

VIVID Build Limited

**Annual Report and Financial Statements
For the year ended 31 March 2020**

Registered Number: 07930319

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Strategic Report

For the year ended March 2019

Introduction

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

Financial key performance indicators

The company made a loss for the year on ordinary activities before taxation of £149k (2019: £3,000 loss).

About us

VIVID Build Limited has provided a building contracting service primarily for the delivery of new homes for its parent company VIVID Housing Limited (VIVID). The vision of VIVID is to provide 'more homes, bright futures'. It is committed to developing 1,200 homes a year and will be looking for its subsidiaries to support this ambition.

The mission of VIVID Build is to support VIVID in the delivery of quality homes at a competitive price.

Our future plans

VIVID will be consolidating its design and build services within its other subsidiaries, Vestal Developments Ltd and Bargate Homes Limited. VIVID Build will therefore cease direct development activity. We will however be working with VIVID to identify and invest in alternative delivery models.

On the 22nd May 2019 VIVID Build Limited acquired 100% of the share capital of Bargate Homes Ltd (05626135) as part of our ambitious housebuilding plans to develop 17,000 more homes in the south over the next 10 years.

Bargate currently has around 2,500 plots secured for new homes giving us access to the extra land we need to maintain the momentum of our housebuilding programme. In addition, their expertise in land management and construction complements the skills of our team meaning that together we can achieve much more than either business can individually to meet our customers' needs and aspirations.

Building new homes

During 2019-20 we've been concentrating on finalising sites, with no new units under construction.

Our people

We currently employ 0 staff (2018: 16). We're an equal opportunities employer. Our policy is to take positive steps in line with the requirements of Equal Opportunities legislation and the Disability Discrimination Act to ensure that the best candidate for any vacant post is selected. Adverts for staff describe us as an equal opportunities employer and invite applications from all members of the community. Our premises are fully accessible to people with disabilities.

Risk Management and internal control

The Directors are responsible for our system of internal control and for reviewing its effectiveness. Our system of internal control is designed to manage rather than eliminate the risk of failure to achieve our corporate ambitions. It is designed to provide reasonable, but not absolute, assurance over the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. Further details are provided in the consolidated group accounts.

Key trends and risks affecting our business and how we're managing them

Housing market exposure

Development of new homes carries a cost and market risk. Market risk and exposure to the housing market is managed through only conducting firm contracts with the parent company.

Health and safety

The health and safety of our staff and customers is extremely important. We invest in the training of all staff to ensure that all of our sites are managed to the highest standards to ensure the safety and well being of everyone.

Construction labour market

This is an area impacted by many external factors and the company uses a mixture of employed and sub contracted staff to mitigate the impacts of this. Geographically focussed in Hampshire and ensuring that the pipeline of schemes is planned effectively has enabled a transition of staff from sites.

Construction price inflation

Cost risk and the impact of construction price inflation is continually assessed. Development contracts are only entered into with the parent and the impact of this risk factored into each scheme appraisal.

Going concern

The Board confirms that we have adequate resources to meet our remaining liabilities. For this reason, the Financial Statements have been prepared on a going concern basis.

This report was approved by the board and signed on its behalf.



Duncan Brown
Date: 25 June 2020

Directors Report
For the year ended 31 March 2020

Directors Duncan Brown
 Philip Raw

Company Secretary Duncan Brown

Company Number **07930319**

Registered Office Peninsular House
 Wharf Road
 Portsmouth
 Hampshire
 PO2 8HB

Auditors **External Auditors**
 BDO LLP
 2 City Place
 Beehive Ring Road
 Gatwick
 West Sussex
 RH6 0PA

Accountancy &
Tax Advisors **BDO LLP**
 2 City Place
 Beehive Ring Road
 Gatwick
 West Sussex
 RH6 0PA

Bankers

Royal Bank of Scotland
3 Hampshire Corporate Park
Templars Way, Chandlers Ford
Hampshire
SO53 3RY

Internal Auditors

PricewaterhouseCoopers LLP
3 Ocean Way, Ocean Village,
Southampton, SO14 3TJ

Directors' Report
For the year ended 31 March 2020

Matters covered in the strategic report

As permitted in paragraph 1A of schedule 7 to large and medium-sized Companies and Groups (accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report. These matters relate to the principal activity and review of the business, future developments and principal risks and uncertainties.

Employees

VIVID Build has no direct employees (2019: Nil)

Directors' Indemnities

Directors' and officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Company. Our Rules indemnify each of the Directors of the Company and/or its subsidiaries as a supplement to the Directors' and officers' insurance cover. The indemnities were in force during the 2019/20 financial year and remain in force for all current and past Directors of the Company.

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

AUDITOR

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Duncan Brown
Date: 25 June 2020

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- 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.

Independent auditor's report to the members of VIVID Build Limited

Opinion

We have audited the financial statements of VIVID Build Limited (the 'company') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. 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 including the Strategic Report and the Directors' Report 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.

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.

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 strategic report or 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 branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the 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 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.

BDO LLP.

Philip Cliftlands (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom

Date

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

**Statement of Comprehensive Income
For the year ended 31 March 2020**

		2020	2019
	Notes	£'000	£'000
Sales		299	2,287
Cost of sales		(194)	(2,253)
Gross Profit/(loss)		<u>105</u>	<u>34</u>
Administrative expenses		<u>(21)</u>	<u>(38)</u>
Operating Profit/(Loss)		84	(4)
Interest Payable	4	(234)	
Interest receivable and similar income		<u>1</u>	<u>1</u>
(Loss) on ordinary activities before taxation		(149)	(3)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
(Loss) and Total Comprehensive (Loss) for the financial year		(149)	(3)

Statement of Changes in Equity
For the year ended 31 March 2020

	2020	2019
	£'000	£'000
Balance brought forward from the previous year	(65)	(62)
Total comprehensive loss for the year	(149)	(3)
Excess of capital reduction less dividend in specie to parent	360	-
	<hr/>	<hr/>
Balance carried forward	146	(65)

Statement of Financial Position
For year ended 31 March 2020

	Notes	2020	2019
		£'000	£'000
Current Assets			
Debtors	6	3	443
Cash at bank		335	32
		<u>338</u>	<u>475</u>
Creditors: amounts falling due within one year	7	(192)	(540)
		<u>146</u>	<u>(65)</u>
Net Current Assets/(Liabilities)			
Deferred tax liability		-	-
		<u>146</u>	<u>(65)</u>
Net (liabilities)			
Capital and Reserves:			
Called up share capital	8	-	-
Profit and loss account		146	(65)
		<u>146</u>	<u>(65)</u>
Shareholders' Funds			
		<u>146</u>	<u>(65)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Duncan Brown
Date: 25 June 2020

The notes on pages 12 to 17 form part of these financial statements.

Notes to the Accounts

1 Accounting policies

1.1 Basis of preparation of accounts

Vivid Build Limited (the “Company”) is a private company limited by shares and incorporated and domiciled in England. The registered office is Peninsular House, Wharf Road, Portsmouth, Hants, PO2 8HB.

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

The financial statements have been prepared under the historical cost convention.

The Company’s ultimate parent, VIVID Housing Limited, includes the Company in its consolidated financial statements.

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:

- Cash Flow Statement and related notes;
- The financial instruments disclosure exemptions per FRS 102 section 1.12(c); and
- The requirement to disclose key management personnel compensation in total, per FRS 102 section 33.7.

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

1.2 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, a period of at least 12 months from the date of signing the accounts. The parent company has confirmed that it will provide financial support as required to ensure the company can meet its financial commitments. The directors have considered the impact of COVID-19 on the company and concluded it has no impact. The Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Turnover

Turnover comprises revenue earned under contracts excluding VAT. Revenue is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for its performance under these contracts, for incomplete contracts, an assessment is made of the extent to which revenue has been earned. This assessment takes into account the nature of the assignment, its stage of completion and relevant contract terms.

Notes to the Accounts (continued)

1 Accounting policies (continued)

1.4 Reserve

Revenue – contains all historic surpluses and deficits to date.

1.5 Long term contracts

Profit is recognised on long term contracts normally when a project has reached 80% completion and if the final outcome can be recognised with reasonable certainty by including in the profit and loss account turnover and related costs as contract activity progresses. Full provision is made for loss-making contracts.

1.6 Rentals under operating leases

Rentals under operating leases are charged to the income and expenditure accounts as incurred.

1.7 Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that neither the tax profit nor the accounting profit.

1.8 Financial Instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. 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, less any impairment losses in the case of trade debtors. 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.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

Notes to the Accounts (continued)

1 Accounting policies (continued)

1.10 Interest receivable and Interest payable

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

1.11 Significant judgements and estimates

There were no significant judgements and estimates in the year.

2. Profit/loss on ordinary activities before taxation

	2020	2019
	£'000	£'000
Profit/loss on ordinary activities before taxation is stated after charging:		
Sale of assets	-	44
Depreciation	-	-
<u>External auditors' remuneration (excl. VAT):</u>		
In their capacity as auditors	5	5
Non-audit fees	3	2

3. Employees

Directors received remuneration of £0 (2019: £0) for services to the company for the year.

No Directors received any pension contributions. The key management personnel of the company is the Board of Directors.

	2020	2019
	£'000	£'000
Employee costs		
Salaries	-	269
Redundancy payments	-	128
Social Security costs of employees	-	35
Pension costs of employees	-	11
	-	443

Average number of employees, including directors, were: nil (2019: 4).

Notes to the Accounts (continued)

4. Interest Payable

	2020	2019
	£'000	£'000
Interest payable and similar charges	234	-
	<u>234</u>	<u>-</u>

5. Tax on surplus on ordinary activities

	2020	2019
	£'000	£'000
Taxation charge for the year		
Deferred tax credit	-	-
	<u>-</u>	<u>-</u>
Total taxation credit for the year	-	-
	<u>-</u>	<u>-</u>

The tax assessed for the period is lower than that resulting from applying the standard 19% rate of corporation tax in the UK (2019: 19%). The differences are explained below:

5. Tax on surplus on ordinary activities (continued)

	2020	2019
	£'000	£'000
Loss for the year	(149)	(3)
	<u>(149)</u>	<u>(3)</u>
Loss multiplied by effective tax rate of 19% (2019: 19%)	(28)	(1)
Group relief given/(claimed)	27	1
Net effect of tax rate change on opening balances – deferred tax	-	-
Permanently disallowed costs	1	-
	<u>1</u>	<u>-</u>
Current tax credit	-	-
	<u>-</u>	<u>-</u>

Notes to the Accounts (continued)

6. Debtors	2020	2019
	£'000	£'000
Other debtors	-	-
Amounts owed by group undertakings	-	443
VAT refundable	3	-
Prepayments	-	-
	<u>3</u>	<u>443</u>

7. Creditors: Amounts falling due within one year	2020	2019
	£'000	£'000
Trade creditors	-	17
Bank overdraft	-	10
Amounts owed to group undertakings	-	-
Accruals and deferred income	192	513
	<u>192</u>	<u>540</u>

8. Share capital	2020	2019
	£	£
Shares of £1 each	<u>1</u>	<u>1</u>

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.

Dividends

At the balance sheet date no dividends have been proposed by the directors.

9. Commitments under operating leases

At 31 March 20 the company had no annual commitments under non-cancellable operating leases (2019: £nil)

Notes to the Accounts (continued)

10. Related party transactions

The Company has taken advantage of the exemption contained in FRS102 section 33.1A from reporting related party transactions with intergroup entities.

During the year, Vivid Build Limited had no other related party transactions.

The group accounts are prepared by VIVID Housing Limited and a copy of the accounts can be obtained at the registered office, Peninsular House, Wharf Road, Portsmouth, Hampshire, PO2 8HB.

11. Controlling party

At 31 March 2020, the immediate and ultimate controlling party was VIVID Housing Limited.

12. Acquisition and Disposal of Bargate Homes Ltd

On the 22 May 2019 VIVID acquired an investment in Bargate Homes Limited. This purchase was made by VIVID Build Limited for the sum of £40,672,309 for 100% of the share capital. This has been treated as an acquisition in the year.

To fund the investment in Bargate, VIVID Build issued share capital of £35,948,750 to VIVID. VIVID Build acquired Bargate for the sum of £40,672,309, which was the purchase of the subsidiary for £35,948,750 cash and issuing 1 year loan notes of £4,051,250.

During the year, a decision to simplify the group structure was made. On the 19th March the investment in Bargate Homes was transferred to VIVID. VIVID Build sold 12% of its investment in Bargate to VIVID for £5,084,039, settled in cash. VIVID Build settled the outstanding loan notes of £4,051,250.

VIVID Build then completed a capital restructure of its issued share capital, recognising £35,948,750 as distributable reserves and then completed a dividend in specie to VIVID of £35,588,270, crystallising a net £360,480 increase in distributable reserves.