

Elan Homes Holdings Limited

Annual report and consolidated
financial statements

Registered number 06732886

Period ended 3 January 2021

PARENT COMPANY / GROUP ACCOUNTS
PROVIDING AVOID EXEMPTION TO
ERIE BASIN LIMITED
(COMPANY NUMBER 06779664)
SEE NOTE 21

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Strategic report

Principal Activity

The principal activity of the Group and the Company is new build house building in the core areas of operation being the North West, North Wales, Midlands and the South West. The key activities undertaken to deliver a business growth strategy include:

- Selecting the right land for the business to acquire
- Managing the planning process to deliver schemes suitable to the local area including affordable requirements
- Constructing the right product to match the needs of our customers
- Developing effective working relationships with suppliers and subcontractors
- Delivering an excellent customer experience through the sales process and in after sales service
- Cash generation to strengthen liquidity and position it for growth opportunities when market conditions improve

Development of the business

During the period the group recorded a turnover of £56.4m (52 weeks to 29 December 2019: £58.3m) and operating profit of £6.5m (52 weeks to 29 December 2019: £7.4m). The group's profit for the period was £4.8m (52 weeks to 29 December 2019: £5.3m) and the net assets as at 3 January 2021 were £43.7m (29 December 2019: £38.9m).

During the period the group acquired a number of new sites to complement the existing sites for the delivery of legal completions in 2021 and beyond.

Key Performance Indicators

The Group had a number of key performance indicators for the 53 weeks ended 3 January 2021 as follows:

- Units sales – 166 legal completions (52 weeks to 29 December 2019: 192)
- Help to Buy completions – 42 (52 weeks to 29 December 2019: 52)
- Average price – the average price was £340,000 (52 weeks to 29 December 2019: £304,000)
- Gross profit margin – the gross margin was 23.1% (52 weeks to 29 December 2019: 25.0%)
- Operating margin – the operating margin was 11.5% (52 weeks to 29 December 2019: 12.6%)
- Land bank (plots owned or controlled with a detailed or an outline planning consent) – the Group had 817 plots in its land bank as at 3 January 2021 (29 December 2019: 864)
- NHBC Pride in the job awards – none received (52 weeks to 29 December 2019: 1)

Our marketplace

Conditions in the new build UK housing market remain positive despite the impact of Coronavirus with an undersupply combined with a strong demand for new homes supported by the continued availability of Help to Buy albeit with new conditions from 6 April 2021 until 5 April 2023 and stamp duty exemptions up to 30 September 2021.

The initial Coronavirus lockdown resulted in a close down for a period of 9 weeks from the start of April through to the end of May. A large number of employees were placed on furlough under the Job Retention Scheme which resulted in grant income of £367,000 being received (52 weeks ended 29 December 2019: £nil).

The business re-opened from the start of June with Risk Assessments and Best Practice processes and procedures put in place in respect of ongoing build on site, sales centre openings, post occupation repairs as well as office work. Close liaison with suppliers, subcontractors, customers, employees, shareholders and providers of finance has been maintained at all times.

In line with Government guidance, the temporary periods of lockdown at the end of 2020 and at the start of 2021 have not required the business to close down any of its operations and as a result the Job Retention Scheme has not been used since the end of October 2020.

Strategic Report (Continued)

Financial Risk and Strategy

The Group's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Cash flow risk

Active management of working capital is the key control used by management to manage cash flow risk.

Credit risk

The Group has no significant concentration of credit risk other than the collection of shared equity loans which are recorded in the balance sheet at fair value taking into account collection history and an assessment of known and unknown risks on collection in full. As explained in the accounting policies, turnover from the sale of residential properties is recognised on completion for each individual home sold, at which point sale proceeds are received in cash.

Liquidity risk

As at 3 January 2021 the Group held cash of £4m as well as having £15m of undrawn loans under a revolving credit facility of £35m with Barclays Bank plc. The revolving credit facility runs to 31 October 2022 and discussions regarding an extension to this facility are due to take place during 2021. As such, the directors consider that the Group has sufficient liquid resources to meet its operational requirements.

Other Risks and Uncertainties

The other principal risks and uncertainties facing the group are:

- Movements in the UK house prices which are determined by the UK economy and economic conditions including employment levels, interest rates and consumer confidence.
- Affordability of mortgages combined with high employment levels and low interest rates assist the housing market.
- Mortgage availability where the combined confidence in the UK housing market and the continuation of Help to Buy gives lenders the ability to offer a range of competitive products to buyers and a more sustainable mortgage market. Elan works closely with both customers and IFA's during the sales process to ensure a smooth transaction.
- Demand for new build homes which within our core trading areas remains strong.
- Supply where the ability of the Group to deliver is affected by the availability of suitable land opportunities, willing sellers as well as the efficiency of the planning system in the areas that we operate in will affect volumes.
- Availability and price of labour and materials remains a constraint to growth in the sector where pressures vary depending upon location, certain trades as well as supply of specific products including bricks and blocks. Upward pressure on material prices is not a new factor which continues to be a concern but manageable as long as selling price inflation remains.
- The retention of staff and the ability to attract high calibre employees in order to deliver our strategy.
- Exit from the European Union which continues to be monitored but the level of imports remain minimal.

Section 172 statement

The Group understands the importance for the business at all levels, including the Board of Directors, to engage with its shareholders and stakeholders to gain a better understanding of what areas they are concerned about and how our decisions have impacted them.

Strategic Report (Continued)

Section 172 statement (continued)

In accordance with the duties detailed in section 172 of the Companies Act 2006, a director must act in the way he considers, in good faith, would be most likely to promote the success of the Group for the benefit of the members as a whole, and in doing so have regard (amongst other matters) to:

a) The likely consequences of any decision in the long term

The Group is headed by an effective Board of Directors bringing a wide range of commercial, housebuilding and financial experience and is collectively responsible for leadership and the long term success of the business. The Group's strategy is designed to have a long-term beneficial impact on the Group and contribute to its success and deliver quality homes. The Group continues to operate in a prudent manner in line with market conditions.

b) The interests of the Group's employees

Our employees are a key resource to the success of our business. Employees are remunerated in line with performance and the roles that they undertake within the business. They are supported in pursuing opportunities for personal development and career progression at Elan including the availability of external training. The Apprentice Levy is used where available in respect of NVQ courses undertaken. We provide employees with regular updates via briefings, e-mails and openly invite opinions, questions as well as ideas on how to improve the business with feedback sought at regular intervals.

c) The need to foster the Group's business relationships with contractors, suppliers, customer and others

Our contractors and suppliers facilitate the delivery of completed homes for our customer. We seek to ensure that we engage with all of our contractors and suppliers in a partnership manner and follow best practice with regards to:

- Operating tender processes and agreement of variation to programme of works;
- An open and transparent commercial basis of operation with terms and conditions in place;
- Paying to terms and on agreed invoices and agreed certificates; and
- Codes of conduct on how our contractors are to adhere to Health and Safety including Risk Assessments and social distancing

We are committed to developing and maintaining good customer relations in order to enhance customer satisfaction through the entire process of purchasing a home. This includes the use of a post completion survey carried out by a 3rd party to enable us to make improvements in the way that we interact with customers as well as improve the product we deliver.

d) The impact of the Group's operations on the community and the environment

Our aim is to enhance the locations and communities in which we develop by delivering public open spaces and amenities. We aim to minimise our impact on the environment including robust policies to address issues around ecology, use of energy efficient designs and in order to achieve compliance with building regulations.

e) The desirability of the Group maintaining a reputation for high standards and business conduct

We strive to behave responsibly and to ensure that management operates the business in a responsible manner with good governance in order to assist the delivery of our strategic plan. The intention is to nurture our reputation through the construction and delivery of quality value for money homes.

f) The need to act fairly between members

Our intention is to behave responsibly towards our shareholders and treat them fairly and equally. A meeting is held with all shareholders at least once a year to update them with the Group's results and strategic plan.

Other major stakeholder groups included insurers, suppliers, bankers, advisors, auditors, regulators, contractors, suppliers, NHBC and HMRC. With all of these stakeholder groups, the directors maintain regular and open lines of communication to ensure all parties are kept informed and to build strong working relationships.

Strategic Report *(Continued)*

Future Outlook

The forward sales position as at 3 January 2021 and the sales taken since the year end are in line with requirements to achieve the current targets for the 52 weeks ending 2 January 2022.

We have been successful in registering our house building companies with the new Help to Buy scheme effective from 6 April 2021 which now limits eligibility to first time buyers and applies regional caps on the value of properties. We continue to see a strong interest for this product despite the new limits in place.

The Group continues to search for new land opportunities to build houses within the target areas of the North West, North Wales, Midlands and the South West and is well positioned with its current land bank to increase the number of completions in future years despite the current market conditions that are being faced.

As at 3 January 2021, the Group had a strong net asset and cash position which has been maintained. Forecasts have been updated to take into account assumptions regarding the potential future impact on the UK economy of Coronavirus including an additional period of lockdown, a rise in unemployment, lower levels of spending power and a reduction in consumer confidence which could affect price and volumes.

We remain understandably cautious but the Group has a clear plan with a strong and experienced management team with a proven track record of working through challenges faced in the new build UK housing market focussing on cash management and cost control.

By order of the board



J Kendrick
Director
6 April 2021

2nd Floor, Colmore Court,
9 Colmore Row,
Birmingham, B3 2BJ

Directors' report

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

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

A Bravington

P Halliwell

J Kendrick

R Rafferty

D Summers (appointed 23 January 2020)

All of the directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

Employee matters

The Group is committed to employment policies which follow best practice and are based on equal opportunities for all employees, irrespective of gender, religion or belief, age, racial or ethnic origin, sexual orientation or disability.

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

Political contributions

The group made no political donations or incurred any political expenditure during the period.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic report on page 1.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



A Bravington
Secretary
6 April 2021

2nd Floor, Colmore Court,
9 Colmore Row,
Birmingham, B3 2BJ

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report, 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 group and parent company 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 group and parent 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 group or the parent 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

KPMG LLP

8 Princes Parade

Liverpool

L3 1QH

United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAN HOMES HOLDINGS LIMITED

Opinion

We have audited the financial statements of Elan Homes Holdings Limited ("the company") for the period ended 3 January 2021 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement 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 group's and of the parent company's affairs as at 3 January 2021 and of the group's 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 group 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 group or the company or to cease their operations, and as they have concluded that the group and 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 their 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 group's business model and analysed how those risks might affect the group and 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 group or 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 group or the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAN HOMES HOLDINGS LIMITED (continued)

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 Company’s policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Review of Board minutes.
- Considering remuneration incentive schemes and performance targets for management
- 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, we perform procedures to address the risk of management override of controls, in particular the risk that Company’s management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as valuation of work in progress. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is recognized when cash is received on legal completion. Given the direct link of revenue recognized to the amounts posted on receipt of cash these balances would be expected to be questioned by various parties making it easier to identify, hence the perceived opportunity is low.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected cash receipts/payments to cash/borrowings, unexpected journal entries to revenue and journal entries to transfer costs between sites.
- Assessing the work in progress significant estimate for management bias. This included applying a risk criteria to sites based on margins, reviewing and performing inquiry regarding the movement of these.

Identifying and responding to risks of material misstatement due to non-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 (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAN HOMES HOLDINGS LIMITED (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations (continued)

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, and 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, employment law, industry regulations and certain aspects of company legislation recognising the 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 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 year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAN HOMES HOLDINGS LIMITED (continued)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 6, 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 group and parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

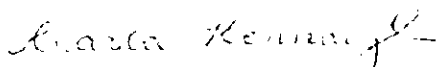
Auditor's responsibilities

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.



Carla Kennaugh (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH
6 April 2021

Consolidated Profit and Loss Account

for the 53 weeks to 3 January 2021

	Note	53 weeks to 3 January 2021 £000	52 weeks to 29 December 2019 £000
Turnover	2	56,408	58,337
Cost of Sales		(43,395)	(43,774)
Gross Profit		13,013	14,563
Sales overheads		(1,301)	(1,446)
Administrative expenses		(5,570)	(5,741)
Other operating income		367	-
Operating profit	3-5	6,509	7,376
Interest receivable	6	4	2
Interest payable and similar charges	7	(1,018)	(881)
Profit on ordinary activities before taxation		5,495	6,497
Tax on profit on ordinary activities	8	(685)	(1,234)
Profit for the financial period		4,810	5,263

Consolidated Other Comprehensive Income

for the 53 weeks to 3 January 2021

	Note	53 weeks to 3 January 2021 £000	52 weeks to 29 December 2019 £000
Profit for the period		4,810	5,263
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period		4,810	5,263

The notes on pages 17 to 30 form part of these financial statements.

Consolidated Balance Sheet

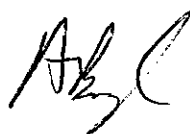
At 3 January 2021

	Note	3 January 2021 £000	29 December 2019 £000
Current Assets:			
Stocks	10	70,791	69,625
Debtors: amounts falling due within one year	11	2,403	3,188
Debtors: amounts falling due after one year	11	375	483
Cash at bank and in hand	12	3,773	3,972
		<hr/>	<hr/>
		77,342	77,268
Creditors: Amounts falling due within one year	13	(33,097)	(38,355)
		<hr/>	<hr/>
Total assets less current liabilities		44,245	38,913
Creditors: Amounts falling due after one year	14	(522)	-
		<hr/>	<hr/>
Net Assets		43,723	38,913
		<hr/>	<hr/>
Capital and Reserves			
Called up share capital	18	1	1
Share premium		30	30
Capital Redemption Reserve		2,000	2,000
Profit and loss account		41,692	36,882
		<hr/>	<hr/>
Shareholder's funds		43,723	38,913
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 6 April 2021 and were signed on its behalf by:



J Kendrick
Director



A Bravington
Director

Company registered number: 06732886

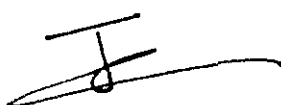
The notes on pages 17 to 30 form part of these financial statements.

Company Balance Sheet

At 3 January 2021

	Note	3 January 2021 £000	3 January 2021 £000	29 December 2019 £000	29 December 2019 £000
Fixed Assets:					
Investments in subsidiaries	9		1,000		1,000
Current Assets:					
Stocks	10	10,237		13,564	
Debtors: amounts falling due within one year	11	35,640		35,166	
Debtors: amounts falling due after one year	11	8		9	
Cash at bank and in hand	12	997		1,268	
		<u>46,882</u>		<u>50,007</u>	
Creditors: Amounts falling due within one year	13	<u>(23,712)</u>		<u>(27,997)</u>	
Net current assets			<u>23,170</u>		<u>22,010</u>
Total assets less current liabilities			<u>24,170</u>		<u>22,010</u>
Creditors: Amounts falling due within one year	14		<u>(100)</u>		<u>-</u>
Net Assets			<u><u>24,070</u></u>		<u><u>23,010</u></u>
Capital and Reserves					
Called up share capital	18		1		1
Share premium			30		30
Capital redemption reserve			2,000		2,000
Profit and loss account			<u>22,039</u>		<u>20,979</u>
Shareholder's funds			<u><u>24,070</u></u>		<u><u>23,010</u></u>

These financial statements were approved by the board of directors on 6 April 2021 and were signed on its behalf by:



J Kendrick
Director



A Bravington
Director

Company registered number: 06732886

The notes on pages 17 to 30 form part of these financial statements.

Consolidated Statement of Changes in Equity

	Called up share capital £000	Share Premium £000	Capital Redemption Reserve £000	Profit and Loss Account £000	Total Equity £000
Balance at 30 December 2018	1	30	2,000	31,619	33,650
Total comprehensive income for the period					
Profit or loss	-	-	-	5,263	5,263
Other comprehensive income	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	-	-	-	5,263	5,263
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transactions with owners, recorded directly in equity					
Total contributions by and distributions to owners	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 29 December 2019	1	30	2,000	36,882	38,913
Total comprehensive income for the period					
Profit or loss	-	-	-	4,810	4,810
Other comprehensive income	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	-	-	-	4,810	4,810
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transactions with owners, recorded directly in equity					
Total contributions by and distributions to owners	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 3 January 2021	1	30	2,000	41,692	43,723
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The notes on pages 17 to 30 form part of these financial statements.

Company Statement of Changes in Equity

	Called up share capital £000	Share Premium £000	Capital Redemption Reserve £000	Profit and Loss Account £000	Total Equity £000
Balance at 30 December 2018	1	30	2,000	15,352	17,383
Total comprehensive income for the period					
Profit or loss	-	-	-	5,627	5,627
Other comprehensive income	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	5,627	5,627
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity					
Total contributions by and distributions to owners	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 29 December 2019	1	30	2,000	20,979	23,010
Total comprehensive income for the period					
Profit or loss	-	-	-	1,060	1,060
Other comprehensive income	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-	1,060	1,060
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity					
Total contributions by and distributions to owners	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 3 January 2021	1	30	2,000	22,039	24,070
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 17 to 30 form part of these financial statements.

Consolidated Cash Flow Statement

for the 53 weeks to 3 January 2021

	53 weeks to 3 January 2021 £000	52 weeks to 29 December 2019 £000
Cash flows from operating activities		
Profit for the period	4,810	5,263
Adjustments for:		
Interest receivable and similar income	(4)	(2)
Interest payable and similar charges	1,018	881
Taxation	685	1,234
	<hr/> 6,509	<hr/> 7,376
Decrease / (increase) in trade and other debtors	944	(1,881)
Increase in stocks	(1,166)	(20,374)
Increase / (decrease) in trade and other creditors	1,243	(322)
	<hr/> 7,530	<hr/> (15,201)
Tax paid	(775)	(1,181)
	<hr/> 6,755	<hr/> (16,382)
Cash flows from investing activities		
Interest received	4	2
	<hr/> 4	<hr/> 2
Cash flows from financing activities		
Interest paid	(958)	(901)
(Repayment) / inception of bank loans	(6,000)	18,000
	<hr/> (6,958)	<hr/> 17,099
Net cash from investing activities	(6,958)	17,099
	<hr/>	<hr/>
Net increase in cash and cash equivalents	(199)	719
Cash and cash equivalents at start of the period	3,972	3,253
	<hr/>	<hr/>
Cash and cash equivalents at period end	12 3,773	3,972

The notes on pages 17 to 30 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Elan Homes Holdings Limited is a company limited by shares and incorporated and domiciled in the UK.

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

The Company's ultimate parent undertaking, Amber Residential Properties Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Amber Residential Properties Limited are prepared in accordance with FRS102 and are available to the public and may be obtained from 2nd Floor, Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ.

The parent Company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The parent 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.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except for shared equity loans which are recorded within other debtors at fair value.

1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate. In reaching this decision the directors have considered latest forecasts, covenant calculations and contractual agreements as well as taking into account the ongoing uncertainty regarding the impact of Coronavirus.

The directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the impact of Coronavirus on the operations and its financial resources, the Group and Company will have sufficient funds to meet its liabilities as they fall due for that period.

The forecasts are dependent on the provision of bank funding. The Group has a revolving credit facility of £35m with Barclays Bank plc to fund the growth of the business over the period to 31 October 2022 with discussions due to commence in order to agree an extension beyond that date.

Notes (continued)

1 Accounting policies (continued)

1.2 Going Concern (continued)

The key assumption within the forecasts are the ability to generate income from the sale of new build homes with particular reference to reservation rates and the ability to convert these completions. Despite the impact of Coronavirus the Group has been able to source materials and labour to continue with build on site, making plots available for sale via show homes, sales centres and estate agents to generate forward sales and income from the completion of sales for both private and affordable homes and use the income to acquire new land for future years. The presumption is that there will be slow down in reservation rates and price pressure during the remainder of 2021 as the new Help to Buy scheme comes into effect, the current Stamp Duty exemption scheme ends as well as the possible impact on demand from the anticipated increased unemployment rates in our trading areas forecast on the cessation of the Furlough Scheme. The Group has detailed planning consents in place and ownership of all of the land required to deliver income in 2021 with build having commenced on all of these sites which will deliver new show homes and sales centres to generate reservations to supplement those already in place.

Assumptions regarding possible downside scenarios sensitivities have been modelled to stress test the forecast including a reduction in the reservation rate and the average selling prices achieved. The reduction in income under both scenarios is expected to be capable of being offset by the delaying, renegotiation or cancellation of land purchases where contractually possible. Further steps could be taken if necessary to slow down the rate of build on site to provide additional cash savings.

Consequently, the Directors are of the opinion that the Group and the Company has sufficient financing facilities available to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 3 January 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. In the parent Company financial statements, investments in subsidiaries are carried at cost less impairment.

1.4 Classification of financial instruments issued by the Group

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

Notes (continued)

1 Accounting policies (continued)

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.6 Other financial instruments

Financial instruments not considered to be basic financial instruments (other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost, in relation to work in progress and showhomes, comprises direct materials and, where applicable direct labour costs and those overheads, not including any general administrative overheads, that have been incurred in bringing the stocks to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and overheads.

Land held for development, including land in the course of development until legal completion of the sale of the asset, is initially recorded at cost. Regular reviews are carried out to identify any impairment in the value of land by comparing the total estimated selling prices less estimated selling expenses against the book costs of the land plus estimated costs to complete. A provision is made for any irrecoverable amounts.

Options purchased in respect of land are capitalised initially at cost and amortised over the life of each option. Regular reviews are carried out for impairment in the value of these options and provisions are made accordingly to reflect loss in value. The impairment reviews consider the period elapsed since the date of purchase of the option given that the option contract has not been exercised at the review date. Further, the impairment reviews consider the remaining life of the option, taking account of any concerns over whether the remaining time available will allow a successful exercise of the option. The carrying cost of the option at the date of exercise is included within the cost of land purchased as a result of the option exercise.

Residential properties from which rental income is derived are recognised as inventory, rather than investment properties, on the basis that they are held for sale in the ordinary course of business and rental agreements on these properties are short term.

Part exchange properties are recorded at the lower of the fair value of the property and net realisable value. The fair value of part exchange properties is equal to the amount assessed by external valuers on the date of purchase. Net realisable value represents the estimated selling price less all estimated costs of completion and overheads.

Notes (continued)

1 Accounting policies (continued)

1.8 Turnover

Turnover represents amounts (excluding value added tax) derived from the sale and rental of residential properties. Turnover excludes value added tax.

Residential property and land sale turnover is measured at the fair value of consideration received or receivable net of sales incentives. Turnover is recognised in the profit and loss account at a point in time when the performance obligation, being the transfer of completed dwelling to a customer, has been satisfied. This is when legal title is transferred. Sales incentives are substantially cash in nature and are recognised as a reduction in residential property turnover by the costs to the Group of providing the sales incentives.

The purchase and subsequent sale of part exchange properties is an activity undertaken in order to achieve the sale of a new build residential property. The sale of the new build residential property is recognised, as above, at the fair value of the part exchange property plus the cash received or receivable. The fair value of the part exchange property is equal to the amount assessed by external valuers. The onward sale of a part exchange property is recognised at the fair value consideration received or receivable. As it is not considered a principal activity of the Group the income and expenses associated with this are recognised in cost of sales. Income is recognised in the profit and loss account at a point in time when the performance obligations have been satisfied. This is when legal title is transferred.

Rental turnover is recognised as turnover on an accruals basis for the period to which the income relates.

1.9 Government Grants

Government Grants are included within accruals and deferred income in the balance sheet and credited to other operating income in the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.10 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 years.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation. Deferred taxation is not provided on timing differences arising from the revaluation of fixed assets in the financial statements. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future renewal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

1.11 Provisions

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee 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 Employee benefits

Defined contribution plans and other long term employee benefits

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.

Notes (continued)

1 Accounting policies (continued)

1.13 Accounting estimates and judgements

Management consider the following to be major sources of estimation that have been made in these financial statements:

Valuation of work in progress and land held for development

Inventories are carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and direct overheads. Valuations of site work in progress are carried out at regular intervals and estimates of the cost to complete a site and estimates of anticipated revenues are required to enable a development profit to be determined. Management are required to employ judgement in estimating the profitability of a site and in assessing any impairment provisions which may be required.

For the 53 weeks ended 3 January 2021 and the 52 weeks ended 29 December 2019, a full review of inventories has been performed and write downs have been made where cost exceed net realisable value. Estimated selling prices have been reviewed on a site by site basis and have been amended based on local management and the Board's assessment of current market conditions. For the 53 weeks ended 3 January 2021 a loss of £657,000 has been recognised as an impairment in the carrying values of stocks representing £407,000 for an allowance for fire protection works on build complete and rented apartments (not built by the Group) and £250,000 in respect of a strategic land owned by the Group (52 weeks ended 29 December 2019: £nil).

Cost of sales recognition

Cost of sales is recognised for completed house sales as an allocation of the latest whole site margin which is an output of the site valuation. These valuations, which are updated at frequent intervals during the lifespan of the site, use actual and forecast selling prices, land costs and construction costs and are sensitive to future movements in both the estimated cost to complete and expected selling prices. Forecast selling prices are inherently uncertain due to changes in market conditions. This is a key estimate made in the financial statements.

To determine the amount of cost of sales that the Group is able to recognise on its sites in the year, the Group needs to allocate site wide costs between all plots, including those sold in previous periods, in the current year, and those to be sold in future periods. It is also necessary to estimate the costs to complete on such sites. In making these assessments certain estimates are made. In addition the Group makes estimates in relation to future sales prices on the site. The Group has a number of internal controls to assess and review the reasonableness of estimates made.

Recoverability of other debtors relating to shared equity loans

Included in other debtors are balances due under shared equity loans secured by way of second legal charges over the properties acquired by customers in previous periods. The loans have repayment dates on the earlier of the onward sale of each property and the 10th anniversary. To determine the value of the debtor to be recognised at each year end the Group undertakes a review of investment risk in respect of the properties themselves, current and local market conditions, historic credit risk and performance by location and property type, age of the debt as well as any other known information. Other debtor balances recognised in respect of shared equity loans are £578,000 as at 3 January 2021 (29 December 2019: £401,000) following a fair value review which resulted in an increase in the carrying value of £247,000 which has been credited in the profit and loss account for the 53 weeks ended 3 January 2021 (52 weeks to 29 December 2019: impairment loss of £91,000).

Judgements

In the course of preparing the financial statements, no major judgements have been made in the process of applying the Group's accounting policies, other than those involving estimation, as set out above, that have had a significant effect on the amounts recognised in the financial statements.

Notes (continued)

2 Turnover

	53 weeks to 3 January 2021 £000	52 weeks to 29 December 2019 £000
By activity		
Sale of residential properties	55,936	56,604
Sale of land and property assets	432	1,671
Rental income from residential properties	40	62
	<hr/> 56,408	<hr/> 58,337
By geographical market		
United Kingdom	<hr/> 56,408	<hr/> 58,337

3 Expenses and auditor's remuneration

Included in profit / (loss) are the following expenses / (income or gains):

	53 weeks to 3 January 2021 £000	52 weeks to 29 December 2019 £000
Job Retention Scheme Grant Income	(367)	-
Impairment loss on stocks – portfolio of rented apartments	407	-
Impairment loss on stocks – strategic land	250	-
Fair value (gain) / loss on other debtors	(247)	91
	<hr/>	<hr/>
<i>Auditor's remuneration:</i>		
Audit of these financial statements	15	11
Audit of subsidiary financial statements	45	36
	<hr/> 60	<hr/> 47

4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period, analysed by category, was as follows:

	53 weeks to 3 January 2021 No.	52 weeks to 29 December 2019 No.
Directors	5	4
Administration	48	49
Sales	13	15
Construction	40	37
	<hr/> 106	<hr/> 105

Notes (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	53 weeks to 3 January 2021 £000	52 weeks to 29 December 2019 £000
Wages and salaries	5,292	5,338
Social security costs	617	597
Contributions to defined contribution plans	244	232
	<u>6,153</u>	<u>6,167</u>

5 Directors' remuneration

	53 weeks to 3 January 2021 £000	52 weeks to 29 December 2019 £000
Directors' remuneration	754	663
Company contributions to money purchase pensions plans	40	26
	<u>794</u>	<u>689</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director in the 53 weeks to 3 January 2021 was £291,000 (52 weeks to 29 December 2019: £285,000), and company pensions contributions of £nil (52 weeks to 29 December 2019: £nil) were made to a money purchase scheme on his behalf.

	53 weeks to 3 January 2021 £000	52 weeks to 29 December 2019 £000
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	2
	<u>3</u>	<u>2</u>

6 Interest receivable

	53 weeks to 3 January 2021 £000	52 weeks to 29 December 2019 £000
Total other interest payable and similar charges	4	2
	<u>4</u>	<u>2</u>

7 Interest payable

	53 weeks to 3 January 2021 £000	52 weeks to 29 December 2019 £000
Interest payable on bank loans and overdrafts	1,018	881
	<u>1,018</u>	<u>881</u>

Notes (continued)

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	53 weeks to 3 January 2021 £000	52 weeks to 29 December 2019 £000
Current tax		
Current tax on income for the period	925	1,265
Adjustments in respect of prior periods	(189)	(5)
	<hr/>	<hr/>
Total current tax	736	1,260
Deferred tax (see note 16)		
Origination and reversal of timing differences	(51)	(26)
Change in tax rate	-	-
	<hr/>	<hr/>
Total deferred tax	(51)	(26)
	<hr/>	<hr/>
Total tax	<u>685</u>	<u>1,234</u>

	53 weeks to 3 January 2021			52 weeks to 29 December 2019		
	£000	£000	£000	£000	£000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	736	(51)	685	1,260	(26)	1,234
Recognised in other comprehensive income	-	-	-	-	-	-
Recognised directly in equity	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total tax	736	(51)	685	1,260	(26)	1,234

Analysis of current tax recognised in profit and loss

	53 weeks to 3 January 2021 £000	52 weeks to 29 December 2019 £000
UK corporation tax	685	1,234
	<hr/>	<hr/>
Total current tax recognised in profit and loss	<u>685</u>	<u>1,234</u>

Notes (continued)

8 Taxation (continued)

Reconciliation of effective tax rate

	53 weeks to 3 January 2021 £000	52 weeks to 29 December 2019 £000
Profit for the period	4,810	5,263
Total tax expense	685	1,234
Profit excluding taxation	5,495	6,497
Tax using the UK corporation tax rate of 19% (52 weeks to 29 December 2019: 19%)	1,044	1,234
Expenses not deductible for tax purposes	60	31
Group relief received without payment required	(179)	-
Timing differences not recognised in the computation	(51)	(26)
Adjustments in respect of a prior period	(189)	(5)
Total tax expense included in profit or loss	685	1,234

Factors affecting the tax charge in future years

The UK corporation tax standard rate for the period is 19% (52 weeks ended 29 December 2019: 19%). A UK corporation tax rate of 25% (effective 1 April 2023) was substantively enacted on 3 March 2021 increasing the future tax rate accordingly. The deferred tax asset as at 3 January 2021 has been calculated at 19% (29 December 2019: 19%).

9 Fixed asset investments

Company - Investments in subsidiaries	£000
At start and end of period	1,000

The principal subsidiary undertakings in which the Company's interest at the period end is more than 20% are as follows:

	Country of incorporation	Registered Number	Principal activity	Class and percentage of shares held
Elan Homes Limited	England & Wales	03215914	House building	100% of ordinary shares
Elan Homes Midlands Limited	England & Wales	03017085	House building	100% of ordinary shares
Elan Homes Lancashire Limited	England & Wales	06779660	House building	100% of ordinary shares
Elan Homes Scotland Limited	Scotland	SC616758	House building	100% of ordinary shares
Elan Homes Strategic Land Limited	England & Wales	03121813	House building	100% of ordinary shares
Erie Basin Limited	England & Wales	06779664	Sale & rental of Residential Property	100% of ordinary shares
Elan Homes SEQ Limited	England & Wales	05394485	Shared Equity Provider	100% of ordinary shares
Elan Homes Land Limited	England & Wales	05360210	Dormant	100% of ordinary shares
Elan Homes Properties Limited	England & Wales	07071526	Dormant	100% of ordinary shares

The registered office for all of the above companies is 2nd Floor, Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ with the exception of Elan Homes Scotland Limited whose registered offices are at 4 Redheughs Rigg, South Gyle, Edinburgh, EH12 9DQ.

Notes (continued)

10 Stocks

	Group		Company	
	3 January 2021 £000	29 December 2019 £000	3 January 2021 £000	29 December 2019 £000
Work in progress	70,393	67,129	10,237	13,234
Rental properties	135	807	-	-
Part exchange properties	-	1,455	-	330
Options	263	234	-	-
	<u>70,791</u>	<u>69,625</u>	<u>10,237</u>	<u>13,564</u>

Stocks of £43,534,000 were expensed in the 53 weeks ended 3 January 2021 (52 weeks ended 29 December 2019: £44,870,000).

Certain assets included in work in progress and development land are pledged as security for the Group's bank borrowings. Further details of the Group's banking arrangements are included in note 15.

11 Debtors

	Group		Company	
	3 January 2021 £000	29 December 2019 £000	3 January 2021 £000	29 December 2019 £000
Amounts owed by group undertakings	-	-	34,816	34,107
Other debtors	2,271	3,181	683	1,005
Deferred tax asset (see note 16)	133	82	8	9
Prepayments and accrued income	374	408	141	54
	<u>2,778</u>	<u>3,671</u>	<u>35,648</u>	<u>35,175</u>
Due within one year	2,403	3,188	35,640	35,166
Due after more than one year	375	483	8	9
	<u>2,778</u>	<u>3,671</u>	<u>35,648</u>	<u>35,175</u>

12 Cash and cash equivalents

	Group		Company	
	3 January 2021 £000	29 December 2019 £000	3 January 2021 £000	29 December 2019 £000
Cash at bank and in hand	3,773	3,972	997	1,268

Notes (continued)

13 Creditors: amounts falling due within one year

	Group		Company	
	3 January 2021 £000	29 December 2019 £000	3 January 2021 £000	29 December 2019 £000
Bank loans and overdrafts (see note 15)	20,000	26,000	20,000	26,000
Payments received on account	486	370	179	61
Trade creditors	3,062	2,787	485	-
Amounts owed to group undertakings	-	-	2,077	429
Taxation and social security	261	215	-	-
Corporation tax	325	364	-	-
Accruals and deferred income	8,878	8,594	886	1,507
Interest payable	85	25	85	-
	<u>33,097</u>	<u>38,355</u>	<u>23,712</u>	<u>27,997</u>

14 Creditors: amounts falling due after more than one year

	Group		Company	
	3 January 2021 £000	29 December 2019 £000	3 January 2021 £000	29 December 2019 £000
Accruals and deferred income	522	-	100	-
	<u>522</u>	<u>-</u>	<u>100</u>	<u>-</u>

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	3 January 2021 £000	29 December 2019 £000	3 January 2021 £000	29 December 2019 £000
Creditors falling due within one year				
Secured bank loans	20,000	26,000	20,000	26,000
	<u>20,000</u>	<u>26,000</u>	<u>20,000</u>	<u>26,000</u>

Terms and debt repayment schedule

Group	Currency	Year of maturity	Repayment schedule	3 January 2021 £000	29 December 2019 £000
Secured Bank Facility	Sterling	2022	On expiry on 31 October 2022	20,000	26,000
				<u>20,000</u>	<u>26,000</u>

Bank loans are shown as being repayable within one year as repayments are dependent upon the timing of plot sales, however, the facilities also enable the loans to be redrawn in respect of work in progress balances in the period up to the expiry of the facility on 31 October 2022. Bank loans are secured by a fixed and floating charge over the assets of the Group, including a legal charge of certain work in progress and development land. Interest is paid at commercial rates linked to LIBOR.

Notes (continued)

16 Deferred tax assets and liabilities

	Group		Company	
	3 January	29 December	3 January	29 December
	2021	2019	2021	2019
	£000	£000	£000	£000
Assets				
Accelerated capital allowances	(26)	(32)	(8)	(9)
Other timing differences	(107)	(50)	-	-
	<u>(133)</u>	<u>(82)</u>	<u>(8)</u>	<u>(9)</u>
Liabilities				
Fixed asset timing differences	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net deferred tax (assets) / liabilities	<u>(133)</u>	<u>(82)</u>	<u>(8)</u>	<u>(9)</u>

17 Employee benefits

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the 53 weeks ended 3 January 2021 was £244,000 (52 weeks to 29 December 2019: £232,000).

18 Capital and reserves

	3 January	29 December
	2021	2019
	£000	£000
<i>Allotted, called up and fully paid</i>		
130,628 Ordinary shares of 1p each	<u>1</u>	<u>1</u>
Shares classified as liabilities	-	-
Shares classified as shareholders equity	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

The holders of the ordinary shares rank parri passu, are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. On a return of capital on a liquidation, the surplus assets and retained profits of the company (after payment of all liabilities) will be applied in the first instance, to repay the fully paid up ordinary shares with any remaining surplus paid to the ordinary shares.

Dividends

No dividends have been declared after the balance sheet date up to the date that these financial statements were signed.

Notes (continued)

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	3 January 2021 £000	29 December 2019 £000
Less than one year	266	306
Between one and five years	284	421
	<u>550</u>	<u>727</u>

During the 53 weeks to 3 January 2021 £411,000 was recognised as an expense in the profit and loss account in respect of operating leases (52 weeks to 29 December 2019: £423,000).

20 Financial instruments

Carrying amount of financial instruments – Group

The carrying value of amounts of the financial assets and liabilities include:

	3 January 2021 £000	29 December 2019 £000
<i>Assets measured at fair value through profit or loss</i>		
Other debtors	578	401
<i>Liabilities measured at amortised cost</i>		
Secured bank loans and overdrafts	(20,000)	(26,000)
Trade creditors	(3,062)	(2,787)

Financial instruments measured at fair value – Group

Other debtors include shared equity loans where the Group has provided a 10 year or 25 year loan for a proportion of the sales price, and retains a second charge over the residential property sold. The fair value of shared equity loans is determined using market assumptions for the likely period to redemption, movements in UK house prices and the default risk of the debtors.

The fair value of the shared equity loans has reduced in the year as a result of a fair value gain of £247,000 (52 weeks ended 29 December 2019: loss of £91,000). The remainder of the movement in shared equity loans in the period is attributable to loan redemptions.

The shared equity loans are subject to movements in fair value prior to redemption including changes in the market value of each residential property and the default risk. The directors believe that the market exposure is minimal based on long-term house price inflation and that the exposure for default risk is adequately factored into the determined fair value of the debts.

Notes (continued)

21 Contingent Liabilities - company

The company has entered into a cross guarantee and debenture covering some but not all, of the bank borrowings of other companies in the Group amounting to £20,000,000 (29 December 2019: £26,000,000). Elan Homes Holdings Limited considers this cross guarantee to be an insurance arrangement.

The company has guaranteed the liabilities of Elan Homes Strategic Land Limited (company number: 03121813), a subsidiary of the company, in order for them to qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the period ended 3 January 2021.

The company has guaranteed the liabilities of Erie Basin Limited (company number: 06779664), a subsidiary of the company, in order for them to qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the period ended 3 January 2021.

22 Related parties

Amber REI Holdings Limited - Group

Amber REI Holdings Limited is related to the group by a common Director and by common ultimate ownership.

During the 53 weeks ended 3 January 2021 the group has recharged costs of £150,016 (52 weeks to 29 December 2019: £147,125) to Amber REI Holdings Limited. During the 53 weeks ended 3 January 2021 the group was recharged costs of £7,480 (52 weeks to 29 December 2019: £nil) by Amber REI Holdings Limited. A balance of £39,055 was due to the group from Amber REI Holdings Limited as at 3 January 2021 (29 December 2019: £nil).

23 Ultimate Parent Company and Ultimate Controlling Parties

The ultimate parent undertaking is Amber Residential Properties Limited, a company incorporated and domiciled in the UK. A copy of the consolidated financial statements for Amber Residential Properties Limited can be obtained from 2nd Floor, Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ.

The ultimate controlling parties are RS Boparan and BK Boparan.