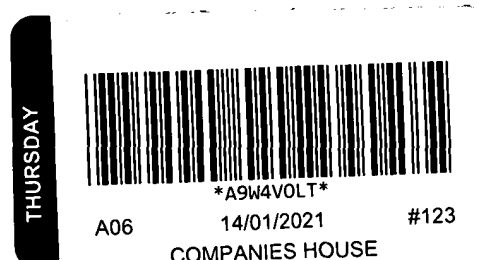


# Avant Homes Group No.2 Limited

**Annual report and financial statements for the period  
ended 1 May 2020**

**Company number: 06986776**



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**Avant Homes Group No.2 Limited**

**Directors and advisors**

**Directors**

Colin Lewis  
Gerard Loftus  
Giles Sharp  
Mark Mitchell

**Company secretary**

Joanne Massey

**Registered office**

Avant House  
6 and 9 Tallys End  
Barlborough  
Chesterfield  
S43 4WP

**Independent auditor**

KPMG LLP  
Chartered Accountants and Statutory Auditor  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

## **Avant Homes Group No.2 Limited**

### **Strategic Report for the period ended 1 May 2020**

In this report the "Company" means Avant Homes Group No.2 Limited and the "Group" means Avant Homes Group Limited and its subsidiaries.

The directors present their Strategic Report on the Company for the 52-week period ended 1 May 2020, with comparative information for the 53 -week period ended 3 May 2019.

#### **Principal activities**

The Company is an investment holding company for a group of businesses principally engaged in the building of residential properties.

#### **Financial instruments and risk management**

Working capital requirements are principally satisfied from cash generated by the Company's subsidiary undertakings and through funding made available from the bank facilities established by Avant Homes (No.2) Limited.

Financial risk management objectives and policies, and exposure of the Group to price risk, credit risk, liquidity risk and cash flow interest rate risk have been disclosed within note 3 to the consolidated financial statements of Avant Homes Group Limited which are publicly available from Companies House.

#### **Key performance indicators (KPIs)**

The key performance indicator for the Company is in respect of monitoring the interest payment position of the Company to ensure that the Company has readily liquid assets to settle the interest payments as they fall due. As set out below, the Company is reliant on the cash generation of the Avant Homes Group to meet the obligations of its creditors as they fall due. The Company monitors the performance of the Avant Homes Group based on revenue, EBITDA and free cash-flow.

#### **Review of the business and future developments**

The Company is reliant on cash generated by its subsidiary undertakings and therefore monitors the Group's trading performance closely. The trading results and position of the group, which was impacted significantly by COVID-19 and the associated social distancing measures, is discussed in the consolidated financial statements of Avant Homes Group Limited which are publicly available from Companies House. The Group delivered revenue of £446m (period ended 3 May 2019: £483m) and a profit (period ended 3 May 2019: profit) of £16.7m (period ended 3 May 2019: £48m) during the period ended 1 May 2020.

**Avant Homes Group No.2 Limited**

**Strategic Report for the period ended 1 May 2020 (continued)**

**Review of the business and future developments (continued)**

The Company holds an investment in its subsidiary undertakings of £26,657,000 (period ended 3 May 2019: £26,657,000) and has a non-current receivable from its immediate subsidiary and a non-current liability to its immediate parent undertaking of £240,714,000 (period ended 3 May 2019: £218,595,000) relating to the Group's shareholder loan arrangements (notes 7 and 9).

The increase in the non-current receivable and non-current liability during the period of £22,119,000 (period ended 3 May 2019: £20,395,000) is due to interest which accrued on the loan at an annual interest rate of 10% compounded quarterly.

No significant changes are expected to the operations of the Company in the period ahead.

On behalf of the Board



**G Sharp**

**Director**

12 August 2020

**Avant Homes Group No.2 Limited**

Avant House

6 and 9 Tallys End

Barlborough

Chesterfield

S43 4WP

## **Directors' Report for the period ended 1 May 2020**

The directors present their annual report together with the audited financial statements of the Company for the period ended 1 May 2020.

The Company is an investment holding company for a group of businesses principally engaged in the building of residential properties.

The Company is a private limited company and is incorporated and domiciled in the United Kingdom. The address of its registered office is Avant House, 6 and 9 Tallys End, Barlborough, Chesterfield S43 4WP.

### **Results, dividends and future developments**

The results for the period ended 1 May 2020 are set out in the Income Statement on page 10. The results for the period and future developments have been discussed in the Strategic Report on pages 2 and 3.

No interim dividends were paid in the period ended 1 May 2020 (period ended 3 May 2019: £nil). The directors do not recommend the payment of a final dividend in respect of the period ended 1 May 2020 (period ended 3 May 2019: £nil).

### **Political contributions**

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

### **Financial instruments and risk management**

The use of financial instruments, including financial risk management objectives and policies, exposure to price risk, credit risk, liquidity risk and cash flow interest rate risk, are disclosed in note 3 to the consolidated financial statements of Avant Homes Group Limited, which are publicly available from Companies House.

### **Going concern**

The Company is reliant on the trading and cash generation of the Group to enable it to meet its interest obligations.

At 1 May 2020, the Group had banking facilities of £200.0m (period ended 3 May 2019: £200.0m) that were due to expire on 31 July 2022. Net debt at 1 May 2020 was £95.7m (3 May 2019: £107.1m). Post the period end the Group also secured a £50.0m, three year, facility under the Coronavirus Large Business Interruption Loan Scheme, to be provided in addition to the existing £200.0m Revolving Credit Facility on which the maturity date was extended to July 2023. The shareholder loans that are provided do not expire until December 2024.

The Directors have prepared forecasts and projections, including severe but plausible downside sensitivities, which show that the Group should be able to operate within the level of its banking facilities and meet all its banking covenants for at least 12 months from the date of signing these consolidated financial statements.

In undertaking this assessment, the directors considered the potential impact of the COVID-19 pandemic. Within this, the severe but plausible downside scenarios considered included a 20% decline in sales rates from the base assumption, a 10% and a 15% drop in sales prices from the base assumption and a three-month second lock down period. This financial modelling indicated that the Group would still be able to operate with comfortable levels of headroom against its covenants and borrowing facilities, even in the most severe downside scenario. In addition, the modelling did not consider the cash benefit of the postponement of land expenditure as part of more extreme cash conservation strategies, which would be available to management if required.

## **Directors Report for the period ended 1 May 2020 (continued)**

### **Going concern (continued)**

Based on the Group's projected trading and forecast cash-flows for a period of more than one year from the date of signing these consolidated financial statements, the Directors are satisfied that the Company and Group will have adequate resources to continue in operational existence for this period. Consequently, the Directors continue to adopt the going concern basis in preparing the Directors' Report and the consolidated financial statements.

### **Directors**

The directors who, unless otherwise stated, served throughout the period ended 1 May 2020 and up to the date of signing the financial statements were as follows:

Colin Lewis  
Gerard Loftus  
Giles Sharp  
Mark Mitchell

### **Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with United Kingdom accounting standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

**Directors Report for the period ended 1 May 2020 (continued)**

**Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements (continued)**

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

**Statement of disclosure of information to auditor**

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order 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 pages 2 and 3.

**Independent auditor**

KPMG LLP have indicated their willingness to continue in office. Therefore, 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.

On behalf of the Board



**G Sharp**  
**Director**  
12 August 2020

**Avant Homes Group No.2 Limited**  
Avant House  
6 and 9 Tallys End  
Barlborough  
Chesterfield  
S43 4WP



## **Independent auditor's report to the members of Avant Homes Group (No.2) Limited**

### **Opinion**

We have audited the financial statements of Avant Homes Limited ("the company") for the year ended 1 May 2020 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 May 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### **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.

## **Independent auditor's report to the members of Avant Homes Group (No.2) Limited**

### **Strategic report and directors' report (continued)**

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.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

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

**Avant Homes Group No.2 Limited**

**Independent auditor's report to the members of Avant Homes Group (No.2) Limited**

**The purpose of our audit work and to whom we owe our responsibilities (continued)**

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.



**David Morritt (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

12 August 2020

**Avant Homes Group No.2 Limited**

**Income Statement for the period ended 1 May 2020**

	Note	Period ended 1 May 2020 £'000	Period ended 3 May 2019 £'000
Finance income	5	22,119	20,395
Finance costs	5	(22,119)	(20,395)
<b>Profit before tax</b>		-	-
Income tax		-	-
<b>Profit for the financial period</b>		-	-

All amounts relate to continuing activities.

There were no other comprehensive income or losses in either financial period other than the profit for the period as shown above. Accordingly, no separate statement of other comprehensive income has been prepared.

There is no material difference between the profit before taxation and the profit for the financial period stated above and their historical cost equivalents.

The accompanying notes form an integral part of these financial statements.

**Balance Sheet as at 1 May 2020**

	Note	1 May 2020 £'000	3 May 2019 £'000
<b>ASSETS</b>			
<b>Fixed assets</b>			
Investments in subsidiary undertakings	6	26,657	26,657
Interest bearing receivables	7	240,714	218,595
		<b>267,371</b>	<b>245,252</b>
<hr/>			
<b>Total assets</b>		<b>267,371</b>	<b>245,252</b>
<hr/>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8	38,753	38,753
<b>Net current liabilities</b>		<b>38,753</b>	<b>38,753</b>
<hr/>			
<b>Non-current liabilities</b>			
Interest bearing loans	9	240,714	218,595
		<b>240,714</b>	<b>218,595</b>
<b>Total liabilities</b>		<b>279,467</b>	<b>257,348</b>
<hr/>			
<b>Net liabilities</b>		<b>(12,096)</b>	<b>(12,096)</b>
<hr/>			

**Avant Homes Group No.2 Limited**

**Balance sheet as at 1 May 2020 (continued)**

	Note	1 May 2020 £'000	3 May 2019 £'000
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	275,003	275,003
Share premium		284,371	284,371
Accumulated losses		(571,470)	(571,470)
<b>Shareholders' funds</b>		<b>(12,096)</b>	<b>(12,096)</b>

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 10 to 23 were authorised for issue by the board of directors on 12 August 2020 and were signed on its behalf by:



**G Sharp**  
**Director**

**Avant Homes Group No.2 Limited**

Company number: 06986776

Avant House

6 and 9 Tallys End

Barlborough

Chesterfield

S43 4WP

**Statement of Changes in Equity as at 1 May 2020**

	Ordinary shares £'000	Share premium £'000	Accumulated losses £'000	Total £'000
Balance at 4 May 2019	275,003	284,371	(571,470)	(12,096)
Balance at 1 May 2020	275,003	284,371	(571,470)	(12,096)

	Ordinary shares £'000	Share premium £'000	Accumulated losses £'000	Total £'000
Balance at 28 April 2018	275,003	284,371	(571,470)	(12,096)
Balance at 3 May 2019	275,003	284,371	(571,470)	(12,096)

The accompanying notes form an integral part of these financial statements.

## **Notes to the financial statements for the period ended 1 May 2020**

### **1. General information**

Avant Homes Group No.2 Limited ('the Company') is an intermediate holding company for a group of companies principally engaged in the building of residential properties.

The Company is a private limited company limited by shares and is incorporated and domiciled in England in the United Kingdom. The address of its registered office is Avant House, 6 and 9 Tallys End, Barlborough, Chesterfield S43 4WP. The Company's registered number is 06986776.

### **2. Summary of significant accounting policies**

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

#### **2.1 Basis of preparation**

During a prior period, the Company's adopted Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) as its basis of preparation framework. The Directors consider it appropriate to continue to adopt FRS101.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the European Union (EU "Adopted IFRSs") but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies.

The Company's parent undertaking Avant Homes Group Limited includes the company in its consolidated financial statements. The consolidated financial statements of Avant Homes Group Limited are prepared in accordance with international financial reporting standard and are available to the public from Companies House.

The following exemptions from the requirements of International Financial Reporting Standards (IFRS) have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, '*Financial Instruments: Disclosures*';
- Paragraphs 91 to 99 of IFRS 13, '*Fair value measurement*' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, '*Presentation of financial statements*' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1, '*Presentation of financial statements*';
- The following paragraphs of IAS 1, '*Presentation of financial statements*':
  - (i) 10(d) (statement of cash flows);
  - (ii) 16 (statement of compliance with all IFRS);
  - (iii) 38A (requirement for minimum of two primary statements, including cash flow statements);
  - (iv) 38B-D (additional comparative information);
  - (vii) 111 (cash flow statement information);
  - (viii) 134 – 136 (capital management disclosures);



## Notes to the financial statements for the period ended 1 May 2020 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.1 Basis of preparation (continued)

- IAS 7, '*Statement of cash flows*' and related notes;
- Paragraph 30 and 31 of IAS 8 '*Accounting policies, changes in accounting estimates and errors*' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraphs 17 and 18A of IAS 24, '*Related party disclosures*' (key management compensation); and
- The requirements in IAS 24, '*Related party disclosures*' to disclose related party transactions entered into between two or more members of a group.

The company proposes to continue to adopt the reduced disclosure framework of FRS101 in its next financial statements.

#### 2.2 Going concern

The Company and Group meet their day to day working capital requirements through the cash flow generated from the sale of residential properties, while also being reliant on funding from debt facilities with its bankers.

At 1 May 2020, the Group had banking facilities of £200.0m (period ended 3 May 2019: £200.0m) that were due to expire on 31 July 2022. Net debt as at 1 May 2020 was £95.7m (3 May 2019: £107.1m). Post the period end the Group also secured a £50.0m three year facility under the Coronavirus Large Business Interruption Loan Scheme, to be provided in addition to the existing £200.0m of bank facilities on which the maturity date was extended to July 2023 and some temporary revised covenants were agreed. The shareholder loans that are provided do not expire until December 2024.

The Directors have prepared forecasts and projections, including reasonable downside sensitivities, which show that the Group should be able to operate within the level of its banking facilities and meet all its banking covenants for at least 12 months from the date of signing these consolidated financial statements. In undertaking this assessment, the directors considered the potential impact of the COVID-19 pandemic. Within this, the severe but plausible downside scenarios considered included a 20% decline in sales rates from the base assumption, a 10% and a 15% drop in sales prices from the base assumption and a three-month second lock down period. This financial modelling indicated that the Group would still be able to operate with comfortable levels of headroom against its covenants and borrowing facilities, even in the most severe downside scenario. In addition, the modelling did not consider the cash benefit of the postponement of land expenditure as part of more extreme cash conservation strategies, which would be available to management if required.

Based on the Group's projected trading and forecast cash-flows for a period of more than one year from the date of signing these consolidated financial statements, the Directors are satisfied that the Company and Group will have adequate resources to continue in operational existence for this period. Consequently, the Directors continue to adopt the going concern basis in preparing the Directors' Report and the financial statements. These forecasts assume that amounts currently due to subsidiary undertakings expected to enter liquidation, will not be recalled. Further detail of these balances is given in Note 8 of these financial statements.

#### 2.3 Functional and presentational currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£) which is also the Company's functional currency.

**Notes to the financial statements for the period ended 1 May 2020 (continued)**

**2. Summary of significant accounting policies (continued)**

**2.4 Share capital**

Ordinary shares are classified as equity.

**2.5 Current and deferred income tax**

The tax expense 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 in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

**2.5 Interest income**

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

**2.6 Interest bearing loans**

Interest bearing loans are recognised initially at fair value, net of transaction costs incurred. Interest bearing loans are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

**Notes to the financial statements for the period ended 1 May 2020 (continued)**

**2 Summary of significant accounting policies (continued)**

**2.7 Interest bearing receivables**

Interest bearing receivables are long term loan arrangements whereby the Company is lender and receives interest in accordance with the lending agreement. Interest bearing receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**2.8 Other receivables**

Other receivables are amounts due to the business from contractual agreements with customers, other Group companies and suppliers. If collection is expected in one period or less, they are classified as current assets. If not, they are presented as non-current assets.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**2.9 Other payables**

Other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and other Group companies. Other payables are classified as current liabilities if payment is due within one period or less. If not, they are presented as non-current liabilities.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.10 Investment in subsidiaries**

Investment in subsidiaries are held at cost less accumulated impairment losses.

**2.11 Consolidated financial statements**

The Company is exempt under section 400 of the Companies Act 2006 from preparing consolidated financial statements on the grounds that results of the Company and its subsidiaries are incorporated in the consolidated financial statements of Avant Homes Group Limited. The consolidated financial statements of Avant Homes Group Limited (registered office: Avant House, 6 and 9 Tallys End, Barlborough, S43 4WP) are prepared in accordance with the International Financial Reporting Standards and are available to the public and be obtained from Companies House.

**2.12 Critical accounting estimates and judgements**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no significant estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period.

**Notes to the financial statements for the period ended 1 May 2020 (continued)**

**3 Directors remuneration**

All of the directors are executives of the immediate parent company, Avant Homes Holdings Limited and of the intermediate parent company, Avant Homes Group Limited. It is not practical to allocate their total remuneration between their services as executives of the Company and their services as directors of the other group companies. The Directors are remunerated on behalf of the Company by Avant Homes Limited. Details of the directors' remuneration can be found in the financial statements of Avant Homes Group Limited and Avant Homes Limited.

**4 Operating profit**

Audit fees of £5,000 (period ended 3 May 2019: £5,000) for the period ended 1 May 2020 were borne by Avant Homes Limited.

**5 Finance income and costs**

	Period ended 1 May 2020 £'000	Period ended 3 May 2019 £'000
Interest receivable on loan to subsidiary undertaking	22,119	20,395
Interest payable on loan to parent undertaking	(22,119)	(20,395)
	-	-

**6 Investment in subsidiary**

	1 May 2020 £'000	3 May 2019 £'000
At beginning of the period	26,657	26,657
<b>At end of period</b>	<b>26,657</b>	<b>26,657</b>

Details of subsidiary company undertakings during the period, all of which are incorporated in Great Britain, are as follows:

Name of company	Nature of business	Description of shares held	Proportion of nominal value of issued shares held by the Company
Avant Homes (No.2) Limited	Intermediate parent	Ordinary £1 shares	100%

The registered office of the Group's subsidiary undertaking is Avant House, 6 and 9 Tallys End, Barlborough, Chesterfield, S43 4WP.

Notes to the financial statements for the period ended 1 May 2020 (continued)

**7 Interest bearing receivables**

	1 May 2020 £'000	3 May 2019 £'000
Amounts owed by immediate subsidiary undertaking due in more than one period	240,714	218,595
	<b>240,714</b>	<b>218,595</b>

Amounts owed by the Company's immediate subsidiary undertaking consist of a loan of £147,000,000 made to Avant Homes No.2 Limited ("AH<sub>2</sub>L") including capitalised interest receivable of £98,313,000 (period ended 3 May 2019: £76,194,000), less expenses of £4,599,000 (period ended 3 May 2019: £4,599,000) incurred by AH<sub>2</sub>L, relating to the acquisition, which have been charged onto the immediate parent. The loan to AH<sub>2</sub>L bears interest at 10% per annum, is unsecured and is repayable on 11 December 2024.

**8 Other payables**

	1 May 2020 £'000	3 May 2019 £'000
Amounts owed to subsidiary undertakings (expected to enter liquidation in a future period) due in less than one period	38,753	38,753
	<b>38,753</b>	<b>38,753</b>

Amounts owed to subsidiary undertakings and related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The Company continues to recognise intercompany creditors relating to subsidiary undertakings which are being prepared for liquidation. Upon liquidation of the subsidiary undertaking the Company releases the creditor as an exceptional administrative expense through its income statement. At 1 May 2020 the Company held two (period ended 3 May 2019: two) intercompany creditors totalling £38,753,000 (period ended 3 May 2019: £38,753,000) which will be released through the income statement in a future period.

**9 Interest bearing loans**

	1 May 2020 £'000	3 May 2019 £'000
Amounts owed to immediate parent undertaking due in more than one period	240,714	218,595
	<b>240,714</b>	<b>218,595</b>

Amounts owed to immediate parent undertaking consists of a loan of £147,000,000 from Avant Homes Holdings Limited ("AHHL") including capitalised interest payable of £98,313,000 (period ended 3 May 2019: £76,194,000), less expenses of £4,599,000 (period ended 3 May 2019: £4,599,000) incurred by AHHL, relating to the acquisition, which have been charged onto AHHL. The loan from AHHL bears interest at 10% per annum, is unsecured and is repayable on 11 December 2024.

**Notes to the financial statements for the period ended 1 May 2020 (continued)**

**10 Dividends**

No dividends were paid in the period (period ended 3 May 2019: £nil). The Directors do not recommend the payment of a final dividend in respect of the period ended 1 May 2020 (period ended 3 May 2019: £nil).

**11 Called up share capital**

	<b>1 May 2020</b>	<b>3 May 2019</b>
	<b>£'000</b>	<b>£'000</b>
Allotted, called up and fully paid:		
At 1 May 2020 (3 May 2019: 27,500,276,567.0263) ordinary shares of £0.01 each	<b>275,003</b>	<b>275,003</b>
	<b>275,003</b>	<b>275,003</b>

**Avant Homes Group No.2 Limited****Notes to the financial statements for the period ended 1 May 2020 (continued)****12 Subsidiary undertakings**

The subsidiary and associate undertakings of Avant Homes Group (No.2) Limited are shown below:

<b>Name</b>	<b>Nature of business</b>	<b>Class of issued share capital</b>	<b>Proportion of ordinary shares held</b>
Avant Homes (No.2) Limited *	Intermediate parent	Ordinary	100%
Avant Homes Limited *	Intermediate parent	Ordinary	100%
Avant Homes (Scotland) Limited ^	Housebuilding	Ordinary	100%
Avant Homes (Scotland MK) Limited ^	Dormant	Ordinary	100%
Avant Homes (Central) Limited *	Dormant	Ordinary	100%
Avant Homes (England) Limited *	Housebuilding	Ordinary	100%
Avant Homes (Yorkshire) Limited *	Dormant	Ordinary	100%
Avant Homes (Sunderland) Limited *	Dormant	Ordinary	100%
Avant Estates Limited *	Dormant	Ordinary	100%
Avant (BBH) No.2 Limited *	Dormant	Ordinary	100%
Avant (BBH) Limited *	Dormant	Ordinary	100%
Gladedale (Home Counties) Limited *	Dormant	Ordinary	100%
Manor Kingdom Southern Limited *	Dormant	Ordinary	100%
Gladedale (South East) Limited *	Dormant	Ordinary	100%
Avant Homes (Lincoln) Limited *	Dormant	Ordinary	100%
Castlegait Homes Limited ^	Dormant	Ordinary	100%
Strada Developments Limited ~	Holds shared equity portfolio	Ordinary	50%
Laing/Gladedale (Hastings) Holdings Limited ~	Property investment	Ordinary	50%
Freeport Scotland Limited †	Letting of commercial property	Ordinary	14%

The Company also holds a controlling interest in the shareholding or controls the voting rights of a number of management companies which provide management property services to residential developments completed by the Avant Group in recent periods. The companies are controlled subsidiaries of the Company but are dormant in nature and have been listed below for completeness.

Management Company	Interest held by the Avant Group
Mistley Quayside Management Limited *	Control by voting right majority
Shoebury Garrison Management Company Limited *	Control by voting right majority
St Mary's Walk (Wickford) Management Company Limited *	Control by guarantee without share capital
The Old Courthouse (Epsom) Limited *	Control by guarantee without share capital
St Mary's Ridge Estate Management Company Limited *	Control by voting right majority
Cavalry Hill Residents Management Company Limited *	Control by guarantee without share capital
Damstead Park Management Company Limited *	Control by guarantee without share capital
Harpers Brook Management Limited *	Control by guarantee without share capital
Heathfields (Hethersett) Management Company Limited *	Control by guarantee without share capital
Life Two (Bletchley) Management Company Limited *	Control by guarantee without share capital
Meadow View (Rollaston) Management Company Limited #	Control by guarantee without share capital
Redhouse Park (CP) Limited *	Control by voting right majority
Rufford Oaks (Ollerton) Management Company Limited *	Control by guarantee without share capital
The Edge (Clowne) Management Company Limited *	Control by guarantee without share capital
Wedgewood Gardens Management Company Limited *	Control by voting right majority
Willow Tree Park Management Company Limited *	Control by guarantee without share capital
Pomegranate Park Management Company Limited *	Control by guarantee without share capital
Brickhill Sands Management Company Limited *	Control by guarantee without share capital
Cildes Croft Management Company Limited *	Control by guarantee without share capital
Danetre Place Management Company Limited *	Control by guarantee without share capital
Aslacr Park Management Company Limited *	Control by guarantee without share capital
Magdalene Gardens Management Company Limited *	Control by guarantee without share capital
Sandhill Croft (Idle) Management Company Limited *	Control by guarantee without share capital
Wharf View (Kilnhurst) Management Company Limited *	Control by guarantee without share capital
Alpine House Management Company Limited**	Control by voting right majority
Collingsgate Residents Management Company Limited*	Control by guarantee without share capital
Cotton Yard Management Company Limited*	Control by guarantee without share capital
Martins Reach Management Company Limited*	Control by guarantee without share capital
Ten Locks Village Management Company Limited*	Control by guarantee without share capital
Sheltone Village Management Company Limited*	Control by guarantee without share capital



**Notes to the financial statements for the period ended 1 May 2020 (continued)**

**12 Subsidiary undertakings (continued)**

Sorby Village (Waverley) Management Company Limited*	Control by guarantee without share capital
Babington Quarter Management Company Limited ##	Control by guarantee without share capital
De Rhodes Point (Woodthorpe) Management Company Limited*	Control by guarantee without share capital
Portlands (Creswell) Management Company Limited*	Control by guarantee without share capital
Hawfinch Place Management Company Limited ##	Control by guarantee without share capital
Waterside Quarter Management Company Limited ##	Control by guarantee without share capital

The registered office of the Companies subsidiary undertakings is as indicated.

\* Avant House, 6 and 9 Tallys End, Barlborough, Chesterfield S43 4WP

^ Argyll Court, The Castle Business Park, Stirling FK9 4TT

~ Unit C, Ground Floor, Cirrus Glasgow Airport Business Park, Marchburn Drive, Abbotsinch, Paisley PA3 2SJ

~ 1 Kingsway, London WC2B 6AN

! County Buildings (Financial Services) Wellington Square, Ayr, Ayrshire KA7 2PL

# c/o Gateway Property Management Limited, Gateway House, 10 Coopers Way, Southend-On-Sea SS2 5TE

**13 Related parties**

The Company is a wholly owned subsidiary of Avant Homes Holdings Limited. Avant Homes Group Limited, an intermediate parent undertaking, is the largest and smallest group to which the company belongs and has prepared consolidated financial statements for the period ended 1 May 2020. The Company has relied on the exemptions contained within FRS 101 in respect of the disclosure of related party transactions in accordance with IAS 24.

There are no other related parties' transactions that require disclosure in these financial statements.

**14 Ultimate parent undertaking**

The Company is a wholly owned subsidiary of Avant Homes Holdings Limited.

The Directors consider the ultimate parent undertaking to be Avant SA, a company registered in the Grand Duchy of Luxembourg. The Directors do not consider there to be any ultimate controlling party. Avant Homes Group Limited was the largest and smallest group of which the Company was a member, and for which consolidated financial statements are prepared. Copies of the financial statements of Avant Homes Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.