

Company Registration No. 02158998 (England and Wales)

GALLIARD HOMES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



GALLIARD HOMES LIMITED

COMPANY INFORMATION

Directors	S S Conway	
	D E Conway	
	M J Watson	
	P L Huberman	
	D P Maguire	(Appointed 1 April 2022)
	G A Conway	
	R M Conway	
	E Dias	(Appointed 31 May 2022)
	D J Hirschfield	
	A L Dijk	
Secretary	D J Hirschfield	
Company number	02158998	
Registered office	3rd Floor Sterling House Langston Road Loughton Essex IG10 3TS	
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL	
Business address	PO Box 206 Loughton Essex IG10 1PL	

GALLIARD HOMES LIMITED

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GALLIARD HOMES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Fair review of the business

The company continues to fund various developments and until the ventures are complete, the company maintains healthy revenue streams from its management fees and non development investments.

Turnover fell from £1m to £0.6m due to a reduction in management fees from developments that were completed during the year. The company continues to seek its returns on investments and income from the group to recover its overhead costs.

Our Stakeholders

The directors have always paid due regard to the effect of their actions on the various stakeholders who have an interest in the business. Section 172 of the Companies Act requires us to report each year on the steps taken to fulfil these obligations towards our stakeholders.

There are a great many parties who may be affected by the decisions made in the day-to-day running of the business and, as such, can be considered stakeholders. It is the responsibility of the board of directors to balance these interests in order to deliver the best possible outcome for all concerned.

Shareholders

Shareholders will look for annual income in the form of dividends as well as capital appreciation from growth in the net assets of the group. Robustness in moral awareness and social responsibility are also increasingly important considerations for this group.

Employees

Salary and benefit packages are obviously high on an employee's list of priorities but so, too, are the working environment, a sense of community and the self-worth that comes from the knowledge that your employer values your opinion.

JV Partners

Our joint venture partners are equity investors in specific projects. They will expect to be kept informed of the progress of their investment and to receive their agreed share of profits at its conclusion. They will also want to ensure that appropriate social and moral protocols are being followed.

Funders

The financial institutions that fund our debt requirement each have their own commercial and ethical frameworks within which they work. We are required to conform to their standards of management in relation to any outstanding borrowing.

Subcontractors & Suppliers

We treat our subcontractors in the same way as our employees in terms of working conditions and inclusivity. We also keep in close contact with our suppliers as it is of mutual benefit to be well informed.

Local Community

It is important to appreciate and respect the views of the communities in which we work. Each has its own issues that have local significance and are not ignored.

Customers

Arguably the most important stakeholder of all is the customer. Without customers we have no business. The quality of both our product and our customer service is therefore of paramount importance.

GALLIARD HOMES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties

The principal risks faced by the company are those associated with being part of a large property group. These risks are considered minimal due to strong present and anticipated trading of the group. Whilst there will always be risks associated with the activity of property development the group is generally risk-averse and makes every effort to manage that risk. Thus the possibility of cost overruns is minimised by the use of fixed price contracts and disciplined budgetary control; the uncertainty inherent in borrowing at fluctuating rates of interest is mitigated by the use of treasury instruments such as interest rate swaps where appropriate; the possibility of failure to obtain planning permission is reduced by acquiring land in suitable locations; and the risk of sustaining significant losses on particular developments is addressed by the participation of joint venture partners in the majority of projects.

Going Concern

The directors have assessed the company's cashflow forecasts from future sales and operations and with continued support from Galliard Group Limited, they are satisfied that there is sufficient available cash for at least the next twelve months to meet the operating needs of the company.

Key performance indicators

The company's statement of comprehensive income is set out on page 9.

The company recorded a gross loss of £2.3m (2022 gross profit - £662k).

The significant contribution to other income is the recovery of overhead costs from group developments.

The company administration expenses were £16.7m (2022 - £29.2m). The administration expenses in the year ended 31 March 2022 included a significant settlement payment to an outgoing director.

On behalf of the board



S S Conway

Director

18 October 2023

GALLIARD HOMES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company continues to be the development and sale of residential and commercial property. In order to help finance its activities the company has invested in joint developments and subsidiary's.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends (2022: £23,500,000) were paid during the year. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S S Conway	
D E Conway	
A W Porter	(Resigned 31 December 2022)
J M Morgan	(Resigned 31 May 2022)
D J Galman	(Resigned 31 March 2023)
M J Watson	
P L Huberman	
V E Anthony	(Resigned 9 September 2022)
D P Maguire	(Appointed 1 April 2022)
G A Conway	
R M Conway	
E Dias	(Appointed 31 May 2022)
D J Hirschfield	
A L Dijk	

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

GALLIARD HOMES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Auditor

During the year Xeinadin Audit Limited resigned as auditors of the company and Buzzacott LLP were appointed as their successors. In accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon report

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



S S Conway
Director

18 October 2023

GALLIARD HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF GALLIARD HOMES LIMITED

Opinion

We have audited the financial statements of Galliard Homes Limited (the 'company') for the year ended 31 March 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including 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 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.

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

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

We have nothing to report in this regard.

GALLIARD HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF GALLIARD HOMES LIMITED

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 and the directors' report.

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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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:

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

GALLIARD HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF GALLIARD HOMES LIMITED

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the company through discussions with directors and key management at the planning stage;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations;
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, and taxation, building safety and health and safety legislation.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- inspecting legal correspondence for any potential material litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the company financial statements to management override of controls by evaluating the design and implementation of controls and enquiring of individuals involved in the financial reporting process
- tested journal entries and the rationale behind significant or unusual transactions;
- performed analytical procedures to identify any unusual or unexpected relationships and tested any material variances from the prior period;
- tested accounting estimates and evaluated whether judgements or decisions made by management indicated bias on the part of the Company's management; and
- carried out substantive testing over the occurrence and accuracy of revenue.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiry of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and the company's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

GALLIARD HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF GALLIARD HOMES LIMITED

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.



Philip Westerman (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor

18 October 2023
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130 Wood Street
London
EC2V 6DL

GALLIARD HOMES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Revenue	3	575,118	960,660
Cost of sales		(2,838,986)	(298,721)
Gross (loss)/profit		(2,263,868)	661,939
Administrative expenses		(16,680,674)	(29,153,347)
Other operating income		14,191,920	14,580,323
Provision for cladding works	4	(16,724,226)	(2,081,748)
Operating loss	5	(21,476,848)	(15,992,833)
Investment income	9	214,682	2,563,025
Finance costs	10	(334,230)	(39,172)
Other gains and losses	11	(6,137,742)	(930,623)
Loss before taxation		(27,734,138)	(14,399,603)
Tax on loss	12	(67,189)	463,088
Loss for the financial year		(27,801,327)	(13,936,515)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 12 to 27 form part of these financial statements.

GALLIARD HOMES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Non-current assets					
Property, plant and equipment	14	167,681		694,920	
Investments	15	11,985,109		25,595,324	
		<u>12,152,790</u>		<u>26,290,244</u>	
Current assets					
Inventories	18	9,850,027	5,844,114		
Trade and other receivables	19	45,832,800	44,860,594		
Investments	17	82,425	82,425		
Cash and cash equivalents		8,669,015	2,703,670		
		<u>64,434,267</u>	<u>53,490,803</u>		
Current liabilities	20	(76,624,069)	(76,641,312)		
Net current liabilities		(12,189,802)		(23,150,509)	
Total assets less current liabilities		(37,012)		3,139,735	
Non-current liabilities	21	(7,900,355)		-	
Provisions for liabilities					
Provisions	23	(19,243,973)	(2,519,748)		
		<u>(19,243,973)</u>	<u>(2,519,748)</u>		
Net (liabilities)/assets		<u>(27,181,340)</u>		<u>619,987</u>	
Equity					
Called up share capital	26	52,000	52,000		
Retained earnings		(27,233,340)	567,987		
Total equity		<u>(27,181,340)</u>		<u>619,987</u>	

The financial statements were approved by the board of directors and authorised for issue on 18 October 2023 and are signed on its behalf by:



S S Conway
Director

Company Registration No. 02158998

The notes on pages 12 to 27 form part of these financial statements.

GALLIARD HOMES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 April 2021		52,000	38,004,502	38,056,502
Year ended 31 March 2022:				
Loss and total comprehensive expense for the year		-	(13,936,515)	(13,936,515)
Dividends	13	-	(23,500,000)	(23,500,000)
Balance at 31 March 2022		52,000	567,987	619,987
Year ended 31 March 2023:				
Loss and total comprehensive expense for the year		-	(27,801,327)	(27,801,327)
Balance at 31 March 2023		52,000	(27,233,340)	(27,181,340)

The notes on pages 12 to 27 form part of these financial statements.

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Galliard Homes Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor, Sterling House, Langston Road, Loughton, Essex, IG10 3TS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Galliard Group Limited. These consolidated financial statements are available from its registered office, Sterling House, Langston Road, IG10 3TS.

The company has taken advantage of s400 of the Companies Act not to produce group financial statements, as it is included in the consolidated financial statements of Galliard Group Limited, a company registered in England and Wales.

1.2 Going concern

In their assessment of going concern, the directors have prepared forecasts for a period of at least 12 months from the date of approval of the financial statements and with the continued support of Galliard Group Limited, the directors are satisfied that there is sufficient available cash for at least the next twelve months to meet the operating needs of the company.

Accordingly the director's consider it appropriate for the financial statements to be prepared on a going concern basis and that there is no material uncertainty in reaching this conclusion.

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable following legal completion of developed units, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Short Leasehold property	Over the period of the lease
Plant and machinery	5 years
Fixtures and equipment	2 to 5 years
Motor vehicles	4 years

1.5 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.6 Impairment of non-current assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the reversal is recognised in profit or loss up to, but not above, its original value.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost comprises the purchase cost of land and buildings and development expenditure.

Profit on sales of developed properties are taken on receipt of sales proceeds at legal completion. Costs attributable to each sale comprises an appropriate proportion of total costs of the development.

1.8 Financial instruments

Financial assets, other than investments, are initially measured at transaction price and subsequently held at cost, less any impairment.

Financial liabilities are measured initially at transaction price and subsequently at amortised cost.

Financial liabilities and equity are classified according to the substance of the instrument's contractual obligation, rather than its legal form.

Finance costs are charged to profit and loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.9 Taxation

The tax expense for the period comprises current and deferred tax.

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Current tax

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the reporting date.

Deferred tax

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met, and
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences.

1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.11 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.13 Other operating income

Other operating income comprises commissions, management fees and net rental income receivable.

1.14 Bare trustees

The company is party to a number of joint developments where the property is held on trust by a nominee company. These developments are accounted for as jointly controlled operations. Accordingly the company accounts for its own share of the assets, liabilities and cash flows measured according to its beneficial share of the arrangement.

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

2 Judgements and key sources of estimation uncertainty

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. In preparing these financial statements, the directors have had to make the following judgements and estimates:

Carrying value of inventories

In applying the company's accounting policy for the valuation of inventories the Directors are required to assess the expected selling price and costs to sell each of the units that constitute the company's work in progress. Cost includes the cost of acquisition of sites, the cost of infrastructure and construction works, and legal and professional fees incurred during development prior to sale. Estimation of the selling price is subject to significant inherent uncertainties, in particular the prediction of future trends in the market value of property.

Whilst the Directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the future selling price, the estimates will, in all likelihood, differ from the actual selling prices achieved in future periods and these differences may, in certain circumstances, be very significant.

The company develops sites for residential and commercial property purposes. The success of the development depends on short-term variability of the property market and economic factors which affect demand. As a result it is necessary to consider the recoverability of stock and work in progress and the associated provisioning required. When calculating the stock provision, management considers the nature, state and location of the development, as well as applying assumptions around anticipated market and economic conditions affecting the saleability of the respective properties in the development.

Provisions

The company makes assumptions to determine the timing and its best estimate of the quantum of its developments and other liabilities for which provisions are held. Factors used in the assumptions and estimates includes inflation, discount rates, phasing of cash flows, period to completion, costs to completion, and assumptions used in deriving internal rates of return for each development project.

The company also makes assumptions to assess the economic viability of certain contracts held, which includes assumptions on future market conditions and revenue streams. The nature of provisions made as at the year end are analysed and disclosed in note 23.

3 Revenue

An analysis of the company's revenue is as follows:

	2023	2022
	£	£
Turnover		
Development sales	492,500	960,660
Management fees	82,618	-
	<u>575,118</u>	<u>960,660</u>

All turnover derives from UK operations.

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

4 Exceptional item

	2023 £	2022 £
Provisions - charge for the year	16,724,226	2,081,748

Exceptional costs

Provisions of £16,724,226 (2022 - £2,081,748) for estimated remediation works to meet the company's commitment to improving building safety standards on historic developments.

5 Operating loss

	2023 £	2022 £
Operating loss for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	-	7,120
Fees payable to the company's auditor for the audit of the company's financial statements	20,000	20,000
Depreciation of owned property, plant and equipment	122,841	185,869
Profit on disposal of property, plant and equipment	(61,003)	(18,998)
Bad debt expense	1,657,935	809,747
Cost of inventories recognised as an expense	2,838,986	298,721

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Construction	167	174
Sales	38	42
Administration	104	115
Total	309	331

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	27,575,651	31,277,888
Social security costs	2,936,197	3,911,020
Pension costs	1,825,465	2,019,372
	32,337,313	37,208,280

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	3,258,664	13,520,368
Company pension contributions to defined contribution schemes	167,858	253,318
	<u>3,426,522</u>	<u>13,773,686</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2022 - 8).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	2,275,358	9,091,024
Company pension contributions to defined contribution schemes	3,333	110,000
	<u>2,278,691</u>	<u>9,201,024</u>

Amounts included in the current year reflect settlement payments of £2,244,000 (2022 - £8,338,000) to an outgoing director.

8 Other operating income

	2023 £	2022 £
Recovery of overhead costs	7,319,850	12,582,063
Share of profits from joint developments	6,303,641	-
Commissions and fees	364,061	1,713,301
Net rental income	47,494	199,620
Other income	156,874	85,339
	<u>14,191,920</u>	<u>14,580,323</u>

9 Investment income

	2023 £	2022 £
Interest income		
Interest on bank deposits	56,323	290
Other interest income	12,013	155,102
	<u>68,336</u>	<u>155,392</u>
Total interest revenue	68,336	155,392
Income from fixed asset investments		
Income from shares in group undertakings	146,346	2,407,633
	<u>146,346</u>	<u>2,407,633</u>
Total income	<u>214,682</u>	<u>2,563,025</u>

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

10 Finance costs

	2023	2022
	£	£
Interest on bank overdrafts and loans	325,236	37,533
Other interest on financial liabilities	8,994	1,639
	<u>334,230</u>	<u>39,172</u>

11 Other gains and losses

	2023	2022
	£	£
Impairment of fixed asset investment	<u>(6,137,742)</u>	<u>(930,623)</u>

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

12 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	45,177	(520,465)
Adjustments in respect of prior periods	-	89,487
Total current tax	45,177	(430,978)
Deferred tax		
Changes in tax rates	(2,040)	(3,242)
Adjustment in respect of prior periods	24,052	26,096
Other adjustments	-	(54,964)
Total deferred tax	22,012	(32,110)
Total tax charge/(credit)	67,189	(463,088)

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Loss before taxation	(27,734,138)	(14,399,603)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	(5,269,486)	(2,735,925)
Tax effect of expenses that are not deductible in determining taxable profit	216,160	198,473
Tax effect of income not taxable in determining taxable profit	(27,806)	(457,450)
Unutilised tax losses carried forward	1,518,179	-
Group relief	2,390,028	2,459,189
Under/(over) provided in prior years	-	89,487
Deferred tax adjustments in respect of prior years	24,052	26,097
Other permanent differences	49,247	(530,354)
Effect of rate change	644	(3,243)
Impairment of fixed asset investments	1,166,171	490,638
Taxation charge/(credit) for the year	67,189	(463,088)

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Dividends

	2023 Per share £	2022 Per share £	2023 Total £	2022 Total £
Ordinary A shares				
Final paid	-	451.92	-	11,309,298
Ordinary B shares				
Final paid	-	451.92	-	11,309,298
Ordinary C shares				
Final paid	-	451.92	-	881,404
Total dividends				
Final paid			-	23,500,000

14 Property, plant and equipment

	Short Leasehold property £	Plant and machinery £	Fixtures and equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2022	804,820	169,500	1,651,274	862,116	3,487,710
Additions	-	-	175	99,224	99,399
Disposals	(500,000)	-	-	(219,063)	(719,063)
At 31 March 2023	304,820	169,500	1,651,449	742,277	2,868,046
Depreciation and impairment					
At 1 April 2022	304,820	169,500	1,650,583	667,887	2,792,790
Depreciation charged in the year	-	-	438	122,403	122,841
Eliminated in respect of disposals	-	-	-	(215,266)	(215,266)
At 31 March 2023	304,820	169,500	1,651,021	575,024	2,700,365
Carrying amount					
At 31 March 2023	-	-	428	167,253	167,681
At 31 March 2022	500,000	-	691	194,229	694,920

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

15 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	16	6,636,768	18,486,680
Unlisted investments		5,348,341	7,108,644
		<u>11,985,109</u>	<u>25,595,324</u>

Movements in non-current investments

	Shares in subsidiaries £	Other investments £	Total £
Cost or valuation			
At 1 April 2022	18,486,680	7,108,644	25,595,324
Additions	162,368	-	162,368
Impairments	(4,878,000)	(1,259,742)	(6,137,742)
Return of capital	(2,658,788)	(500,561)	(3,159,349)
Disposals	(4,475,492)	-	(4,475,492)
At 31 March 2023	<u>6,636,768</u>	<u>5,348,341</u>	<u>11,985,109</u>
Carrying amount			
At 31 March 2023	<u>6,636,768</u>	<u>5,348,341</u>	<u>11,985,109</u>
At 31 March 2022	<u>18,486,680</u>	<u>7,108,644</u>	<u>25,595,324</u>

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

16 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Class	% Held Direct
Acorn (Trinity Square) Limited	Ordinary	33.30
Drayton Park Developments Ltd	Ordinary	50.00
Fieldfind Ltd	Ordinary	100.00
Galliard (Southwark) Ltd	Ordinary	100.00
Galliard Estates Ltd	Ordinary	50.00
Heartpride Ltd	Ordinary	33.30
Iconsheild Ltd	Ordinary	100.00
Jewelside Ltd	Ordinary	100.00
Lastzone Ltd	Ordinary	100.00
Liftzone Ltd	Ordinary	100.00
Lionpride Ltd	Ordinary	33.30
Lionstar Ltd	Ordinary	100.00
Markhome Ltd	Ordinary	50.00
Ridegeton Ltd	Ordinary	66.60
Signature Resorts Ltd	Ordinary	100.00
Swingdeal Ltd	Ordinary	100.00
Vitalcharm Ltd	Ordinary	100.00
Workout Ltd	Ordinary	100.00

The registered office for the subsidiaries are 3rd Floor, Sterling House, Langston Road, Loughton, IG10 3TS

With the exception of :

Acorn (Trinity Square) Limited - 1 The Broadway, London, England, N8 8DU

Markhome Ltd - 50 Lancaster Road, Enfield, Middlesex, EN2 0BY

17 Current asset investments

	2023 £	2022 £
Unlisted investments	82,425	82,425

There are no listed investments.

18 Inventories

	2023 £	2022 £
Work in progress	9,850,027	5,844,114

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

19 Trade and other receivables

	2023	2022
	£	£
Amounts falling due within one year:		
Trade receivables	99,173	264,924
Corporation tax recoverable	7,772,979	3,347,859
Amounts owed by group undertakings	29,504,724	27,787,528
Amounts owed by undertakings in which the company has a participating interest	3,012,387	4,609,159
Other receivables	3,727,691	5,718,570
Prepayments and accrued income	1,669,379	3,064,075
	<u>45,786,333</u>	<u>44,792,115</u>
	2023	2022
	£	£
Amounts falling due after more than one year:		
Deferred tax asset (note 25)	<u>46,467</u>	<u>68,479</u>
Total debtors	<u>45,832,800</u>	<u>44,860,594</u>

20 Current liabilities

	2023	2022
	£	£
Secured bank loans and overdrafts	-	1,415,705
Trade payables	411,226	1,238,177
Amounts due to group undertakings	62,651,015	55,633,448
Other taxation and social security	581,168	5,025,357
Other payables	6,819,573	7,068,274
Accruals and deferred income	6,161,087	6,260,351
	<u>76,624,069</u>	<u>76,641,312</u>

21 Non-current liabilities

	Notes	2023	2022
		£	£
Bank loans and overdrafts	22	<u>7,900,355</u>	<u>-</u>

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

22 Borrowings

	2023 £	2022 £
Bank loans	7,900,355	1,415,705
Payable within one year	-	1,415,705
Payable after one year	7,900,355	-

The loans are secured against assets of the company. A loan for £6,527,370 is repayable in September 2024 and a loan for £1,372,985 is repayable in December 2024.

23 Provisions for liabilities

	2023 £	2022 £
Remediation works	18,805,973	2,081,748
Other provisions	438,000	438,000
	19,243,973	2,519,748

Movements on provisions:

	Remediation works £	Other provisions £	Total £
At 1 April 2022	2,081,748	438,000	2,519,748
Additional provisions in the year	16,724,225	-	16,724,225
At 31 March 2023	18,805,973	438,000	19,243,973

24 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	287,634	635,341

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

25 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2023 £	Assets 2022 £
Balances:		
Tax losses	46,467	68,479
	<u> </u>	<u> </u>
Movements in the year:		2023 £
Asset at 1 April 2022		(68,479)
Charge to profit or loss		24,052
Effect of change in tax rate - profit or loss		(2,040)
		<u> </u>
Asset at 31 March 2023		(46,467)
		<u> </u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

26 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital Issued and fully paid				
Ordinary A shares of £1 each	25,025	25,025	25,025	25,025
Ordinary B shares of £1 each	25,025	25,025	25,025	25,025
Ordinary C shares of £1 each	1,950	1,950	1,950	1,950
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	52,000	52,000	52,000	52,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

All share rank pari passu in all respects.

GALLIARD HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

27 Related party transactions

The company has taken advantage of the exemption allowed by FRS 102 not to disclose any transactions with entities that are in the consolidated financial statements of Galliard Group Limited on the grounds that 100% of the voting rights in the company are controlled within the group and the company is included within those financial statements.

The company had outstanding balances during the year with the following companies that are controlled by Mr S S Conway. The balances do not carry interest, nor are there any formal terms of repayment.

Details of the outstanding balances are:

Lancelot Management Limited: £191,248 (2022: £191,000)

Real Estate Investment & Trading Limited: £1,569,713 (2022: £1,561,000)

In addition, there were amounts due to the company at 31 March 2023 in respect of properties owned by Mr S S Conway totaling £210,319 (2022 - £205,125) which related to refurbishment works.

A total amount of £339,083 (2022 - £339,083) was due to joint ventures.

The following specific loan balances were due from directors of the company as at 31 March 2023;

- Mr D Galman: £nil (2022 - £100,478) All amounts were repaid in the year.

- Mr D Conway: £258,535 (2022 - £254,456) Advances in the year of £4,079.

The following specific loan balances were due to directors of the company as at 31 March 2023:

- Mr S Conway: £1,336,106 (2022 - £320,526).

The amounts shown were the highest amounts outstanding during the year.

No material amounts are paid to any director other than those disclosed elsewhere in this report.

28 Ultimate controlling party

The immediate parent company is Galliard Holdings Limited, a company registered in England and Wales, and the ultimate holding company is Galliard Group Limited, a company registered in England and Wales.

Galliard Group Limited prepares group financial statements and copies can be obtained from 3rd floor Sterling House, Langston Road, Loughton, Essex, IG10 3TS.

In the opinion of the directors, the controlling party is Stephen Conway, a director and holds more than 50% of the voting rights.