year (*continued*)

	2023	2022
	£'000	£'000
Land creditors:		
Land creditors are liabilities with a payment profile:		
Due within 1 year	-	-
Due between 1 and 2 years	-	-
Due between 2 and 5 years	-	-
	-	-

16. CALLED UP SHARE CAPITAL

	2023	2022
	£'000	£'000
Allotted, called up and fully paid		
9,250 Ordinary shares of £0.10 each	1	1
85,000 A Ordinary shares of £0.10 each	9	9
	10	10

The A Ordinary shares and the Ordinary shares rank pari passu in all respects other than that the Ordinary shares benefit from superior rights on a sale of a controlling interest in the company, a listing or a winding up.

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.

17. OPERATING LEASE COMMITMENTS

At 31 March 2023 the company had total commitments under non-cancellable operating leases ending as follows:

	Land and buildings		**Other**	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
In one year or less	**-**	75	**-**	6
Between one and two years	**-**	75	**-**	1
Between two and five years	**-**	225	**-**	-
In more than five years	**-**	59	**-**	-

During the year £46,000 (2022: £81,000) was recognised as an expense in the statement of comprehensive income in respect of operating leases.

18. PROVISIONS

Biomass is a form of renewable energy that can reduce reliance on fossil fuels for energy, using organic materials instead. Faulty Biomass boilers had been installed on two of our development sites.

	Biomass
	£'000
At 31 March 2022	899
Utilised	(76)
At 31 March 2023	**823**

19. CONTINGENT LIABILITIES

The company, together with certain fellow subsidiaries of the Places for People Group Limited, has guaranteed to holders of the Places for People Finance plc 4.25% 2023 bond, the principal amount and interest accrued in respect of this bond in the event of default by the issuer. The total capital outstanding at 31 March 2023 for this bond was £65,000,000 (2022: £65,000,000). The total interest accrued at 31 March 2023 for this bond was £813k (2022: £813k).
This represents the maximum exposure for the company. The directors consider it extremely unlikely that the company would be required to make any payments in respect of this guarantee.

20. RELATED PARTY TRANSACTIONS

The company has utilised exemption not to report transactions with other Group members as permitted by FRS 102, Section 33.1A.

21. ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

The Company is a 100% subsidiary undertaking of ZeroC Group (2008) Limited which is an indirect subsidiary of Places for People Group Limited, the company's ultimate parent undertaking and ultimate controlling party. The largest group in which the results of the Company are consolidated is that headed by Places for People Group Limited, incorporated in the UK. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from its registered address, 80 Cheapside, London, England, EC2V 6EE. This address is also the registered address of ZeroC Group (2008) Limited.