

Company Registration No. 03703026 (England and Wales)

WAIN HOMES (SEVERN VALLEY) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
1 OCTOBER 2023



WAIN HOMES (SEVERN VALLEY) LIMITED

COMPANY INFORMATION

Directors	Mr W F Ainscough Mr C W Haley Mr A J Campbell Mr D P Sheard
Secretary	Mr D P Sheard
Company number	03703026
Registered office	Exchange House Kelburn Court Birchwood Warrington WA3 6UT
Auditor	RSM UK Audit LLP Chartered Accountants 14th Floor 20 Chapel Street Liverpool L3 9AG

WAIN HOMES (SEVERN VALLEY) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 1 OCTOBER 2023

The directors present the strategic report for the year ended 1 October 2023.

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.

Fair review of the business

During 2023 our efforts to grow the business were impacted by the Secretary of States' December 2022 Written Ministerial Statement and grossly under resourced Local Planning Departments. These external factors have delayed the granting of lawful planning permissions, delaying our planned site starts. Combined with the removal of the help to buy scheme and rising interest rates, 2022/23 was not as successful as previously anticipated. We reported 191 Legal Completions in the year (2022 - 209), turnover reduced to £64.9m (2022 - £72.0m) and generated a profit before tax of £5.5m (2022 - £10.0m). Gross profit margins held up at 24.1% (2022 - 24.5%), which supported the investment in resources required to underpin our regional structure and consolidate our performance and delivery for the next 5 financial years. We closed 2023 with 43% of next year's planned completions already reserved.

Demand for new homes in the company's operating area picked up in the second half of the year, as purchasers became used to higher interest rates and the economy recovered from the Conservative mini-budget in October 2022. Operating Profit margin dropped to 14.1% (2022 - 16.6%) as Marketing and Administration costs increased. Cost inflation continued to be an issue though 2023, particularly due to increased energy costs. Regular development reviews and tight cash control ensure that we are in the best place to forward plan, manage and redirect resources as appropriate.

The business held a healthy balance sheet at year end and held cash reserves of £15.3m.

At the end of the year, we had seven sites going through Planning. These will support the company's growth plans for the future. The business remains active and agile in the land market, with excellent local knowledge and presence. Ready access to funding combined with new housetypes means that Wain Homes (Severn Valley) Limited remains well placed to drive the business and its stakeholders successfully forward.

The Company continued to make progress in terms of quality and service and successfully achieved five star Home Builder Federation status.

WAIN HOMES (SEVERN VALLEY) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 1 OCTOBER 2023

Key performance indicators

The key financial performance indicators are summarised below:

		2023	2022
Revenue	£m	64.9	72.0
Gross Profit Margin	%	24.1	24.5
Pre Tax Profit	£m	5.5	10.0
Operating Margin	%	14.1	16.6
Forward sales	£m	23.8	34.3

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 subcontractors. We engage external consultants, Safety Services UK Limited, to independently monitor our health and safety, with every development being visited once per month.

The key performance data of this is as follows:

	2023	2022
Reportable items	0.30	0.42
Industry average	0.4	0.4
RIDDOR accidents in the year	0	1

RIDDOR (Reporting of Injuries, Diseases & Dangerous Occurrences Regulations) incidents include work-related accidents to employees or subcontractors resulting in an injury type that is classified in the legislation as reportable to the Health & Safety Executive. These include accidents where there has been a fracture (other than minor finger or toe fractures), or a seven-day continuous absence from work as a result of the injury suffered.

WAIN HOMES (SEVERN VALLEY) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 1 OCTOBER 2023

Development and performance

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

Market risk

The housing industry is sensitive to economic conditions such as interest rates, consumer confidence and employment levels. The company holds monthly board meetings, chaired quarterly by the Wain Homes Executive Chairman. Performance is monitored against detailed budgets and revised forecasts are updated monthly. This meeting reviews health and safety, financial performance, site valuations and sales.

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 our strong relationships with suppliers and subcontractors. 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 land purchase.

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 year with reference to 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 parent company extended its banking facilities with Lloyds Bank Plc to expire in 30 June 2026.

During the year to 1 October 2023, and in the period to date, the group this company is part of, has remained compliant with all financial covenants contained within the facility arrangements. Working capital requirements are reviewed regularly with forecasts reviewed on both a weekly and monthly basis by the Board of Directors.

WAIN HOMES (SEVERN VALLEY) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 1 OCTOBER 2023

Other information and explanations

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. 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 the 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 5-year plan and monitors its implementation through the year 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 with 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 meet the demands of all customers.
- 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 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, human trafficking, 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.

On behalf of the board

A Campbell

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Mr A J Campbell
Director

Date: 04/04/24
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WAIN HOMES (SEVERN VALLEY) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 1 OCTOBER 2023

The directors present their annual report and financial statements for the year ended 1 October 2023.

Principal activities

We are a regional house builder that operates in the Severn Valley region of England. The company is a wholly owned subsidiary of Wain Homes Limited.

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. 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:

Mr W F Ainscough

Mr C W Haley

Mr A J Campbell

Mr P Barlow

Mr D P Sheard

(Resigned 30 June 2023)

Future developments

The company has a strong forward sales reservations position and continues to increase its pipeline of development opportunities to fuel future growth of the business.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon reporting

The company identifies sustainability as fundamental to each aspect of our business model and the long-term success of the company. Throughout the year ended 1 October 2023, 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 house builder. 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.

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, each director has taken all the necessary steps that they ought to have taken as a director 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

A Campbell

Mr A J Campbell

Director

Date: 04/04/24

WAIN HOMES (SEVERN VALLEY) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 1 OCTOBER 2023

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WAIN HOMES (SEVERN VALLEY) LIMITED

Opinion

We have audited the financial statements of Wain Homes (Severn Valley) Limited (the 'company') for the year ended 1 October 2023 which comprise the statement of comprehensive income, the balance sheet, 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 FRS 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 1 October 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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, 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WAIN HOMES (SEVERN VALLEY) LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WAIN HOMES (SEVERN VALLEY) LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and reviewing any notices published by the Health and Safety Executive. We also made inquiries with those charged with governance to identify any live and material claims or disputes with subcontractors or clients.

The audit engagement team identified the risk of management override of controls and judgements and estimates made in the carrying value of work in progress as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- Testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and assessing whether the judgements made in making accounting estimates are indicative of potential bias.
- Challenging judgements and estimates applied in the carrying value of work in progress by inspecting evidence in support of assumptions regarding the expected outturn of individual projects.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Taylor

Ian Taylor (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

14th Floor

20 Chapel Street

Liverpool

L3 9AG

04/04/24.....

WAIN HOMES (SEVERN VALLEY) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 1 OCTOBER 2023

	Notes	2023 £'000	2022 £'000
Turnover	3	64,851	72,024
Cost of sales		(49,252)	(54,393)
Gross profit		15,599	17,631
Administrative expenses		(6,457)	(5,707)
Other operating income		15	10
Operating profit	6	9,157	11,934
Interest receivable and similar income	7	540	145
Interest payable and similar expenses	8	(4,228)	(2,093)
Profit before taxation		5,469	9,986
Tax on profit	9	(948)	(2,013)
Profit for the financial year		4,521	7,973

WAIN HOMES (SEVERN VALLEY) LIMITED**BALANCE SHEET****AS AT 1 OCTOBER 2023**

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10		473		465
Current assets					
Stocks	11	109,687		85,099	
Debtors	12	5,296		13,466	
Cash at bank and in hand		15,263		14,520	
		130,246		113,085	
Creditors: amounts falling due within one year	13	(105,163)		(97,007)	
Net current assets			25,083		16,078
Total assets less current liabilities			25,556		16,543
Creditors: amounts falling due after more than one year	14		(10,063)		(5,499)
Provisions for liabilities	15		-		(72)
Net assets			15,493		10,972
Capital and reserves					
Called up share capital	18		4,000		4,000
Profit and loss reserves	19		11,493		6,972
Total equity			15,493		10,972

The financial statements were approved by the board of directors and authorised for issue on 04/04/24..... and are signed on its behalf by:

A Campbell

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Mr A J Campbell
Director

WAIN HOMES (SEVERN VALLEY) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 1 OCTOBER 2023

	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 4 October 2021	4,000	(1,001)	2,999
Year ended 2 October 2022:			
Profit and total comprehensive income for the year	-	7,973	7,973
Balance at 2 October 2022	4,000	6,972	10,972
Year ended 1 October 2023:			
Profit and total comprehensive income for the year	-	4,521	4,521
Balance at 1 October 2023	4,000	11,493	15,493

WAIN HOMES (SEVERN VALLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 1 OCTOBER 2023

1 Accounting policies

Company information

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

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

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, including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosure framework exemptions

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 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures; and
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Wain Homes Limited and Wain Group Limited. These consolidated financial statements are available from its registered office, Fontwell House, Trident Business Park, Birchwood, Warrington, WA3 6BX.

WAIN HOMES (SEVERN VALLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 1 OCTOBER 2023

1 Accounting policies (Continued)

Going concern

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 Homes Group, the company meets its day-to-day working capital requirements through operating cash flows, and has its own cash resources and intercompany funding which is supported by bank borrowings provided to the Wain Homes Group. During the financial year to 1 October 2023 and in the subsequent period to date, the Wain Homes Group has operated within its current banking facilities and has been compliant with all financial covenants.

During the financial year to 1 October 2023, we have seen a significant increase in interest rates which can impact sales activity as a result of the increasing borrowing costs for customers. Labour and material supply also continues to hamper delivery of new housing as a result of the ongoing conflict in Ukraine, Brexit and the delays in the UK planning system. In light of this the group and its subsidiaries have prepared a 3 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. 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 company does rely on loans from the Wain Homes Group of companies and has received confirmation from Wain Homes (North West) Limited, Wain Homes (West Midlands) Limited, Wain Homes (South West) Limited and Wain Homes Limited that sufficient funding will continue to be made available to enable the company to meet its liabilities as they fall due for payment for at least the next twelve months from the date of approval of these financial statements. 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 the approval of these financial statements, 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.

Reporting period

The company's financial statements are being presented for a period of 52 weeks to 1 October 2023 (2022 - 52 weeks to 2 October 2022) as the company works on a weekly basis.

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 reached. The achievement of a pre-agreed milestone triggers a payment from the Housing Association.

Part exchange properties

Part exchange properties are consistently a de minimis proportion of our business. It is incidental to our main operation and hence this is shown on a net expenses basis within cost of sales.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

WAIN HOMES (SEVERN VALLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 OCTOBER 2023

1 Accounting policies (Continued)

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

Plant and equipment	5 years
Computers	3 to 5 years
Motor vehicles	4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Stocks

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.

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 market sales prices that are expected to be received and budgeted costs to complete.

Part exchange properties are stated at the lower of cost and net realisable value.

Land purchases are recognised on legal completion. Transactions which have unconditionally exchanged are also recognised.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

WAIN HOMES (SEVERN VALLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 1 OCTOBER 2023

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

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.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade, land and other creditors and amounts owed to group undertakings, are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

WAIN HOMES (SEVERN VALLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 1 OCTOBER 2023

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Operating lease payments (excluding costs for services and insurance) made under operating leases are recognised in profit or loss 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 or loss over the term of the lease as an integral part of the total lease expense.

Interest payable and similar charges

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar expenses.

Interest receivable and similar income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

WAIN HOMES (SEVERN VALLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 1 OCTOBER 2023

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Land stock and work in progress

Land stock (note 11) 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 11) 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 received and budgeted costs to complete.

3 Turnover and other revenue

	2023 £'000	2022 £'000
Turnover analysed by class of business		
Sales from houses	64,851	72,024
	<u> </u>	<u> </u>
	2023 £'000	2022 £'000
Other revenue		
Interest income	540	145
	<u> </u>	<u> </u>

The company's turnover is derived from the sale of houses as a single category of income wholly undertaken in the United Kingdom.

4 Employees

The average monthly number of persons employed by the company during the year was:

	2023 Number	2022 Number
Sales	6	6
Construction	23	20
Other	35	32
	<u> </u>	<u> </u>
Total	64	58
	<u> </u>	<u> </u>

WAIN HOMES (SEVERN VALLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 1 OCTOBER 2023

4 Employees (Continued)

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	4,374	4,159
Social security costs	495	467
Pension costs	135	156
	<u>5,004</u>	<u>4,782</u>

5 Directors' remuneration

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2022 - 5).

Directors' remuneration of £578,000 (2022 - £564,000) including pension contributions of £21,000 (2022 - £31,000) was paid directly by Wain Homes (Severn Valley) Limited during the year.

All other directors' remuneration was paid by Wain Homes Limited and Wain Estates (Property) Limited. 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 no amounts are recharged to the company. The total directors' remuneration paid by group companies in respect of individuals who are directors of Wain Homes (Severn Valley) Limited was £2,117,000 (2022 - £2,086,000) including pension contributions of £78,000 (2022 - £84,000). The highest paid director was paid £982,000 (2022 - £806,000) including pension contributions of £19,000 (2022 - £33,000).

6 Operating profit

	2023 £'000	2022 £'000
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	27	25
Depreciation of owned tangible fixed assets	164	121
(Profit)/loss on disposal of tangible fixed assets	-	24
Hire of plant and machinery	-	122
Operating lease charges	134	69
	<u>325</u>	<u>341</u>

Statutory information on remuneration for other services provided by the company's auditors and its associates is given on a consolidated basis in the group accounts of the ultimate parent company (Wain Group Limited). Auditor's remuneration relates to services provided by RSM UK Audit LLP.

Audit fees are charged to the ultimate parent company, Wain Group Limited, and are recharged.

7 Interest receivable and similar income

	2023 £'000	2022 £'000
Interest income		
Interest receivable from group companies	540	145
	<u>540</u>	<u>145</u>

WAIN HOMES (SEVERN VALLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 1 OCTOBER 2023

8 Interest payable and similar expenses

	2023	2022
	£'000	£'000
Interest on bank overdrafts and loans	137	105
Interest payable to group undertakings	4,091	1,988
	<u>4,228</u>	<u>2,093</u>

9 Taxation

	2023	2022
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	1,175	1,867
Adjustments in respect of prior periods	(126)	-
Total current tax	<u>1,049</u>	<u>1,867</u>
Deferred tax		
Origination and reversal of timing differences	(47)	148
Changes in tax rates	(6)	(2)
Adjustment in respect of prior periods	(48)	-
Total deferred tax	<u>(101)</u>	<u>146</u>
Total tax charge	<u>948</u>	<u>2,013</u>

The total tax charge for the year included in the profit and loss account can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2023	2022
	£'000	£'000
Profit before taxation	<u>5,469</u>	<u>9,986</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 22.00% (2022: 19.00%)	1,203	1,897
Tax effect of expenses that are not deductible in determining taxable profit	2	7
Tax effect of income not taxable in determining taxable profit	(2)	-
Adjustments in respect of prior years	(173)	-
Effect of change in corporation tax rate	(6)	(2)
Effects of super deduction relief	-	(16)
Residential Property Developer Tax	82	127
Transfer pricing adjustments	(158)	-
Taxation charge for the year	<u>948</u>	<u>2,013</u>

WAIN HOMES (SEVERN VALLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 1 OCTOBER 2023

9 Taxation (Continued)

Factors that may affect future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 22% (2022 - 19%). The Finance Act 2021, which was substantively enacted on 24 May 2021, created a 25% main rate, 19% small profits rate and a marginal rate which was effective from 1 April 2023. Deferred tax has been calculated at 25% (2022 - 25%) which is the rate that the deferred tax assets are expected to crystallise.

10 Tangible fixed assets

	Plant and equipment £'000	Computers £'000	Motor vehicles £'000	Total £'000
Cost				
At 3 October 2022	255	476	-	731
Additions	1	46	32	79
Transfers	90	9	-	99
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 October 2023	346	531	32	909
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
At 3 October 2022	117	149	-	266
Depreciation charged in the year	53	104	7	164
Transfers	4	2	-	6
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 October 2023	174	255	7	436
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying amount				
At 1 October 2023	172	276	25	473
	<hr/>	<hr/>	<hr/>	<hr/>
At 2 October 2022	138	327	-	465
	<hr/>	<hr/>	<hr/>	<hr/>

The transfers represent assets transferred to the company from Wain Homes (West Midlands) Limited.

11 Stocks

	2023 £'000	2022 £'000
Land stock	85,305	61,074
Construction work in progress	21,782	23,840
Part exchange properties	2,600	185
	<hr/>	<hr/>
	109,687	85,099
	<hr/>	<hr/>

WAIN HOMES (SEVERN VALLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 1 OCTOBER 2023

12 Debtors

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Corporation tax recoverable	531	-
Amounts owed by group undertakings	3,767	12,378
Other debtors	610	839
Prepayments and accrued income	361	249
	<u>5,269</u>	<u>13,466</u>
Deferred tax asset (note 16)	27	-
	<u>5,296</u>	<u>13,466</u>

Amounts owed by group undertakings are repayable on demand and group loans attract interest at 6% (2022 - 3%). The directors state there is currently no intention to ask for repayment.

13 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	3,055	3,908
Amounts owed to group undertakings	88,251	71,981
Corporation tax	-	1,221
Other taxation and social security	96	82
Land creditors	8,372	12,473
Other creditors	82	82
Accruals and deferred income	5,307	7,260
	<u>105,163</u>	<u>97,007</u>

Amounts owed to group undertakings are repayable on demand and group loans attract interest at 6% (2022 - 3%).

14 Creditors: amounts falling due after more than one year

	2023 £'000	2022 £'000
Land creditors	<u>10,063</u>	<u>5,499</u>

Land creditors represent deferred payments for land purchases and are due to be paid between April 2024 and December 2028. No interest is charged.

15 Provisions for liabilities

	Notes	2023 £'000	2022 £'000
Deferred tax liabilities	16	<u>-</u>	<u>72</u>

WAIN HOMES (SEVERN VALLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 OCTOBER 2023

16 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities 2023 £'000	Liabilities 2022 £'000	Assets 2023 £'000	Assets 2022 £'000
Balances:				
Accelerated capital allowances	-	114	(85)	-
Short term timing differences	-	(42)	112	-
	<u>-</u>	<u>72</u>	<u>27</u>	<u>-</u>
Movements in the year:				2023 £'000
Liability at 3 October 2022				72
Credit to profit or loss				(101)
Balance sheet reallocation				2
				<u>2</u>
Asset at 1 October 2023				<u>(27)</u>

It is not possible to state the extent to which the deferred tax liabilities are expected to reverse within the next twelve months because reversal depends on several factors which cannot be reliably estimated. The deferred tax assets are expected to reverse within the next twelve months and relate to unpaid remuneration and pension.

17 Retirement benefit schemes

	2023 £'000	2022 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>135</u>	<u>156</u>

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.

Contributions of £11k were outstanding at the year end (2022 - £16k).

18 Share capital

	2023 Number	2022 Number	2023 £'000	2022 £'000
Ordinary share capital				
Issued and fully paid				
Allotted, Called up and fully paid of £1 each	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000</u>	<u>4,000</u>

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

WAIN HOMES (SEVERN VALLEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 1 OCTOBER 2023

19 Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £'000	2022 £'000
Within one year	134	134
Between one and five years	485	496
In over five years	408	528
	<u>1,027</u>	<u>1,158</u>

21 Ultimate controlling party

The immediate parent undertaking is Wain Homes Limited and the parent undertaking of Wain Homes Limited is Wain Group Limited. Both companies are registered and incorporated in England and Wales.

The ultimate controlling parties are Mr W Ainscough and Mr W F Ainscough, the majority shareholders of Wain Group Limited.

The smallest group in which the results of the company are consolidated is that headed by Wain Homes Limited. The largest group in which the results of the company are consolidated is that headed by Wain Group Limited. The consolidated accounts of these groups are available to the public and may be obtained from Companies House, Crown Way, Cardiff CF14 3UZ.

22 Charges

There are multiple general charges in place over properties and land held by the company.