Registered number: 03703026

WAIN HOMES (SEVERN VALLEY) LIMITED
(FORMERLY WAINHOMES (SEVERN VALLEY) LIMITED)
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE 53 WEEK PERIOD ENDED 3 OCTOBER 2021

Contents

Directors	Mr Andy Campbell Mr Peter Barlow Mr William Ainscough Mr Carl Haley Mr David Sheard
Secretary	Mr David Sheard
Company Number	03703026
Registered Office	Exchange House Kelburn Court Birchwood Warrington WA3 6UT
Auditors	KPMG LLP 8 Princes Parade Liverpool L3 1QH

Principal Activity
We are a regional housebuilder that operates in the Severn Valley region of England. The Company is a wholly owned subsidiary of Wain Homes Limited

Our business model
Our key strength is utilising our local knowledge to promote strategic land through the planning system. We maintain a strong discipline over the capital employed by the business throughout the cycle of development.

We focus on family housing and our aim is to deliver quality homes for our customers.

Business review and results
The company changed its name from Wainhomes (Severn Valley) Limited on 29 September 2021 to Wain Homes (Severn Valley) Limited.

The period to 27 September 2020 was extended to 15 month period and all comparatives stated relate to 15 months whereas the current period is 53 weeks long.

Despite widespread disruption to the UK economy from the Covid-19 pandemic, sales demand for new homes has remained strong.

2021 continued to demonstrate the growth of the business with an increase in new homes sold to 182 (2020, 15 months: 70) Turnover increased to £44.8m (2020, 15 months; £18.7m) and the company generated a profit before tax of £4.7m (2020, 15 months; loss of £0.5m)

Demand for new homes in the business's operating area has been excellent driving up revenue and overall profitability, but this has been tempered by some significant supply chain issues as a result of the Covid-19 pandemic and the UK's withdrawal from the EU - in terms of labour and materials availability. These issues have in turn driven up material and labour costs as well as delaying production. The business has responded well with careful forward planning and the management and redirection of resources as appropriate.

Overall, the business remains very well placed for the future with a number of new land sites being acquired and controlled during 2021, along with new sites starting to produce completions during 2021; and feeding into 2022 and beyond too. The business finished the period with a very healthy 57 sale reservations totalling £35.4m in order book value (2020, 15 months; 36 homes, £29.1m)

The business remains agile and active in the land market with its excellent local knowledge and presence. Ready access to funding combined with a revitalised product and branding means that Wain Homes (Severn Valley) Limited remains as well placed as ever to drive the business and its stakeholders successfully forward.

Key performance indicators
The key financial performance indicators are summarised below:

	53 weeks ended 2021	15 months ended 2020
Revenue (£m)	44.8	17.8
Sale reservations at period end (£m)	35.4	29.1
Pre Tax Profit (£m)	4.7	(0.5)
Operating Margin %	14.7	6.6

These key measures indicate the ability of our business to operate in the long term for the benefit of our stakeholders.

The Company is committed to a safe working environment for its employees and sub-contractors. We engage the NHBC to independently monitor our health and safety.

The key performance data of this is as follows:

	53 weeks ended *2021*	15 months *ended 2020*
Average H&S score per visit for the period (Wain Homes SV)	0.28	0.88
Average H&S score per visit for the period (Industry Average)	0.34	2.27
RIDDOR accidents in the period	1	0

Principal risk and uncertainties
The board of directors is ultimately responsible for risk management and processes are in place to identify, mitigate and manage risk.

Market Risk
The housing industry is sensitive to economic conditions such as changes in employment levels, interest rates and consumer confidence. The Company has a monthly board meeting which is chaired by the Wain Homes Chief Executive Officer. Performance is monitored against detailed budgets and revised forecasts are updated on a monthly basis. This meeting reviews financial performance, site valuations, sales and health and safety.

Cost inflation and supply shortages for both labour and materials are a key risk for housebuilders, the company is well placed to deal with these risks due to the strong relationship with suppliers and strength of its supply chain, the company also has very limited exposure to goods imported from outside the UK.

Capital Risk
One of the key risks a housebuilder faces is the appraisal of land. The ability of the Company to correctly appraise both the value of land and the marketability of the product in each location, is critical to success. The Company has a standard form of appraisal for the marketing, technical and financial elements of each purchase. The Company engages independent solicitors to carry out the legal due diligence of each purchase.

Principal risk and uncertainties *(continued)*

Land stock is recorded at cost and the carrying amount is reviewed regularly by the directors for any evidence of impairment, taking into account factors such as opportunity for development and status of planning permission.

Similarly, work in progress is recorded at cost and its recoverability is reviewed regularly throughout the period with reference to the current market sales prices that are expected to be achieved and budgeted costs to complete.

The Company operates a rolling quarterly valuation programme on its development sites with variances to budgeted build costs reconciled. This programme monitors progress against the initial development appraisal and is an important element of cost control.

Liquidity and Credit Risk
The availability of finance is key risk for any housebuilder and the company agreed an extension to January 2023 to the three year funding arrangement with Lloyds Bank Plc.

During the period to 3 October 2021 and in the period to date the Company has remained compliant with all financial covenants contained within the facility agreements.
Working capital requirements are reviewed regularly with forecasts reviewed on both a weekly and monthly basis by the Board of Directors.

Future Developments
The Company has a strong sale reservations position and continues to increase its pipeline of development opportunities to fuel future growth of the business.

Subsequent to period end, trading activity has remained strong, customers reconsidering living arrangements due to the pandemic and the continued shortage of new housing stock in the market which has ensured that house price growth and demand has remained strong. However, material risks to demand remain given that the stamp duty tax holiday is time limited, as is the job retention scheme which on ending may lead to a rise in unemployment. Additionally, there are further threats from variants of Covid-19 which may impact on the re-opening of the economy and depress economic activity and employment levels.

Environmental impact and carbon use disclosures
The Company identifies sustainability as fundamental to each aspect of our business model and the long-term success of the Company. Throughout the period ended 3 October 2021 the Company has continued to strive toward creating a more socially, environmentally and economically sustainable business. The Company regularly reviews its sustainability strategy as a responsible housebuilder.
In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, we report on our greenhouse gas ("GHG") emissions as part of Wain Group Limited's Annual Strategic Report.

Shareholder value
Engaging with stakeholders to deliver long term success is a key area of focus for the Board and all decisions take into account the impact on stakeholders. Obviously, stakeholders are impacted by, or benefit from, decisions made by the Board in different ways. However, it is the Board's priority to ensure that the Directors have acted both individually and collectively in the way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole with regard to all its stakeholders and to the matters set out in paragraphs a-f of Section 172 of the Companies Act 2006

a) The board annually approves the five-year plan and monitors its implementation through the period using detailed reports on operating and financial performance. In approving the strategy, the Directors also consider external factors such as competitor behaviour, the performance of the industry, as well as the evolving economic, political and market conditions.

b) The Directors understand the importance of the company's employees to the long-term success of the business. The health and safety of the employees (and other stakeholders) remains its main priority and the Directors review the performance in this area at each board meeting. The company regularly communicates to its employees through presentations, internal company-wide emails and newsletters. The company provides ongoing training to employees and regular appraisals to further their career development.

c) The Board regularly reviews how the company maintains positive relationships with all of its stakeholders, including suppliers, customers and others. There has been significant investment in developing the supply chain to allow the business to continue trading as effectively as possible despite the material and labour issues caused by the Covid-19 pandemic and Britain's withdrawal from the EU.

d) We are committed to creating sustainable, long term opportunities in our communities. In addition to aiming to become an employer of choice in our communities, we also seek to engage with the wider community in which we operate. The business recognises its responsibility to manage the environmental impacts of our activities, products and services in all areas of our business and is committed to continual improvement of environmental systems and enhancing performance through ongoing review and the setting of objectives and targets which are an integral part of our management review.

e) The Directors take the reputation of the company seriously which is not limited to only operational and financial performance. The Board has approved several policies including anti-slavery and human trafficking and anti-bribery and corruption.

f) The Directors act fairly across all members and shareholders of the company and ensure that it remains a sustainable long-term business.

A Campbell
Director
Wain Homes (Severn Valley) Limited
Exchange House, Kelburn Court, Birchwood
Warrington WA3 6UT

10 June 2022

The directors present their report and the financial statements for the period ended 3 October 2021.

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, 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 period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Statement of Disclosure of Information to Auditors
The directors of the company who held office at the date of approval of this annual report confirm that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Future Developments
The Company has a strong sale reservations position and continues to increase its pipeline of development opportunities to fuel future growth of the business.

Going concern
The Company forecasts and projections, taking account of reasonably possible changes in trading performance show that the company should be able to operate within the level of its bank facility.

The directors of the company are reliant on the parent company to facilitate financial support which is expected to continue to be provided and the directors of the company have therefore prepared the financial statements on a going concern basis. (Refer to Note 1.2).

Political and charitable donations
The company made no political or charitable donations during the period (2020,15 months: £nil).

Research and Development
The company does not undertake research or development.

Dividends
No dividend was paid or declared during the financial period. (2020,15 months: £nil).

Directors
The directors who held office during the period were as follows:

Mr Andy Campbell
Mr Peter Barlow
Mr William Ainscough
Mr Carl Haley
Mr David Sheard

On behalf of the board

Mr A Campbell
Director
10 June 2022

Opinion

We have audited the financial statements of Wain Homes (Severn Valley) Limited ("the Company") for the period ended 3rd October 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 3rd October 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the wider Group and the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk that revenue is overstated through recording revenues in the wrong period.

We also identified a fraud risk related to the valuation of the period end work-in-progress balance due to the risk of bias in accounting estimates and judgements.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to revenue in the final week of the financial period with unusual pairings, to move costs between sites and unusual postings to cash.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.
As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, property and planning law, building regulations and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.*

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Will Baker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

10 June 2022

Wain Homes (Severn Valley) Limited
Profit and Loss Account
For the 53 Week Period Ended 3 October 2021

	Notes	53 week period ended 3 October 2021	15 month period ended 27 September 2020
		£000	£000
TURNOVER		**44,753**	**17,819**
Cost of sales		**(33,944)**	(13,327)
GROSS PROFIT		**10,810**	**4,492**
Distribution costs		-	-
Administrative expenses		**(4,231)**	(3,316)
OPERATING PROFIT	**6**	**6,579**	**1,176**
Other interest receivable and similar income		**61**	
Interest payable and similar charges	**5**	**(1,945)**	(1,681)
PROFIT/(LOSS) BEFORE TAXATION		**4,695**	**(505)**
Tax on Profit/Loss	**7**	**(954)**	32
PROFIT/(LOSS) AFTER TAXATION BEING TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		**3,741**	**(473)**

The company had no items of Other Comprehensive Income in either the current or immediately preceding period.

There were no acquisitions or discontinued operations during either the current or immediately preceding period.

The notes on pages 11 to16 form part of these financial statements.

Wain Homes (Severn Valley) Limited
Balance Sheet
As at 3 October 2021

		3 October 2021		27 September 2020	
Company No. 03703026	**Notes**	**£000**	**£000**	**£000**	**£000**
FIXED ASSETS					
Tangible Assets	8		330		248
			330		248
CURRENT ASSETS					
Stocks	9	70,885		69,547	
Debtors	10	5,763		4,344	
Cash at bank and in hand		8,491		-	
		85,139		73,891	
Creditors: Amounts Falling Due Within One Year	11	(78,943)		(62,757)	
NET CURRENT ASSETS			6,196		11,134
TOTAL ASSETS LESS CURRENT LIABILITIES			6,526		11,382
Creditors: Amounts Falling Due After More Than One Year	12		(3,527)		(12,124)
PROVISIONS FOR LIABILITIES					
Deferred Taxation			-		-
NET ASSETS/(LIABILITIES)			2,999		(742)
CAPITAL AND RESERVES					
Called up share capital	13		4,000		4,000
Profit and Loss Account			(1,001)		(4,742)
SHAREHOLDERS' FUNDS			2,999		(742)

Directors' responsibilities:

These financial statements were approved by the board of directors on 10 June 2022 and were signed on its behalf by:

A Campbell
Director

The notes on pages 11 to 16 form part of these financial statements.

Wain Homes (Severn Valley) Limited
Statement of Changes in Equity
For the 53 Week Period 3 October 2021

	Share Capital	Profit and Loss Account	Total
	£000	£000	£000
As at 1 July 2019	4,000	(4,269)	(269)
Profit for the period and total comprehensive income	-	(473)	(473)
As at 27 September 2020	4,000	(4,742)	(742)
Profit for the period and total comprehensive income	-	3,741	3,741
As at 3 October 2021	4,000	(1,001)	2,999

The notes on pages 11 to 16 form part of these financial statements.

1. Accounting Policies

1.1. Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company changed its name from Wainhomes (Severn Valley) Limited on 29 September 2021 to Wain Homes (Severn Valley) Limited.

The period to 27 September 2020 was extended to 15 months and all comparatives stated relate to 15 months whereas the current period is 53 weeks long.

Wain Homes (Severn Valley) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2017 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Wain Group Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Wain Group Holdings Limited are available to the public and may be obtained from Exchange House, Kelburn Court, Birchwood, Warrington, WA3 6UT. 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:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.
- Financial Instruments Disclosures

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed in note 17.

1.2. Going Concern Disclosure

The directors have prepared the financial statements using the going concern basis of preparation for the following reasons. The Company's business activities, together with factors which the directors consider are likely to affect its development, financial performance and financial position are set out in the Strategic Report.

As a member of the Wain Group, the company meets its day-to-day working capital requirements through operating cash flows, as its own cash resources and intercompany funding which is supported by bank borrowings provided to the Wain Group. During the financial period to 3 October 2021 and in the subsequent period to date, the Wain Group has operated within its current banking facilities and has been compliant with all financial covenants.

Subsequent to the period end, trading activity has increased as a result of the stamp duty tax holiday, customers reconsidering living arrangements due to the pandemic and the continued shortage of new housing stock in the market which has ensured the house price growth and demand has remained strong. However, material risks to demand remain given that the stamp duty tax holiday is time limited, as is the job retention scheme which on ending is likely to lead to a rise in unemployment. Additionally, there are further threats from variants of Covid-19 which may impact on the re-opening of the economy and depress economic activity and employment levels.

In light of this the group and its subsidiaries have prepared a 5 year financial forecast based on the best available information at the time of approving these financial statements which reflects the groups trading environment and all scheduled debt repayments. Additionally, sensitised forecasts have been produced based on severe but plausible downside scenarios in which the current bank facilities are not renewed and there is a harsh fall in demand within the next 12 months as a result of economic conditions followed by a gradual return to normal economic market activity. In this scenario, the company is able to demonstrate it can meet its liabilities as they fall due for payment from operational cashflows for at least 12 months from the date of approval of the financial statements.

The going concern of the Company is dependent on fellow members of Wain Group Limited not seeking repayment of the amounts currently due to the group, which as at 3 October 2021 amounted to £60,970,580, and providing additional support for at least 12 months from the date of approval of these financial statements. Wain Group Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the support letter. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, as they have no reason to believe that it will not do so.

Accordingly, the directors have reasonable expectation that the Company has adequate resources to continue in operational existence and meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and consequently they consider that it is appropriate to adopt the going concern basis of preparation.

1.3. Turnover

Turnover represents sales from house building. Sales are recognised on legal completion of conveyance. Profit is also taken at this time, losses being provided for when identified. All turnover relates to UK based housebuilding activity.

The sale of housing units to Housing Associations are structured as milestone contracts. Sales and profit are recognised when milestones are received. The achievement of a pre-agreed milestone triggers a payment from the Housing Association.

1.4. Tangible Fixed Assets and Depreciation
Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold land is not depreciated. The estimated useful lives are as follows:

Freehold	50 years
Leasehold	50 years
Plant & Machinery	5 years
Motor Vehicles	4 years
Fixture & Fittings	3 to 5 years
Computer Equipment	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.5. Stocks and Work in Progress
Land includes sites owned outright and amounts relating to sites where contracts have been exchanged, but completion is subject to detailed planning permission being received and on which land creditor amounts are required to be paid

Stocks and work in progress are stated at the lower of cost and net realisable value and include where appropriate, an element of site overheads. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

1.6. Leasing and Hire Purchase Contracts
Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives. Assets acquired under hire purchase contracts are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in the creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates, branch, joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised *on permanent differences arising because certain types of income or expense are non-taxable* or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.7. Pensions
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.10. Impairment excluding stocks and deferred tax assets
Financial assets (including trade and other debtors)
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Non-financial assets
The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11. Provisions
A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.12. Expenses
Operating lease payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions.

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

2. Staff Costs
The aggregate payroll costs of the employees was £3,384,378 (2020, 15 months: £2,685,299) including pension contributions of £84,451 (2020, 15 months: £75,304).

	53 weeks ended 3 October 2021	**15 months ended 27 September 2020**
	£000	**£000**
Wages and salaries	**2,954**	2,348
Social security costs	**346**	262
Pension costs	**84**	75
	3,384	2,685

3. Average Number of Employees
Average number of employees, including directors, during the period was: 44 (2020, 15 months: 30)

	53 weeks ended 3 October 2021	**15 months ended 27 September 2020**
Sales	**5**	3
Construction	**14**	9
Other	**25**	18
Total	**44**	30

4. Directors' remuneration

Directors remuneration of £409,000 (2020, 15 months: £431,000) was paid directly by Wain Homes (Severn Valley) Limited during the period.

All other directors' remuneration was paid by Wain Homes Limited and Wain Estates (Property) Limited in the current period. It is not practical to determine how much of this remuneration is in respect of services performed on behalf of Wain Homes (Severn Valley) Limited and therefore it is Wain Homes Limited and Wain Estates (Property) Limited that bears this cost in full. No amounts are recharged to the company. The total director's remuneration paid by group companies in respect of individuals who are directors of Wain Homes (Severn Valley) Limited was £4,057,000 (2020, 15 months: £4,215,000). The highest paid director was paid £3,010,000 (2020, 15 months: £2,664,000).

5. Interest Payable

	53 weeks ended 3 October 2021	15 months ended 30 September 2020
	£000	£000
Bank loans and overdrafts	133	688
Inter-company loans	1,812	993
	1945	1,681

6. Operating Profit

Profit before taxation is stated after charging:	53 weeks ended 3 October 2021	15 months ended 30 September 2020
	£000	£000
Auditors remuneration – audit of financial services	15	10
Auditors remuneration – other services relating to taxation	6	4
Depreciation and other amounts written off-tangible assets	93	74
Hire of Plant & Machinery	360	69
Hire of motor vehicles	9	9

7. Tax on Profit

	53 weeks ended 3 October 2021	15 months ended 30 September 2020
	£000	£000
UK Corporation Tax	1,009	(32)
Total Current Tax Charge	1,009	(32)
Deferred Taxation	(55)	-
Total tax charge for the period	954	(32)

	53 weeks ended 3 October 2021	15 months ended 30 September 2020
	£	£
Profit before tax	4,695	(505)
Breakdown of Tax Charge is:		
Tax on profit at 19% (UK standard rate)	892	(96)
Expenses not deductible for tax purposes	1	3
Remeasurement of deferred tax for changes in tax rates	20	1
Group relief surrendered/(claimed)	(7)	61
Deferred tax from unrecognised timing difference from a prior period	48	(1)
Total tax charge for the period	954	(32)

7. Tax on Profit (cont.)

Deferred taxation	53 weeks ended 3 October 2021	15 months ended 27 September 2020
Fixed assets timing differences	81	-
Short term timing differences	(156)	-
Effect of changes in tax rates	20	-
Total	(55)	-

Deferred tax (assets)/liabilities	53 weeks ended 3 October 2021	15 months ended 27 September 2020
Provision at start of period	(19)	44
Adjustment in respect of prior periods	48	(63)
Deferred tax charge to income statement for the period	(103)	-
Total	(74)	(19)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.
An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The deferred tax assets and liabilities at 3 October 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences (2020, 15 months: 19%).

8. Tangible Assets

	Plant & Machinery	Computer Equipment	Total
	£000	£000	£000
Cost			
As at 27 September 2020	121	206	327
Additions	134	42	176
As at 3 October 2021	**255**	**248**	**503**
Depreciation			
As at 27 September 2020	26	53	79
Provided during the period	38	55	93
As at 3 October 2021	**65**	**108**	**173**
Net Book Value			
As at 3 October 2021	**190**	**140**	**330**
As at 27 September 2020	95	153	248

9. Stocks

	3 October 2021	27 September 2020
	£000	£000
Construction work in progress	23,545	15,654
Land	46,849	53,675
Stock - finished goods	491	218
	70,885	69,547

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the period amounted to £33,944,000 (2020, 15 months: £9,408,000).

10. Debtors

	3 October 2021	27 September 2020
	£000	£000
Other debtors	1,543	281
Deferred tax	55	74
VAT	209	107
Amounts owed by subsidiaries	3,956	3,882
	5,763	**4,344**

Amounts owed by group undertakings are repayable on demand and group loans attract interest at 3%. The amounts are disclosed as due within one year, however the directors state there is currently no intention to ask for repayment

11. Creditors: Amounts Falling Due Within One Year

	3 October 2021	27 September 2020
	£000	£000
Trade creditors	4,271	2,647
Bank loans and overdrafts	-	2,823
Other taxes and social security	-	48
Land creditors (Current liabilities - creditors < 1 year)	6,774	13,389
Accruals and deferred income	5,993	2,868
Amounts owed to subsidiaries	60,971	40,982
Corporation tax	934	-
	78,943	**62,757**

Amounts owed to group undertakings are repayable on demand and group loans attract interest at 3%.

12. Creditors: Amounts Falling Due After More Than One Year

	3 October 2021	27 September 2020
	£000	£000
Land creditors	3,527	2,124
Bank Loans	-	10,000
	3,527	**12,124**

The prior period bank loan was a rolling credit facility. The amount drawn at 27 September 2020 was all repaid in January 2021.

13. Share Capital

All shares rank Pari Passu in terms of voting rights and distributions.

	3 October 2021	27 September 2020
Allotted, Called up and fully paid (4,000,000 ordinary shares of £1 each)	4,000,000	4,000,000

14. Pension Commitments
The company operates a defined contribution pension scheme. The pension charge in the period represents contributions paid by the company to the scheme and was £84,451 (2020, 15 months: £75,304). There were no outstanding or prepaid contributions at the period end (2020, 15 months: £nil).

15. Ultimate Controlling Party
The company is a subsidiary undertaking of Wain Homes Limited incorporated in Great Britain and registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Wain Group Limited, incorporated in Great Britain and registered in England and Wales. The consolidated accounts of these groups are available to the public and may be obtained from:

The Secretary
Kelburn Court
Daten Park
Birchwood
Warrington
WA3 6UT

16. Related Party Transactions
Wain Homes (Severn Valley) Limited is a wholly owned subsidiary of Wain Group Limited and has taken the advantage of the exemption in FRS 102.33.1A not to disclose details of transactions or balances with other wholly owned subsidiaries which form part of that group.

17. Accounting estimates and judgements
Key sources of estimation uncertainty

Land stock (note 9) is recorded at cost and the carrying amount is reviewed regularly by the directors for any evidence of impairment, taking into account factors such as opportunity for development and status of planning permission. Similarly, work in progress (note 9) is recorded at cost and it recoverability is reviewed regularly throughout the period with reference to the current market sales prices that are expected to be received and budgeted costs to complete.

The Company has inter-company loans (note 10) with fellow members of the Wain Homes Limited group and Wain Homes Limited allocates cash as required for operational purposes, Whilst balances may be due from or to different entities in the Group the Directors see no issue with the recoverability of these (note 10).

18. General information
Wain Homes (Severn Valley) Limited is a private company, limited by shares, incorporated in England & Wales registered number 03703026. The registered office is Exchange House Kelburn Court, Birchwood, Warrington, WA3 6UT.