Registered number: 09578014

Brick by Brick Croydon Limited

Audited

Directors' Report and Financial Statements

For the year ended 31 December 2016

Company Information

Directors	Colm Lacey (appointed 26 January 2016) Jayne McGivern (appointed 26 January 2016) Lisa Taylor (appointed 26 January 2016) Jeremy Titchen (appointed 26 January 2016)
Registered number	09578014
Registered office	Bernard Weatherill House 8 Mint Walk Croydon CR0 1EA

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Directors' Report

For the year ended 31 December 2016

The Directors present their report and the financial statements for the year ended 31 December 2016.

Results and dividends

The loss for the year, after taxation, amounted to £1,088,108.

Directors

The following directors served during 2016:

Richard Simpson (resigned 26 January 2016)
Colm Lacey (appointed 26 January 2016)
Jayne McGivern (appointed 26 January 2016)
Lisa Taylor (appointed 26 January 2016)
Jeremy Titchen (appointed 26 January 2016)

Future developments

Brick by Brick (Croydon) Limited (BxB) was set up by its sole shareholder, the London Borough of Croydon, to assist with the supply of new homes, particularly affordable homes.

The BxB planned development model involves the purchase by BxB of Council land with development potential under terms which satisfy the Council's statutory duty to secure best consideration. BxB then undertakes development activity on this land, delivering new residential space (both private and affordable), community space and other uses. Any development profit realised by BxB which remains in BxB after payment of costs and related liabilities (and subject to satisfaction of certain legal requirements) can be distributed back to the Council, in its capacity as sole shareholder, by way of a dividend. The Council also provides development finance for specific schemes (at market rates) to BxB and the interest paid by BxB provides a further revenue source to the Council.

In 2016 the London Borough of Croydon Cabinet approved the disposal of a number of sites to BxB. The lending of development finance was also approved.

BxB has made very significant progress in 2016 and developed schemes for a number of sites across Croydon. This followed on from site investigation, appraisal and due diligence analysis. Consultation is undertaken as part of the planning process for all BXB schemes which are submitted for planning approval

As at the end of 2016, a summary of BxB progress is:

• 28 smaller sites submitted to planning, with the potential to deliver 539 units;
• 12 sites in 4 batches put out to tender to contractors, with discussions underway to agree terms with a set of contractors and further arrangements in place to allow the creation of a contractor framework for future works;
• Works progressing well on site on the large scale College Green development, including the refurbishment of Fairfield Halls;
• 20 sites are currently at formal pre-planning stage with the potential to deliver 626 units and 45,000 square feet of new community facilities.

Looking forward, BxB's Business Plan (approved by Croydon Cabinet in February 2017) outlines work on major schemes such as the College Green development and Fairfield Halls refurbishment.

Directors' Report

For the year ended 31 December 2016

The aims, structure, operation, resourcing and governance of BxB can be found in the London Borough of Croydon Cabinet reports (www.croydon.gov.uk) and BxB's own regularly updated and annual approved Business Plans (https://www.croydon.gov.uk/planningandregeneration/regeneration/brick-by-brick-small-sites-programme/brick-by-brick). The presentation and approval of these Brick by Brick accounts for 2016 form part of the governance arrangements

Directors' responsibilities statement

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, the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume Brick by Brick Croydon 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.

Disclosure of information to auditors

The Directors who held office at the date of approval of this 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 that each Director has taken all steps they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

In preparing this report, the directors have taken advantage of the small companies exemption in part 15 of the Companies Act 2006.

Post balance sheet events

There have been no significant events affecting the Company since the year end. This report was approved by the board on 29 September 2017 and signed on its behalf.

Colm Lacey
Director

Independent auditor's report to the members of Brick By Brick Croydon Limited

We have audited the financial statements of Brick By Brick Croydon Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 December 2016 and of its loss 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the directors has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 small companies regimes and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the report of the directors.

Grant Thornton UK LLP

Richard Hagley
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
29 September 2017

Statement of Comprehensive Income

For the year ended 31 December 2016

	Notes	**Year ended 31 Dec 2016**	**Year ended 31 Dec 2015 (Unaudited)**
		£	**£**
Turnover		0	0
Cost of sales		-756,310	0
Gross loss (-)		**-827,867**	**0**
Administrative expenses		-71,557	0
Operating loss (-)		**-827,867**	**0**
Interest payable	11	-260,241	0
Loss (-) before tax		**-1,088,108**	**0**
Tax on loss	12	0	0
Loss (-) and total comprehensive income for the year		**-1,088,108**	**0**

The notes on pages 8 to 14 form part of these financial statements

Statement of Financial Position

As at 31 December 2016

	Notes	As at 31 Dec 2016	As at 31 Dec 2015 (Unaudited)
		£	£
Current Assets			
Work in progress	5	8,046,358	0
Inventories	5	0	0
Short term debtor	6	1,610,232	100
Cash and cash equivalents	7	0	0
		9,656,590	100
Creditors falling due within one year	8	-1,640,132	0
Net Current Assets		**8,016,458**	**100**
Creditors falling due after more than one year	9	-9,104,466	0
Net (liabilities) / assets		**-1,088,008**	**100**
Capital and reserves			
Share capital	10	100	100
Profit and loss account		-1,088,108	0
Capital and reserves		**-1,088,008**	**100**

In preparing this report, the directors have taken advantage of the small companies exemption in part 15 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 29 September 2017.

Colm Lacey
Director

The notes on pages 8 to 14 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2016

	Called-up share capital £	Profit and loss account £	Total £
At 6 May 2015	**0**	**0**	**0**
Profit (+) / Loss (-) and total comprehensive income for the year	0	0	0
Issue of shares	100	0	100
Dividends paid	0	0	0
At 31 December 2015 (Unaudited)	**100**	**0**	**100**
Profit (+) / Loss (-) and total comprehensive income for the year	0	-1,088,108	-1,088,108
Issue of shares	0	0	0
Dividends paid	0	0	0
At 31 December 2016	**100**	**-1,088,108**	**-1,088,008**

The notes on pages 8 to 14 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2016

1. General information

Brick by Brick Croydon Limited ("the Company") is a private limited company. The company was incorporated on 6 May 2015 and began trading in 2016. This is the second year in which the financial statements have been prepared, and cover the year from 1 January 2016 to 31 December 2016. All expenditure and income in the first period, the year from 6 May 2015 to 31 December 2015, was zero.

The company is incorporated and domiciled in England. The address of the Company's registered office is Bernard Weatherill House, 8 Mint Walk, Croydon, United Kingdom, CR0 1EA.

The Company is a development company established by the London Borough of Croydon to deliver housing led development across the borough.

The Company's accounts are prepared on a single entity basis.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102, Section 1A Small Entities, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006. There have been no material departures from this standard.

The financial statements are presented in Sterling (£) and are rounded to the nearest pound

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note).

The following principal accounting policies have been applied:

2.2 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

In addition, the London Borough of Croydon have provided a letter of support confirming they will continue to provide finance to Brick by Brick Croydon up to September 2019.

2.3 Revenue

Revenue 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. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

No revenue was recognised during 2016

Notes to the Financial Statements

For the year ended 31 December 2016

2. Accounting policies (continued)

2.4 Debtors

Debtors are recognised when the ordered goods have been delivered or the services rendered, and are measured at the value or the consideration to be received.

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.6 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the year ended 31 December 2016

2. Accounting policies (continued)

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Finance costs

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Taxation

A tax liability will be recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only 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.

A deferred tax liability or asset is recognised for the additional tax that will be incurred or deductible in the future based on assets and liabilities that are recognised in a business combination.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

2.10 Inventories and Work in Progress

Work in progress comprises direct materials, labour costs, site overheads, associated professional charges and other attributable overheads. It is held at the historical cost of bringing the buildings to their present location and condition.

Upon the completion of a building, it is transferred from work in progress to inventory. At this point it is valued and then held at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and overheads.

Regular reviews are carried out to identify any impairment in the value of inventory. Where an impairment is identified, it is charged as a finance expense in the Statement of Comprehensive Income in the year.

Regular reviews of schemes are carried out to ensure they are still active, and that activity will result in an asset. Where a scheme is no longer likely to proceed, costs are charged as a cost of sales in the Statement of Comprehensive Income in the relevant year.

Notes to the Financial Statements

For the year ended 31 December 2016

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies which are described in note 2, the Directors have made no individual judgements that have a significant impact upon the financial statements, excepting those involving estimation which are dealt with below. Actual results may differ from these estimates.

The key sources of estimation uncertainty at the balance sheet date are:

Deferred tax asset in respect of tax losses

At the balance sheet date, the Directors decided they were unable to completely demonstrate there would be sufficient future taxable profits against which current taxable losses could be set against. As a result, it was decided not to recognise a deferred tax asset in respect of tax losses.

4 Events after the reporting period

There were no events after the reporting period that would cause these statements to be adjusted. Development activity has continued into 2017, with significant activity in the first quarter being comprised of:

	£
Acquisition of property	498,611
Drawdown of development funding	3,447,604

5 Inventories and Work in Progress

	2016	2015 (Unaudited)
	£	£
Completed inventories	0	0
Work in Progress	8,046,358	0
	8,046,358	0

The Directors consider all inventories to be essentially current in nature although the Group's operational cycle is such that a proportion of inventories will not be realised within 12 months. It is not possible to determine with accuracy when specific inventory will be realised as this is subject to a number of issues, including consumer demand and planning permission delays.

Notes to the Financial Statements

For the year ended 31 December 2016

6 Short term debtors

	2016	2015 (Unaudited)
	£	£
Other receivables	1,610,232	100

Other receivables includes £1,610,132 (2015 - nil) in relation to VAT recoverable and £100 in relation to called up share capital.

7 Cash and cash equivalents

Brick by Brick Croydon held no cash or cash equivalents during 2016

8 Creditors falling due within one year

	2016	2015 (Unaudited)
	£	£
Payable to London Borough of Croydon	1,610,132	0
Payable to Grant Thornton	30,000	0
	1,640,132	0

9 Financial Instruments

The maturity profile of the total contracted payments in respect of financial liabilities is as follows:

	Balance at 31 December	Less than 1 year	1-2 years	2-5 years	Over 5 years
	£	£	£	£	£
Loans from Croydon Council	10,714,598	1,610,132	0	9,104,466	0

Loan terms and risks

Brick by Brick Croydon has an unsecured loan facility with the London Borough of Croydon, which can be drawn against for five years, until 2021, up to a total loan value of £10,061,091, of which £9,104,466 was drawn down in 2016. The "less than 1 year" balance of £1,610,132 represents VAT incurred on expenditure funded by this loan facility, and does not form part of the loan facility. This amount is matched by a short term debtor from HMRC.

Repayment of the principal is either five years after each loan has been drawn down, or the agreement's termination date of 2021.

The interest rate charged for the loan is 5%. Interest is payable in full upon completion of the loan.

Notes to the Financial Statements

For the year ended 31 December 2016

10 Share Capital

The Company has one class of ordinary shares (nominal value 100p). The shareholders are entitled to one vote per share at meetings of the Company.

	2016	2015 (Unaudited)
	£	£
100 ordinary shares of 100p each	100	100

11 Interest Payable

	2016	2015 (Unaudited)
	£	£
Interest payable on loan from London Borough of Croydon	260,241	0

12 Taxation

The Company made a tax loss of £1,088,108 in the year 2016. A deferred tax asset has not been recognised in respect of accumulated tax losses. At the balance sheet date, the Directors decided they were unable to completely demonstrate there would be sufficient future taxable profits against which current taxable losses could be set against. As a result, it was decided not to recognise a deferred tax asset in respect of tax losses.

13 Auditors' Remuneration

	2016	2015 (Unaudited)
	£	£
Grant Thornton UK LLP fee payable for audit of annual accounts	30,000	0

Notes to the Financial Statements

For the year ended 31 December 2016

14 Employees

Brick by Brick Croydon had no employees during 2016. There were also no employees during 2015.

Two of the directors are employees of the London Borough of Croydon. Two of the directors are externally appointed advisors, but not employees of Brick by Brick Croydon.

The directors of Brick by Brick Croydon received the following remuneration in 2016

Director	2016	2015
	£	£
Richard Simpson	0	0
Colm Lacey	0	0
Jayne McGivern	24,000	0
Lisa Taylor	0	0
Jeremy Titchen	13,500	0
	37,500	0

15 Related Party Transactions

Brick by Brick Croydon Limited is 100% owned by the London Borough of Croydon, which is the ultimate controlling party.