

## Populo Living Limited

Annual Report and Financial Statements

Year Ended

31 March 2022

Company Number 08956137

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# Populo Living Limited

## Company Information

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<b>Directors</b>	S E Gaventa (Resigned 6 July 2021) J A Swinney (Resigned 30 June 2021) S M Forster N P Taylor (Resigned 31 March 2022) S R Benson (Resigned 19 November 2021) M W Holland S W Quartermain A Travers J Blake T A Seddon D L Heenan R Neotia (Appointed 1 June 2021) R J Atkin-House (Appointed 16 December 2021 & Resigned 6 April 2022)
<b>Company secretary</b>	R J Atkin-House (Resigned 6 April 2022)
<b>Registered number</b>	08956137
<b>Registered office</b>	373 High Street Stratford London E15 4QZ
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# Populo Living Limited

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# Populo Living Limited

## Group Strategic Report for the Year Ended 31 March 2022

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### Business and Financial review

The business has shown great resilience this year, continuing to deliver new homes and core services to our residents despite the challenges presented by the Covid-19 pandemic and the growing cost of living crisis. The Group have delivered 192 new homes including 115 affordable, which has directly benefited the waiting list for housing in the London Borough of Newham (LBN). The new homes increased the total number in management across the Group to 359 at the end of the financial year.

This year has seen Populo Homes, our registered provider of social housing, complete its first full year of trading. As at 31 March 2022, Populo Homes had 126 homes in management, 118 at London affordable rent and 8 shared ownership. 71 of these new homes are at our recently completed 148 home development 'The Didsbury' in East Ham, which has been shortlisted for Inside Housing's 'Best Affordable Housing Development' award.

Populo's role, in partnership with LBN, leading the delivery of a program to transform The Carpenters estate in Stratford has made significant positive progress during the year. In December 2021, 73% of local residents voted "yes" in a ballot to support our restoration plans, which will deliver over 2,000 new high-quality homes with at least 50% being at genuinely affordable rents.

In response to the climate emergency, over 40% of existing homes will be refurbished on the Carpenters project, including two of the three tower blocks. The first phase of delivery, which is expected to start next financial year, will see the 23 storey James Riley Point Tower stripped back to its concrete frame before being rebuilt, refurbished and extended to deliver 136 homes, of which over 90% will be at affordable rent levels, plus a new community centre and sports facility.

Alongside the Carpenters project, Populo has a further 489 new homes on site and under construction across 7 projects and a healthy pipeline of sites in planning and pre-construction.

The Board and Executive team have continued to develop and evolve to ensure the business has a stable platform to lead and control its growth ambitions. The Board welcomed a new Acting Chair, Steve Quartermain in April 2022, Steve brings nearly 30 years of experience as a Chartered Town Planner, including 12 years as Chief Planner to the UK Government.

During the year, revenue increased to £16.9m (2020/21: £2.6m). Gross profit improved to £3.3m (2020/21: £1.3m) and a profit from operations of £1.4m (2020/21: £(34.2)m loss). The improvement in operational profit was predominantly driven by fair value movements and lower impairment charges. It was also supported by two new income streams namely development management services and first tranche shared ownership sales.

The fair value of our investment property '*under management*' increased by £6.5m (2020/21 decrease: £(1.7)m), which was driven by the completion of the Didsbury project. The fair value of our investment property '*under construction*' decreased by £(4.3)m (2020/21 decrease: £(16.8)m). This was a result of the current land value on the Private Rented Sector ("PRS") sites at Plaistow and Brickyard being valued at less than the costs incurred to date. If expected values at completion of these sites hold, this fair value adjustment will unwind over the next two years as we complete the schemes.

The company has also recorded a fixed asset impairment of £(2.3)m (2020/21: £(9.9)m) on Property, Plant, and Equipment. This is due to the expected costs to complete the affordable units in our development programme being greater than the sales value of these units at completion. This is a fundamental part of our cross-subsidy model in our Shareholder approved business plan. The plan demonstrates how over the medium term the Group becomes profitable and will deliver significant returns to the Council.

Overall, the Group made a loss after tax of £(0.01)m (2020/21: £(38.0)m).

# Populo Living Limited

## Group Strategic Report (continued) for the Year Ended 31 March 2022

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### **Business and Financial review (continued)**

Looking forward, Populo are excited to continue working closely with LBN, playing a key role in the delivery and management of new homes in the Borough.

To support the Group's growth, we continue to invest in our people and increase the number of staff we employ. Our average number of employees has increased from 16 in 2020 and 39 last year to 46 in 2022. We expect this expansion to continue as we deliver our new homes pipeline and bring more homes into management across a range of tenures including private rented, shared ownership, affordable and temporary accommodation.

By 2025 we aim to grow the number of homes under Populo's management to almost 1,000 with a pipeline that has the potential to deliver significant new homes by 2040. These plans will see Populo complete its transition to a medium sized business and position us well to deliver on our 'triple dividend' promise to our Shareholder, whilst making a positive contribution to 'Make Newham Home' for everyone.

### **Principal risks and uncertainties**

Populo Living (PL) is a wholly owned subsidiary of LBN. The company operates independently from the Council, with its own Board of Directors. The Board has established an effective framework for identifying, monitoring and managing risks, and the Executive Management Team periodically prepare the risk registers for scrutiny by the Group Audit and Risk Committee (ARC), who in turn scrutinise and recommend them to the appropriate Board for approval. Due to the growth and increased complexity of the organization, including the addition of a Registered Provider of social housing, the ARC procured internal audit services to test our risk management, governance, and internal control framework.

Risks are identified that could be detrimental to the Group's ability to achieve its strategic goals and business plan objectives. Appropriate controls and mitigation actions are identified and implemented to reduce the potential adverse impact to the achievement of these targets.

The key risks identified at the year-end along with the mitigation strategies to manage these risks, are as follows:

#### ***Health and safety***

Our health and safety (H&S) risk continues to increase as we grow our number of homes in management and deliver our pipeline of new homes across multiple sites. Failure to adequately resource and oversee H&S across our business increases the risk of an incident, which would cause reputational damage, loss of political support, as well as legal and cost implications. We must also consider our moral obligation as a responsible developer and property manager, and the impact that our failure to take H&S seriously may have on an individual(s).

**Mitigation:** We have adopted H&S policies and procedures that are suitable for our business and sought professional advice where necessary. H&S is high on every Board agenda and is regularly discussed at Executive meetings. We have conducted an independent audit during the year and this has helped further strengthen our controls which has included the creation of a H&S working group to help ensure all staff are aware of their responsibilities. For all staff regularly attending development and construction sites, it is company policy for them to hold the relevant H&S awareness accreditation. We have ensured all construction contracts impose responsibility and accountability onto our Contractors and regular monitoring takes place to make sure they are complying with our standards.

#### ***Economic downturn and Ukraine war***

Given the significant effects of the pandemic, Brexit and the war in Ukraine, the resulting economic outlook and cost of living crisis presents a significant risk to our business model. Market rental values have dropped in some areas of London and we continue to experience this, particularly on our Cheviot scheme. The current levels of cost inflation and recent increases in interest rates also impact our ability to generate investment value and deliver on our social objectives.

# Populo Living Limited

## Group Strategic Report (continued) for the Year Ended 31 March 2022

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### Principal risks and uncertainties (continued)

**Mitigation:** We continue to work closely with our Shareholder and funder to implement a tenure mix at the Cheviot scheme to restore covenant compliance. We will continue to monitor the economy using recognised sources of data and will further develop stress testing scenarios and seek to mitigate against risks.

We continually investigate cost reduction and value-added engineering opportunities across the business. On development projects specifically, we use a robust cost control mechanism with Gateway approval points for authorisation. We also seek to tender on the basis of fixed-price contracts whilst building sufficient contingencies and inflation assumptions into all stages of appraisal modelling.

Within the current climate, our ability to borrow at fixed rates to improve cost certainty and reduce risk remains robust. This would not change as drastically as it might for our competitors should there be an economic downturn. This puts us in a unique position in the market and our recent track record on delivery means we stand ready to take any opportunities that may arise.

### *Scheme viability*

Populo is committed to delivering an average of 50% of its programme as genuinely affordable homes. To enable this, we have formulated a 'cross-subsidy model' where the long-term revenue stream from the market rented homes is used to subsidise the affordable homes. While we can achieve viable schemes, it is challenging, particularly in the early operational years of a new scheme where we have not yet benefited from inflationary growth on rental income. The current economic conditions, as well as the levels of grant available, have heightened the impact on our ability to deliver 50% of our pipeline as affordable homes.

**Mitigation:** For existing schemes, we have focused heavily on driving out as much value as possible whilst protecting the quality of the homes we are delivering. We have also refined our development Gateway Procedure to ensure that schemes can get on site as quickly as possible, reducing overall programme time and saving costs. Further, we continue negotiations with our sole funder, LBN, to reduce debt costs so we can deliver more affordable homes, which is the underlying objective of the business.

For new schemes identified, we have introduced stronger policies and procedures to control costs in line with our new strategy and make sure that design, cost and operational management go hand-in-hand early on in the process. We have also developed a comprehensive Design Guide to drive even better quality and value through our supply chain.

### *Efficiency and Productivity*

Due to significant change and growth over the last few years, the business is experiencing some delays in taking new developments through the pre-construction stage. This has a negative impact on our delivery targets and our ability to manage our working capital loan. The business has set itself a target to take a newly identified site through to start on site in a maximum of 24-months.

# Populo Living Limited

## Group Strategic Report (continued) for the Year Ended 31 March 2022

### Principal risks and uncertainties (continued)

**Mitigation:** The Executive Team with support from the new interim Chair of the Board are working collaboratively with the Council to identify and remove any obstructions in our current governance framework and processes. The key areas of focus for the group are the supply of new sites, governance, resources, and operations.

### Key performance indicators

Key performance indicators are actively monitored to provide management with oversight and foresight of areas that are central to the company's success. Due to the nature of the Group, these generally cover two areas: development activity (Populo Design and Build Limited) and housing management activity (Populo Living Limited and Populo Homes). The KPIs we use for each of the two activities that the Group is involved in are set out below:

#### Housing Management

Internal KPIs	2021/22 Target	2021/22 Actual	2020/21 Actual
<b>Health &amp; Safety</b>			
Gas Compliance	100%	100%	100%
Fire Safety	100%	100%	100%
<b>General</b>			
Occupancy	97%	89%	90%
Current Arrears	2%	6%	7%
Former Arrears	1%	11%	12%
Total Bad Debt Provision	3%	18%	18%

#### Health & Safety

Gas safety compliance was 100% throughout the year. Fire Safety compliance was also 100%.

#### Occupancy

On average, 89% of our properties were let at any one time against a target of 97%. This amounted to an expense of £344k (11%) against a target of 3%. This performance was driven mainly by the void issues that arose at Cheviot House.

#### Arrears and Bad Debts

Current arrears at March 2022 stood at 6% (£187k), against a target of 2%. Former arrears stood at 11% (£331k) against a target of 1%. The total bad debt provision remained at 18% (£565k) against a target of 3%. Again, this adverse performance against the targets was predominantly attributable to ongoing challenges at Cheviot House. However, some positive progress has been made in reducing the level of current and former arrears when compared to the prior year as we begin to implement new processes to service the new homes and tenures coming into management.

# Populo Living Limited

## Group Strategic Report (continued) for the Year Ended 31 March 2022

### Development

Short-term KPIs (1-3 years)	UNIT	2021/22		Target/Forecast*		
		Target	Actual	2022/23	2023/24	2024/25
<i>Starts:</i>						
Total new homes	Homes	450	112	190	861	612
Total affordable homes	Homes	410	75	25	422	300
% affordable homes	%	91%	67%	13%	49%	49%
<i>Completions:</i>						
Total new homes	Homes	289	192	40	555	166
Total affordable homes	Homes	212	115	0	305	166
% affordable homes	%	73%	60%	0%	55%	100%
<i>Efficiency:</i>						
Pre-construction period	Months	n/a		24 (maximum)		

\*Per approved 3-year plan, not adjusted for delays to actuals in 2021/22

#### New starts

We targeted to start 450 homes (91% affordable) in the year. This included affordable homes at James Riley Point (135), Airspace (200), Hartley (75) and private rental homes at Town Hall Annex (40). Whilst Hartley (75) and Town Hall Annex (37) successfully started during the year both James Riley Point and Airspace were delayed and are expected to start in the new financial year.

Over the next three years, we expect to start over 1,600 new homes.

#### Completions

Our target was to complete 289 homes in the year, with 212 of these being affordable (73%). We delivered 148 homes at the Didsbury Centre of which 71 were affordable and a further 29 affordable homes across four sites in the Didsbury package of schemes. We also completed the first 15 affordable homes in the Plaistow package at Baxter Road. Covid related delays to the remaining sites in the Plaistow package, namely Manor Road, The Grange and Chargeable Lane account for the shortfall in completions against the target. Manor Road completed in June 2022 and the other two sites are due to complete by the end of the Summer 2022.

We are targeting the completion of more than 750 homes over the next three financial years, of which 62% are expected to be affordable.



# Populo Living Limited

## Group Strategic Report (continued) for the Year Ended 31 March 2022

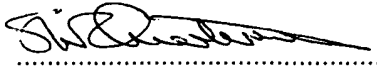
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### Development (continued)

#### *Efficiency*

A new metric designed to monitor the risk highlighted above in relation to our ability to progress schemes through the design and planning phase and into construction. The metric is being applied to all new schemes however none have yet started construction.

This report was approved by the board and signed on its behalf.



**S W Quartermain**  
Director

Date: 08.09.2022

# Populo Living Limited

## Directors' Report for the Year Ended 31 March 2022

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The directors present their report and the financial statements for the year ended 31 March 2022.

### Directors' responsibilities

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards. 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 the Group and of the profit or loss of the Group 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 they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Principal activity

The principal activity of the company is the development and management of residential buildings.

### Results and dividends

The loss for the year, after taxation, amounted to £(43,622) (2021 - loss of £37,963,717).

During the year no dividends were paid (2021 - £Nil).

### Directors

The directors who served during the year were:

S E Gaventa (Resigned 6 July 2021)  
J A Swinney (Resigned 30 June 2021)  
S M Forster  
N P Taylor (Resigned 31 March 2022)  
S R Benson (Resigned 19 November 2021)  
M W Holland  
S W Quartermain  
A Travers  
J Blake  
T A Seddon  
D L Heenan  
R Neotia (Appointed 1 June 2021)  
R J Atkin-House (Resigned 6 April 2022)

# Populo Living Limited

## Directors' Report (continued) for the Year Ended 31 March 2022

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### Going concern

The group meets its working capital requirements through the utilisation of its own resources and a working capital facility provided by its Shareholder LBN. The directors believe the group to be a going concern on the basis that it has sufficient headroom available from its working capital facility to continue operations for at least 12 months from the date of approval of these financial statements.

In coming to their conclusion, the directors have considered several key funding metrics and in light of the ongoing impact of Covid-19, Brexit and the war in Ukraine, have run various downside stress test scenarios to assess the possible impact on the group over the next 12 months.

A working capital cash flow has been presented and analysed for the coming 12 months to demonstrate the Group has sufficient liquidity. The directors are satisfied the current working capital facility has adequate headroom to support the ongoing overhead and pre-construction needs of the business.

The directors have also stress tested the cashflows from existing properties to service their maintenance and debt obligations over the next 12 months. While the risk is considered low, the directors have considered mitigations to reduce this risk to ensure properties are able to service ongoing and future maintenance and debt obligations whilst complying with loan covenants. With the exception of Cheviot House and the Tanneries, for which certain loan covenants in respect of historic and forecast interest cover were breached in the year due to ongoing Covid-related issues, loan covenants on all other development facilities were met during the year.

Formal loan covenant waivers were provided by LBN in respect of the Cheviot House and Tanneries breaches in the year. The directors are confident that formal waivers will continue to be provided as required.

Under the scenarios, the group can withstand the possible impact and continue to operate within its available resources. Accordingly, the group continues to adopt the going concern basis in preparing the financial statements.

### Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on pages 2-7.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

### Post balance sheet events

There have been no significant events affecting the Group since the year end.

# Populo Living Limited

## Directors' Report (continued) for the Year Ended 31 March 2022

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### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**S W Quartermain**  
Director

Date: 08.09.2022

# Populo Living Limited

## Independent Auditor's Report to the Members of Populo Living Limited

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### Opinion on the financial statements

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 31 March 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Populo Living Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

# Populo Living Limited

## Independent Auditor's Report to the Members of Populo Living Limited (continued)

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### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept 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

# Populo Living Limited

## Independent Auditor's Report to the Members of Populo Living Limited (continued)

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### Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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 the Directors 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 for the audit of the financial statements

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

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company that were contrary to applicable laws and regulations, including fraud.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and tax legislation.

Our tests included agreeing the financial statement disclosures to underlying supporting documentation, enquiries with management, enquiries of the Group's external valuers and we considered the adequacy of controls in place in the company.

We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# Populo Living Limited

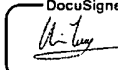
## Independent Auditor's Report to the Members of Populo Living Limited (continued)

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### Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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**Christopher Young** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London  
United Kingdom

Date: 08 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# Populo Living Limited

## Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Revenue	4	17,215,046	2,604,473
Cost of sales		(13,968,741)	(1,333,190)
<b>Gross profit</b>		<b>3,246,305</b>	<b>1,271,283</b>
Administrative expenses		(1,719,944)	(1,420,743)
Impairment charges on property, plant and equipment	12	(2,277,731)	(9,940,095)
Fair value movements	14	2,164,079	(18,481,913)
Impairment of the Triangle site		-	(5,516,184)
Loss on sale of property		-	(62,176)
<b>Loss from operations</b>	5	<b>1,412,709</b>	<b>(34,149,828)</b>
Finance income		92	67
Finance expense	9	(3,402,602)	(2,788,642)
<b>Loss before tax</b>		<b>(1,989,801)</b>	<b>(36,938,403)</b>
Tax credit/(charge)	10	1,946,179	(1,025,314)
<b>Loss for the financial year</b>		<b>(43,622)</b>	<b>(37,963,717)</b>

All amounts relate to continuing operations.

There were no amounts of other comprehensive income for 2022 (2021 - £Nil).

The notes on pages 24 to 51 form part of these financial statements.

**Populo Living Limited**  
Registered number: 08956137

**Consolidated Statement of Financial Position  
as at 31 March 2022**

	Note	2022 £	2021 £
<b>Non-current assets</b>			
Intangible assets	11	39,025	94,696
Property, plant and equipment	12	54,852,559	33,705,961
Investment property	14	124,414,998	72,265,000
Deferred tax	19	4,659	-
		<b>179,311,241</b>	<b>106,065,657</b>
<b>Current assets</b>			
Shared ownership properties held for sale		73,500	-
Trade and other receivables	15	16,995,532	11,522,640
Cash and cash equivalents		9,470,987	3,042,174
		<b>26,540,019</b>	<b>14,564,814</b>
<b>Total assets</b>		<b>205,851,260</b>	<b>120,630,471</b>
<b>Equity attributable to owners of the parent company</b>			
Share capital	20	47,249,614	33,895,973
Profit and loss account	21	(42,467,031)	(42,423,409)
		<b>4,782,583</b>	<b>(8,527,436)</b>
<b>Current liabilities</b>			
Trade and other payables	16	48,041,847	8,711,163
<b>Non-current liabilities</b>			
Borrowings	17	150,261,870	118,505,224
Deferred grant		2,764,960	-
Deferred tax liabilities	19	-	1,941,520
		<b>153,026,830</b>	<b>120,446,744</b>
<b>Total equity and liabilities</b>		<b>205,851,260</b>	<b>120,630,471</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



**S W Quartermain**  
Director

Date: 08.09.2022

The notes on pages 24 to 51 form part of these financial statements.

# Populo Living Limited

Registered number:08956137

## Company Statement of Financial Position as at 31 March 2022

	Note	2022 £	2021 £
<b>Non-current assets</b>			
Intangible assets	11	39,025	94,696
Property, plant and equipment	12	23,695,945	30,852,127
Investments	13	1	1
Investment property	14	124,414,998	72,265,000
Deferred tax	19	-	-
		<b>148,149,969</b>	<b>103,211,824</b>
<b>Current assets</b>			
Trade and other receivables	15	30,180,588	9,419,498
Cash and cash equivalents		7,912,178	2,517,000
		<b>38,092,766</b>	<b>11,936,498</b>
<b>Total assets</b>		<b>186,242,735</b>	<b>115,148,322</b>
<b>Equity attributable to owners of the parent company</b>			
Share capital	20	47,249,614	33,895,973
Profit and loss account	21	(46,263,354)	(42,287,852)
		<b>986,260</b>	<b>(8,391,879)</b>
<b>Current liabilities</b>			
Trade and other payables	16	40,358,967	3,092,348
<b>Non-current liabilities</b>			
Borrowings	17	144,895,185	118,505,224
Deferred tax liabilities	19	2,323	1,942,629
		<b>144,897,508</b>	<b>120,447,853</b>
<b>Total equity and liabilities</b>		<b>186,242,735</b>	<b>115,148,322</b>

# Populo Living Limited

Registered number: 08956137

## Company Statement of Financial Position (continued) as at 31 March 2022

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The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. During the year, the company made a loss of £3,975,502 (2021 - £37,774,616).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....  
**S W Quartermain**  
Director

Date: 08.09.2022

The notes on pages 24 to 51 form part of these financial statements.

# Populo Living Limited

## Consolidated Statement of Changes in Equity for the Year Ended 31 March 2022

	Share Capital £	Profit and loss account £	Total equity £
At 1 April 2021	33,895,973	(42,423,409)	(8,527,436)
<b>Comprehensive loss for the year</b>			
Loss and total comprehensive loss for the year	-	(43,622)	(43,622)
<b>Contributions by and distributions to owners</b>			
Shares issued during the year	13,353,641	-	13,353,641
<b>At 31 March 2022</b>	<b>47,249,614</b>	<b>(42,467,031)</b>	<b>4,782,583</b>

## Consolidated Statement of Changes in Equity for the Year Ended 31 March 2021

	Share Capital £	Profit and loss account £	Total equity £
At 1 April 2020	19,442,332	(4,459,692)	14,982,640
<b>Comprehensive loss for the year</b>			
Loss and total comprehensive loss for the year	-	(37,963,717)	(37,963,717)
<b>Contributions by and distributions to owners</b>			
Shares issued during the year	14,453,641	-	14,453,641
<b>At 31 March 2021</b>	<b>33,895,973</b>	<b>(42,423,409)</b>	<b>(8,527,436)</b>

The notes on pages 24 to 51 form part of these financial statements.

# Populo Living Limited

## Company Statement of Changes in Equity for the Year Ended 31 March 2022

	Share Capital £	Profit and loss account £	Total equity £
At 1 April 2021	33,895,973	(42,287,852)	(8,391,879)
<b>Comprehensive loss for the year</b>			
Loss and total comprehensive loss for the year	-	(3,975,502)	(3,975,502)
<b>Contributions by and distributions to owners</b>			
Shares issued during the year	13,353,641	-	13,353,641
<b>At 31 March 2022</b>	<b>47,249,614</b>	<b>(46,263,354)</b>	<b>986,260</b>

## Company Statement of Changes in Equity for the Year Ended 31 March 2021

	Share Capital £	Profit and loss account £	Total equity £
At 1 April 2020	19,442,332	(4,513,236)	14,929,096
<b>Comprehensive loss for the year</b>			
Loss and total comprehensive loss for the year	-	(37,774,616)	(37,774,616)
<b>Contributions by and distributions to owners</b>			
Shares issued during the year	14,453,641	-	14,453,641
<b>At 31 March 2021</b>	<b>33,895,973</b>	<b>(42,287,852)</b>	<b>(8,391,879)</b>

The notes on pages 24 to 51 form part of these financial statements.

# Populo Living Limited

## Consolidated Statement of Cash Flows for the Year Ended 31 March 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Loss for the financial year		(43,622)	(37,963,717)
<b>Adjustments for:</b>			
Amortisation of intangible assets		55,671	168,482
Amortisation of government grant		(11,000)	-
Depreciation of tangible assets		142,901	143,356
Impairments of fixed assets		2,277,731	9,940,095
Movement in properties for sale ownership properties held for sale		526,750	-
Loss on disposal of tangible assets		-	62,176
Interest charged to the income statement		3,402,602	2,788,642
Interest credited to the income statement		(92)	(67)
Taxation (credit)/charge		(1,946,179)	1,025,314
Increase in trade debtors and other receivables		(5,697,437)	(883,909)
Increase in trade creditors and other payables		4,101,214	4,023,803
Net fair value losses recognised in P&L		(2,164,079)	18,481,913
Impairment of Triangle site		-	5,516,184
<b>Net cash generated from operating activities</b>		<b>644,460</b>	<b>3,302,272</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(47,640)	(129,526)
Development of property, plant and equipment		(22,355,471)	(26,015,226)
Investment property under development		(37,403,049)	(17,689,188)
Purchase of investment property		(7,655,569)	-
Interest received		92	67
Pre-construction costs		(2,071,368)	(6,922,798)
Disposals of tangible fixed assets		-	1,750,000
<b>Net cash used in investing activities</b>		<b>(69,533,005)</b>	<b>(49,006,671)</b>

# Populo Living Limited

## Consolidated Statement of Cash Flows (continued) for the Year Ended 31 March 2022

	2022 £	2021 £
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	13,353,641	14,453,641
New secured loans	67,779,313	56,797,191
Repayment of loans	(6,877,900)	(23,368,719)
Interest paid	(1,741,696)	(2,788,642)
Grants received	2,804,000	-
<b>Net cash from financing activities</b>	<b>75,317,358</b>	<b>45,093,471</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,428,813</b>	<b>(610,927)</b>
Cash and cash equivalents at the beginning of the year	3,042,174	3,653,101
<b>Cash and cash equivalents at the end of the year</b>	<b>9,470,987</b>	<b>3,042,174</b>

The notes on pages 24 to 51 form part of these financial statements.



# Populo Living Limited

## Company Statement of Cash Flows for the Year Ended 31 March 2022

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(3,975,502)	(37,774,616)
<b>Adjustments for:</b>		
Amortisation of intangible assets	55,671	168,482
Depreciation of tangible assets	49,870	92,518
Impairments of fixed assets	3,173,464	9,784,843
Loss on disposal of tangible assets	151,061	217,428
Interest charged to the income statement	3,402,602	2,788,642
Interest credited to the income statement	(69)	(49)
Taxation (credit)/charge	(1,940,307)	1,026,423
Increase in trade debtors and other receivables	(442,624)	(1,187,004)
Increase/(decrease) in trade creditors and other payables	2,065,189	(1,933,613)
Net fair value losses recognised in P&L	(734,795)	18,481,913
Impairment of Triangle site	-	5,516,184
<b>Net cash generated from / (used in) operating activities</b>	<b>1,804,561</b>	<b>(2,818,849)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(47,640)	(89,218)
Development of property, plant and equipment	(22,321,690)	(24,975,944)
Investment property under development	(40,298,261)	(15,638,984)
Purchase of investment property	(7,655,569)	-
Advances to group undertakings	2,805,000	-
Interest received	69	49
Pre-construction costs	(1,542,964)	(3,846,757)
Disposals of tangible fixed assets	5,505,000	1,750,000
<b>Net cash used in investing activities</b>	<b>(63,556,055)</b>	<b>(42,800,854)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	13,353,641	14,453,641
New secured loans	62,412,627	56,797,191
Repayment of loans	(6,877,900)	(23,368,719)
Interest paid	(1,741,696)	(2,788,642)
<b>Net cash from financing activities</b>	<b>67,146,672</b>	<b>45,093,471</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,395,179</b>	<b>(526,232)</b>
Cash and cash equivalents at the beginning of the year	2,517,000	3,043,232
<b>Cash and cash equivalents at the end of the year</b>	<b>7,912,179</b>	<b>2,517,000</b>

The notes on pages 24 to 51 form part of these financial statements.

# Populo Living Limited

## Notes to the Financial Statements for the Year Ended 31 March 2022

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### 1. General information

Populo Living Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is stated on the company information page and the nature of the group's operations and its principal activities are set out in the directors' report.

### 2. Accounting policies

#### 2.1 Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in note 2. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in pounds sterling, which is also the company's functional currency.

Amounts are rounded to the nearest pound, unless otherwise stated.

These financial statements have been prepared and approved by the directors in accordance with UK adopted international accounting standards.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

The consolidated financial statements have been prepared on a historical cost basis, except for investment property (see note 14).

The consolidated financial statements are prepared on the going concern basis. Further information on going concern is provided within note 2.3 Going Concern.

#### **New standards, interpretations and amendments not yet effective**

*The following amendments are effective for the periods beginning on or after 1 April 2022:*

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2021 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

*The following amendments are effective for the period beginning 1 April 2023:*

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

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### 2. Accounting policies (continued)

#### 2.1 Basis of preparation (continued)

##### New standards, interpretations and amendments not yet effective (continued)

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

In response to feedback and enquiries from stakeholders, in December 2020, the IFRS Interpretations Committee (IFRIC) issued a Tentative Agenda Decision, analysing the applicability of the amendments to three scenarios. However, given the comments received and concerns raised on some aspects of the amendments, in April 2021, IFRIC decided not to finalise the agenda decision and referred the matter to the IASB. In its June 2021 meeting, the IASB tentatively decided to amend the requirements of IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year.

The Group is currently assessing the impact of these new accounting standards and amendments.

##### Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

#### 2.2 Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may have been a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

#### 2.3 Going concern

As set out in the directors' report, the group meets its working capital requirements through the utilisation of its own resources and working capital facility. The directors believe the group to be a going concern on the basis that it has sufficient headroom available from its working capital facility to continue operations for at least 12 months from the date of approval of these financial statements.

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

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### 2. Accounting policies (continued)

#### 2.3 Going concern (continued)

In coming to their conclusion, the directors have considered several key funding metrics and in light of the outbreak of covid-19 have run various downside stress test scenarios to assess the possible impact on the group over the next 12 months.

Firstly, from a liquidity standpoint, a working capital cash flow has been presented and analysed for the coming 12 months. The directors are satisfied the current working capital facility has adequate headroom to support the ongoing overhead and pre-construction needs of the business.

Secondly, the directors have stress tested the ability of existing properties to self-service their debt obligations over the next 12 months. While the risk is considered low, the directors have considered mitigations to reduce this risk to ensure properties are able to service its ongoing and future maintenance and debt obligations as well as comply with its loan covenants.

Under the scenarios, the group can withstand the possible impact and continue to operate within its available resources. Accordingly, the group continues to adopt the going concern basis in preparing the financial statements.

#### 2.4 Revenue

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duties. The specific recognition criteria described below must also be met before revenue is recognised.

##### (a) Rental income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as administrative expenses over the lease terms on a straight-line basis.

##### (b) Development management income

The Group carries out services to deliver required development management services which include planning and design works and project management services in relation to the construction of properties. Transaction prices as determined by individual contracts are allocated to each of these identified performance obligations and revenue is recognised once performance obligations are satisfied. This is considered a faithful depiction of the transfer of services as the contracts are initially priced on the basis of costs to complete the projects and therefore also represents the amount to which the Group would be entitled based on its performance to date.

Revenue is typically recognised on an over time basis.

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

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### 2. Accounting policies (continued)

#### 2.4 Revenue (continued)

##### (c) First tranche shared ownership sales

Property sales consist of one performance obligation – the transfer of the property to the shared owner. The transaction price is fixed and specific in the sales contract. Revenue is recognised at a point in time when control of the property passes. Control is considered to pass on legal completion of the property sale.

Under low cost home ownership arrangements, the Group disposes of a long lease on low cost home ownership housing units for a share ranging between 25% and 75% of value. The buyer has the right to purchase further proportions and some up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element, the "staircasing element", is classed as a fixed asset and included in completed housing property at cost and any provision for impairment. Sales of subsequent tranches are treated as a part disposal of a fixed asset. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Maintenance of shared ownership properties is the responsibility of the shared owner. Any impairment of such properties is charged to the Statement of Comprehensive Income.

#### 2.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives to administrative expenses within the consolidated statement of comprehensive income over the directors' estimate of its useful economic life of 5 years. The estimated useful life and amortisation method are reviewed at the end of each year.

#### 2.6 Impairment of intangible assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in the statement of comprehensive income, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

#### 2.7 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in PPE and held at cost less any impairment, and are transferred to completed properties when ready for letting.

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

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### 2. Accounting policies (continued)

#### 2.7 Property, plant and equipment (continued)

Depreciation is provided on all items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	-	25%
Fixtures and fittings	-	33%
Office equipment	-	20%
IT equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

#### 2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

#### 2.9 Investment property

The company applies the fair value accounting model to investment property. Investment property comprises property held by the company for the purpose of earning rental income (including investment property under construction). Investment property is stated at fair value at the reporting date with changes in fair value being recognised in the statement of comprehensive income.

#### 2.10 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

#### 2.11 Financial assets

The classification of financial assets at initial recognition depends on the purpose for which the financial asset was acquired and its characteristics.

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

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### 2. Accounting policies (continued)

#### 2.11 Financial assets (continued)

All financial assets are initially recognised at fair value. All purchases of financial assets are recorded at trade date, being the date on which the company becomes party to the contractual requirements of the financial asset.

The company's financial assets consist of trade and other receivables which include rents due, accrued income, cash and cash equivalents.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income ('FVOCI') - debt instrument;
- FVOCI- equity investment; or
- Fair value through profit or loss ('FVTPL').

#### Financial Assets held at amortised cost

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- It is held with a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are initially measured at fair value plus transaction costs that are directly attributable to their acquisition, unless it is a trade receivable without a significant financing component which is initially measured at its transaction price. They principally comprise trade and other receivables and cash and cash equivalents.

These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses as detailed below.

#### Impairment of financial assets

IFRS 9 has introduced the expected credit loss ('ECL') model which potentially brings forward the timing of impairments. Under IFRS 9 for receivables the company elected to apply the simplified approach. Under the simplified approach the requirement is to always recognise lifetime ECL's. Under the simplified approach practical expedients are available to measure lifetime ECLs but forward-looking information must still be incorporated. Under this approach there is no need to monitor significant increases in credit risk and entities will be required to measure lifetime ECLs at all times.

As at 31 March 2022 and 31 March 2021, the company has concluded that any ECL on receivables would be highly immaterial to the financial statements due to the low credit risk of the relevant counterparties.

#### *Derecognition of financial assets*

A financial asset (in whole or in part) is derecognised either:

- when it has either transferred or retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

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### 2. Accounting policies (continued)

#### 2.11 Financial assets (continued)

##### Fair Value Measurement Hierarchy

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole. Inputs used in determining fair value measurements, where applicable, are categorised into different levels based on how observable the inputs used in the valuation technique are (the 'fair value hierarchy'):

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Where long term loans are provided as an integral part of the investment, they are also held at fair value through profit or loss. Gains or losses resulting from the revaluation of investment properties are recognised in the statement of comprehensive income.

#### 2.12 Financial liabilities

The group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The group's accounting policy for each category is as follows:

##### Other liabilities

Other liabilities include the following items:

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.



# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

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### 2. Accounting policies (continued)

#### 2.13 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less. IFRS 16 was adopted 1 January 2019 without restatement of comparative figures.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

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### 2. Accounting policies (continued)

#### 2.13 Leases (continued)

##### *Identifying Leases*

The group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (a) There is an identified asset;
- (b) The group obtains substantially all the economic benefits from use of the asset; and
- (c) The group has the right to direct use of the asset.

The group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the group obtains substantially all the economic benefits from use of the asset, the group considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the group has the right to direct use of the asset, the group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the group applies other applicable IFRSs rather than IFRS 16.

All leases within the group are considered to be leases of low value assets, so there are no adjustments to be recognised in this year.

#### 2.14 Current and deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

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### 2. Accounting policies (continued)

#### 2.14 Current and deferred taxation (continued)

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. In respect of deferred tax assets arising from investment property measured at fair value, the presumption that recovery will be through sale rather than use has not been rebutted.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or;
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

#### 2.15 Finance costs

Finance costs associated with the issue of convertible loan notes are deducted from the proceeds of the issue and released to the statement of comprehensive income over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs associated with the issue of the bank loan are deducted from the proceeds of the issue and released to the statement of comprehensive income over the term of the loan on a straight-line basis. Finance costs associated with the issue of share capital are debited to the share premium account.

#### 2.16 Pensions

##### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

#### 2.17 Income from investments

Interest income is recognised in profit or loss using the effective interest method.

#### 2.18 Share capital

Financial instruments issued by the group are classified as equity only to the extent that they do not meet the definition of a financial liability or a financial asset. The group's ordinary shares are classified as equity instruments.

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

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### 3. Critical accounting estimates and judgements

The group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Development management income

For development management income, significant judgement is required to identify the performance obligations of the Group due to various activities or promises that are to be performed based on the contract. The Group needs to assess whether the activities or promises to transfer services to the customer are distinct and separately identifiable. In making the assessment, the Group considered if the customer can benefit from these activities or promises either on its own, or together with other resources that are readily available to the customer, and if the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

- Fair value of investment property

The fair value of investment property is determined, by the directors, to be the estimated amount for which a property should exchange on the date of the valuation in an arms length transaction. Properties have been valued on an individual basis and the values are supported by independent professional valuations.

- Deferred tax asset

At each financial period end judgement is required in respect of the deferred tax asset. The amount of the deferred tax asset included in the statement of financial position is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In estimating the amount of the deferred tax asset that may be recognised the directors make judgements based on current budgets and forecasts about the amount of future taxable profits and the timings of when these will be realised (see accounting policy 2.14 on current and deferred taxation). The directors have taken the view that as profits are not forecast to be made for some time, a deferred tax asset should not be recognised. Therefore, in the period, the deferred tax asset from previous periods has been reversed.

- Impairment of property, plant and equipment

Determining whether there are indicators of impairment of the group's property, plant and equipment requires consideration of events which may indicate an impairment review. These may include but are not limited to events such as changes in government policy, regulation or legislation, reduction in demand for a property (either by type or location), reduction in the market value of shares ownership of properties, or obsolescence of a property. The values recognised are supported by independent professional valuations.

- Impairment of receivables

Determining whether the value of the group's pre-construction costs, carried as prepayments, should be impaired requires judgement from the directors in respect of the expected viability and profitability of the schemes and so required estimation of the future value of investment properties. This requires management to estimate the future cash flows expected to arise from the investment property. The carrying amount of pre-construction costs at the reporting date was £5,667,331 (2021 - £5,310,780). No impairment loss was recognised in 2022 (2021 - £5,616,184).

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 4. Revenue

The management team considers that there is only one business segment, based in the UK. An analysis of the Group's turnover by class of business is set out below:

	2022	2021
	£	£
Rental income	3,118,104	2,604,473
Development management income	13,263,192	-
First tranche shared ownership Sales	833,750	-
	<b>17,215,046</b>	<b>2,604,473</b>
Timing of transfer of goods or services:		
	2022	2021
	£	£
Over time	16,381,296	2,604,473
At a point in time	833,750	-
	<b>17,215,046</b>	<b>2,604,473</b>

### 5. Loss from operations

The loss from operations is stated after charging:

	2022	2021
	£	£
Depreciation of property, plant and equipment	142,901	143,356
Amortisation of intangible assets, including goodwill	55,671	168,482
Operating lease rentals	31,536	57,332
Impairment of the Triangle scheme	-	5,516,184

### 6. Auditor's remuneration

	2022	2021
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	85,000	67,625
Fees payable to the Group's auditor and its associates in respect of:		
All other services	-	18,250

### 7. Employee benefit expense

Staff costs, including directors' remuneration, were as follows:

	Group 2022	Group 2021	Company 2022	Company 2021
	£	£	£	£
Wages and salaries	2,354,272	1,937,407	1,219,334	1,028,034
Social security costs	244,780	204,045	122,323	106,573
Cost of defined contribution scheme	228,516	178,562	111,589	92,669
	<b>2,827,568</b>	<b>2,320,014</b>	<b>1,453,246</b>	<b>1,227,276</b>

Included in total employee costs are capitalised wages, salaries and fees of £1,624,360 (2021 - £1,339,303), capitalised social security costs of £181,649 (2021 - £151,953) and capitalised other pension costs of £170,047 (2021 - £133,950).

The average number of employees, including directors, during the year was 46 (2021 - 39).

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	687,456	660,775
Company contributions to defined contribution pension schemes	58,748	54,469

During the year retirement benefits were accruing to 7 directors (2021 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £167,189 (2021 - £148,894).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,596 (2021 - £16,224).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, and comprise the directors of the company listed on page 8 and senior managers within the business.

### 9. Finance cost

	2022 £	2021 £
Other finance costs payable	3,402,602	2,788,642

### 10. Tax expense

	2022 £	2021 £
<b>Analysis of tax expense in the year</b>		
<b>Current tax expense</b>		
Current tax on losses for the year	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(1,109)
Adjustment in respect of prior periods	(1,944,176)	(108,510)
Effect of changes in tax rates	(1,119)	-
Deferred tax charge for the period	(884)	1,134,933
<b>Total deferred tax</b>	(1,946,179)	1,025,314
<b>Total tax (credit)/expense</b>	(1,946,179)	1,025,314

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 10. Tax expense (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	(1,989,801)	(36,938,403)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(378,062)	(7,018,296)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	387,712	6,851,343
Adjustments to tax charge in respect of prior periods - deferred tax	(1,944,176)	(108,510)
Effect of change in rate	(1,119)	-
Amounts not recognised	1,839,616	997,688
Exempt items	(1,850,150)	303,089
<b>Total tax (credit)/charge for the year</b>	<b>(1,946,179)</b>	<b>1,025,314</b>

### 11. Intangible assets

#### Group and company

IT Systems  
2022  
£

#### Cost

At 1 April

476,630

Additions

-

At 31 March

476,630

#### Amortisation

At 1 April

381,934

Charge for the year

55,671

At 31 March

437,605

#### Net book value

At 31 March

39,025

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 12. Property, plant and equipment

Group	Housing properties completed	Leasehold property	Fixtures and fittings	Office equipment	Housing properties under construction	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 April 2021	-	1,477,055	241,671	218,583	47,019,865	48,957,174
Additions	-	-	5,333	42,307	24,119,840	24,167,480
Intra-group transfer	28,996,061	-	-	-	(28,996,061)	-
Transfer to shared ownership properties held for sale	(600,250)	-	-	-	-	(600,250)
At 31 March 2022	28,395,811	1,477,055	247,004	260,890	42,143,644	72,524,404
<b>Depreciation and impairment</b>						
At 1 April 2021	-	1,418,775	234,241	148,710	13,449,487	15,251,213
Charge for the year	44,197	58,280	6,672	33,752	-	142,901
Impairment charge	-	-	-	-	2,277,731	2,277,731
At 31 March 2022	44,197	1,477,055	240,913	182,462	15,727,218	17,671,845
<b>Net book value</b>						
At 31 March 2022	28,351,614	-	6,091	78,428	26,416,426	54,852,559
At 31 March 2021	-	58,280	7,430	69,873	33,570,378	33,705,961



# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 12. Property, plant and equipment (continued)

In respect of prior year:

Group	Leasehold property	Fixtures and fittings	Office equipment	Housing properties under construction	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2020	1,428,044	240,005	139,734	14,528,313	16,336,096
Additions	49,011	1,666	78,849	34,450,230	34,579,756
Disposals	-	-	-	(1,958,678)	(1,958,678)
At 31 March 2021	<b>1,477,055</b>	<b>241,671</b>	<b>218,583</b>	<b>47,019,865</b>	<b>48,957,174</b>
<b>Depreciation and impairment</b>					
At 1 April 2020	1,360,506	190,557	107,307	3,655,896	5,314,266
Charge for the year	58,269	43,684	41,403	-	143,356
Impairment charge on intra-group transfers	-	-	-	155,252	155,252
Release of impairment on disposal	-	-	-	(146,504)	(146,504)
Impairment charge	-	-	-	9,784,843	9,784,843
At 31 March 2021	<b>1,418,775</b>	<b>234,241</b>	<b>148,710</b>	<b>13,449,487</b>	<b>15,251,213</b>
<b>Net book value</b>					
At 31 March 2021	<b>58,280</b>	<b>7,430</b>	<b>69,873</b>	<b>33,570,378</b>	<b>33,705,961</b>
At 31 March 2020	<b>67,538</b>	<b>49,448</b>	<b>32,427</b>	<b>10,872,417</b>	<b>11,021,830</b>

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 12. Property, plant and equipment (continued)

Company	Leasehold property	Fixtures and fittings	Office equipment	Housing properties under construction	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2021	1,377,383	241,671	218,583	43,419,269	45,256,906
Additions	-	5,333	42,307	25,015,573	25,063,213
Disposals - intragroup	-	-	-	(28,996,061)	(28,996,061)
At 31 March 2022	1,377,383	247,004	260,890	39,438,781	41,324,058
<b>Depreciation and impairment</b>					
At 1 April 2021	1,367,937	234,241	148,710	12,653,891	14,404,779
Charge for the year	9,446	6,672	33,752	-	49,870
Impairment charge	-	-	-	3,173,464	3,173,464
At 31 March 2022	1,377,383	240,913	182,462	15,827,355	17,628,113
<b>Net book value</b>					
At 31 March 2022	-	6,091	78,428	23,611,426	23,695,945
At 31 March 2021	9,446	7,430	69,873	30,765,378	30,852,127

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 12. Property, plant and equipment (continued)

In respect of prior year:

Company	Leasehold property	Fixtures and fittings	Office equipment	Housing properties under construction	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2020	1,368,680	240,005	139,734	14,528,313	16,276,732
Additions	8,703	1,666	78,849	34,450,230	34,539,448
Disposals - intragroup	-	-	-	(3,600,596)	(3,600,596)
Disposals	-	-	-	(1,958,678)	(1,958,678)
At 31 March 2021	1,377,383	241,671	218,583	43,419,269	45,256,906
<b>Depreciation and impairment</b>					
At 1 April 2020	1,360,506	190,557	107,307	3,655,896	5,314,266
Charge for the year	7,431	43,684	41,403	-	92,518
Impairment charge on intra-group transfers	-	-	-	(640,344)	(640,344)
Release of impairment on disposal	-	-	-	(146,504)	(146,504)
Impairment charge	-	-	-	9,784,843	9,784,843
At 31 March 2021	1,367,937	234,241	148,710	12,653,891	14,404,779
<b>Net book value</b>					
At 31 March 2021	9,446	7,430	69,873	30,765,378	30,852,127
At 31 March 2020	8,174	49,448	32,427	10,872,417	10,962,466

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 13. Fixed asset investments

Company	Investments in subsidiary companies 2022 £	Investments in subsidiary companies 2021 £
<b>Cost and net book value</b>		
At 1 April	1	1
At 31 March	1	1

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
Populo Design and Build Limited	Property construction	Ordinary	100%
Populo Homes	Registered housing provider	Ordinary	100%

The registered office of Populo Design and Build Limited and Populo Homes Limited is 373 High Street, Stratford, London, E15 4QZ.

### 14. Investment property

Group	Freehold investment property £	Investment properties under construction £	Total £
<b>Valuation</b>			
At 1 April 2021	55,040,000	17,225,000	72,265,000
Additions at cost	12,054,154	37,931,765	49,985,919
Transfer in asset class	17,225,000	(17,225,000)	-
Gain/(Deficit) on revaluation	6,495,846	(4,331,767)	2,164,079
<b>At 31 March 2022</b>	<b>90,815,000</b>	<b>33,599,998</b>	<b>124,414,998</b>
<b>Company</b>	<b>Freehold investment property £</b>	<b>Investment properties under construction £</b>	<b>Total £</b>
<b>Valuation</b>			
At 1 April 2021	55,040,000	17,225,000	72,265,000
Additions at cost	12,054,154	39,361,049	51,415,203
Transfer in asset class	17,225,000	(17,225,000)	-
Gain/(Deficit) on revaluation	6,495,846	(5,761,051)	734,795
<b>At 31 March 2022</b>	<b>90,815,000</b>	<b>33,599,998</b>	<b>124,414,998</b>

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 14. Investment property (continued)

In respect of prior year:

Group and company	Freehold investment property £	Investment properties under construction £	Total £
<b>Valuation</b>			
At 1 April 2021	56,740,000	7,653,579	<b>64,393,579</b>
Additions at cost	-	26,353,334	<b>26,353,334</b>
Deficit on revaluation	(1,700,000)	(16,781,913)	<b>(18,481,913)</b>
At 31 March 2021	<b>55,040,000</b>	<b>17,225,000</b>	<b>72,265,000</b>

The 2022 valuations were completed by 31 March 2022 by independent professionally qualified valuers in accordance with RICS Professional Standards on the basis of fair value. Fair value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

All of the group's properties are classified as Level 3 in the fair value hierarchy as defined by IFRS 13 Fair Value Management. There have been no transfers of properties between Levels 1, 2 and 3 during the period under review and the fair value at 31 March 2022 represents the highest and best use.

Valuations are based on a market approach which provides an indicative value by comparing the property with other similar properties for which price information is available. Comparisons have been adjusted to reflect differences in age, size, condition, location, and any other relevant factors.

Tenure	Asset Type	Type of valuation	Valuation technique used	Key unobservable inputs	Relationship between key unobservable inputs and fair value
Freehold and long leasehold assets	Completed investment property	Underlying assets revalued	Market value approach.	Adopted rate per square foot.	The fair value would increase if market rents were higher and/or the rates per square foot were higher.

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 14. Investment property (continued)

Tenure	Asset Type	Type of valuation	Valuation technique used	Key unobservable inputs	Relationship between key unobservable inputs and fair value
Freehold and long leasehold assets	Investment property under construction	Indicative notional land value	Residual valuation method.	<p>Estimated costs to complete.</p> <p>Estimated financing costs that would be obtained by a prospective purchaser.</p> <p>Notional profit of 20% that a third-party developer would require to purchase the site and build to completion.</p>	<p>Future cost fluctuations will impact the notional land value, mainly an increase in estimated costs to complete would reduce current land values.</p> <p>Higher financing costs would have a similar impact on suppressing current land values.</p> <p>Higher desired profit taking from a prospective purchaser would suppress its current land value. Similarly, a lower profit tolerance level would increase current land values.</p>

### 15. Trade and other receivables

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<b>Current</b>				
Amounts owed by group undertakings	-	-	23,340,000	2,805,000
Trade receivables	205,907	1,263,140	175,216	1,256,918
Development management fee receivable	11,025,472	-	-	-
Other debtors	1,025	-	-	-
<b>Total financial assets other than cash and cash equivalents classified as financial assets measured at amortised cost</b>	<b>11,232,404</b>	<b>1,263,140</b>	<b>23,515,216</b>	<b>4,061,918</b>
Other taxation	34,478	358,839	34,478	-
Prepayments and accrued income	5,728,650	9,900,661	6,630,894	5,357,580
	<b>16,995,532</b>	<b>11,522,640</b>	<b>30,180,588</b>	<b>9,419,498</b>

Amounts owed by group undertakings are interest free and repayable on demand.

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 16. Trade and other payables

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade payables	3,741,884	1,134,781	884,227	40,770
Amounts owed to group undertakings	-	-	2,728,759	1,061,876
Other payables	4,506,286	4,100,346	14,275	66,458
Accruals	4,101,724	2,898,514	1,451,984	1,380,885
<b>Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b>	<b>12,349,894</b>	<b>8,133,641</b>	<b>5,079,245</b>	<b>2,549,989</b>
Other taxation and social security	422,055	191,917	37,864	156,754
Other loans	-	12,257	-	12,257
Deferred grant	28,040	-	-	-
LBN loans	35,241,858	373,348	35,241,858	373,348
	<b>48,041,847</b>	<b>8,711,163</b>	<b>40,358,967</b>	<b>3,092,348</b>

Amounts owed to group undertakings are interest free and repayable on demand.

### 17. Non-current borrowings

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
LBN loans	150,261,870	118,505,224	144,895,185	118,505,224

### 18. Loans

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
<b>Amounts falling due within one year</b>				
Other loans	-	12,257	-	12,257
LBN loan	35,241,858	373,348	35,241,858	373,348
<b>Amounts falling due 1-2 years</b>				
LBN loan	37,483,834	229,683	37,483,834	229,683
<b>Amounts falling due 2-5 years</b>				
LBN loan	979,599	2,051,002	979,599	2,051,002
<b>Amounts falling due after more than 5 years</b>				
LBN loan	111,798,437	116,224,539	106,431,752	116,224,539
	<b>185,503,728</b>	<b>118,890,829</b>	<b>180,137,043</b>	<b>118,890,829</b>

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 18. Loans (continued)

The LBN loans comprise an unsecured loan along with property specific loans totalling £149,596,180 (2021 - £86,984,974) secured against the company's investment properties. The secured loans have fixed rates of interest varying from 3.6% to 10% whilst the unsecured loan is a floating rate of interest linked to the higher SONIA related rate, and the parent company's consolidated rate of borrowing.

During the year interest of £4,395,758 (2021 - £2,525,026) which was incurred in relation to the development of the company's properties was capitalised.

### 19. Deferred taxation

	2022 £	2021 £
At beginning of year	(1,941,520)	(916,206)
Charged to profit or loss	1,946,179	(1,025,314)
<b>At end of year</b>	<b>4,659</b>	<b>(1,941,520)</b>

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Accelerated capital allowances	(1,582)	(63,052)	(4,388)	(63,309)
Tax losses carried forward	-	-	-	-
Short term temporary differences	6,241	2,142	2,065	1,290
Investment property revaluations	-	(1,880,610)	-	(1,880,610)
	<b>4,659</b>	<b>(1,941,520)</b>	<b>(2,323)</b>	<b>(1,942,629)</b>
<b>Comprising:</b>				
Asset - due after one year	4,659	-	-	-
Liability	-	(1,941,520)	(2,323)	(1,942,629)
	<b>4,659</b>	<b>(1,941,520)</b>	<b>(2,323)</b>	<b>(1,942,629)</b>

### 20. Share Capital

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
47,249,614 (2021 - 33,895,973) Ordinary shares of £1 each	<b>47,249,614</b>	<b>33,895,973</b>

During the year, the company issued 13,353,641 ordinary £1 shares at par.



# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 21. Reserves

#### Profit and loss account

Retained earnings represents cumulative profits and losses, net of dividends paid and other adjustments.

### 22. Financial instruments and financial risk management

The group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Liquidity risk

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing these risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

#### Principal financial instruments

The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- LBN loan

#### Financial instruments by category

	2022 £	2021 £
<b>Financial assets at amortised cost</b>		
Trade and other receivables	11,232,404	1,263,140
Cash and cash equivalents	9,470,987	3,042,174
<b>Total financial assets</b>	<b>20,703,391</b>	<b>4,305,314</b>
	2022 £	2021 £
<b>Financial liabilities at amortised cost</b>		
Trade and Other Payables	12,349,894	8,133,641
Loans and borrowings	185,503,728	118,890,829
<b>Total financial liabilities</b>	<b>197,853,622</b>	<b>127,024,470</b>

No financial instruments are carried at fair value. Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables and bank loans approximates their fair value.

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

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### 22. Financial instruments and financial risk management (continued)

#### General objectives, policies and processes

The board has an overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The board regularly reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below:

#### Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is mainly exposed to credit risk from credit sales. It is a company policy to assess the credit risk of new customers before entering contracts. Each new customer is analysed individually for creditworthiness before the group's standard payment and delivery terms and conditions are offered. The group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer.

Concentrations of credit risk are determined by monitoring the creditworthiness rating of existing customers and through a regular review of the trade receivables' ageing analysis.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

The group's maximum exposure to credit risk is £20,703,391 (2021 - £4,305,313) being the total value of the financial assets held as disclosed above. The board monitors the credit ratings of counterparties regularly and at the reporting date does not expect any material losses from non-performance by counterparties.

#### Interest rate risk

The board consider the exposure of the group to interest rate risk is not significant.

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 22. Financial instruments and financial risk management (continued)

#### Liquidity risk

Liquidity risk arises from the group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due.

The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The board receives rolling cash flow projections on a regular basis as well as information regarding cash balances. At the end of the financial period, these projections indicated that the group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The liquidity risk is managed centrally by the group's treasury function, which sets budgets which are agreed by the board in advance, enabling the group's cash requirements to be anticipated.

	Up to one year £	Between one and two years £	Between two and five years £	Over five years £
<b>At 31 March 2022</b>				
Trade and other payables	12,349,894	-	-	-
Loans and borrowings	31,229,039	40,429,651	25,732,634	379,663,713
	<b>43,578,933</b>	<b>40,429,651</b>	<b>25,732,634</b>	<b>379,663,713</b>
	Up to one year £	Between one and two years £	Between two and five years £	Over five years £
<b>At 31 March 2021</b>				
Trade and other payables	4,006,471	-	-	-
Loans and borrowings	2,041,828	2,094,901	20,400,869	422,033,986
	<b>6,048,299</b>	<b>2,094,901</b>	<b>20,400,869</b>	<b>422,033,986</b>

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 22. Financial instruments and financial risk management (continued)

#### Capital disclosures

The group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for the shareholder and benefit for other stakeholders; and
- to provide an adequate return to the shareholder by pricing products and services commensurately with the level of risk.

The board consider that the group is currently meeting its capital management objectives.

There are no externally imposed capital requirements.

### 23. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £228,516 (2021 - £178,562). Contributions totalling £30,354 (2021 - £27,149) were payable to the fund at the reporting date and are included in creditors.

### 24. Commitments

#### Operating lease commitments

##### *Lessor*

At 31 March 2022 the Group and the company had future minimum lease receivables due under non- cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Not later than one year	2,358,111	1,313,393	1,802,438	1,313,393
Later than one year and not later than five years	275,846	108,714	222,503	108,714
Later than five years	1,787,699	-	-	-
	<b>4,421,656</b>	<b>1,422,107</b>	<b>2,024,941</b>	<b>1,422,107</b>

#### Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements amounted to £61.1m (2021: £116.0m).

# Populo Living Limited

## Notes to the Financial Statements (continued) for the Year Ended 31 March 2022

### 25. Notes supporting statement of cash flows

		Financing cash flows					Non-cash changes					
	Opening Balance	Draw- downs	Principal repayments	Interest payments	Grant received	Interest expense	Capitalise d Interest	Included in accruals	Amortisat ion of grant	Reclass- ification	Closing balance	
<u>2022</u>	£	£	£	£	£	£	£	£		£	£	
<u>Group</u>												
LBN loans - current	385,605	-	-	-	-	-	-	-	-	34,856,253	35,241,858	
LBN loans - noncurrent	118,505,224	67,779,313	(6,877,900)	(1,741,696)	-	3,402,602	4,395,757	(345,177)	-	(34,856,253)	150,261,870	
Deferred grant - current	-	-	-	-	-	-	-	-	-	28,040	28,040	
Deferred grant - noncurrent	-	-	-	-	2,804,000	-	-	-	(11,000)	(28,040)	2,764,960	
<b>Total</b>	<b>118,890,829</b>	<b>67,779,313</b>	<b>(6,877,900)</b>	<b>(1,741,696)</b>	<b>2,804,000</b>	<b>3,402,602</b>	<b>4,395,757</b>	<b>(345,177)</b>	<b>(11,000)</b>	<b>-</b>	<b>188,296,728</b>	
<u>Company</u>												
LBN loans - current	385,605	-	-	-	-	-	-	-	-	34,856,253	35,241,858	
LBN loans - noncurrent	118,505,224	62,412,628	(6,877,900)	(1,741,696)	-	3,402,602	4,395,757	(345,177)	-	(34,856,253)	144,895,185	
<b>Total</b>	<b>118,890,829</b>	<b>62,412,628</b>	<b>(6,877,900)</b>	<b>(1,741,696)</b>	<b>-</b>	<b>3,402,602</b>	<b>4,395,757</b>	<b>(345,177)</b>	<b>-</b>	<b>-</b>	<b>180,137,043</b>	

### 26. Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

### 27. Controlling party

The immediate and ultimate parent undertaking is the London Borough of Newham, a local Authority whose principal place of business is Town Hall, Barking Road, East Ham, London E6 2RP.

The largest group of undertaking which group accounts are drawn up and of which the company is a member is the group headed by the London Borough of Newham.

Copies of the group financial statements of the London Borough of Newham are available from Town Hall, Barking Road, East Ham, London, E6 2RP.

The company is controlled by the London Borough of Newham.