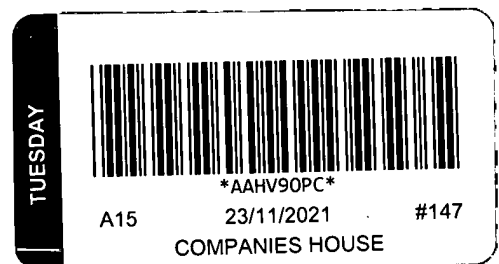


Registered number: 00830271

DAVID WILSON HOMES LIMITED

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**



DAVID WILSON HOMES LIMITED

COMPANY INFORMATION

DIRECTORS

S J Boyes
D F Thomas

COMPANY SECRETARY

Barratt Corporate Secretarial Services Limited

REGISTERED NUMBER

00830271

REGISTERED OFFICE

Barratt House, Cartwright Way, Forest Business Park
Bardon Hill
Coalville
Leicestershire
LE67 1UF

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
London
UK

DAVID WILSON HOMES LIMITED

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DAVID WILSON HOMES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

INTRODUCTION

The Company has continued to trade successfully as a member of the Barratt Developments PLC group of companies (the "Group"), delivering housing completions from 3 sites (2020: 5 sites) in England during the year.

KEY PERFORMANCE INDICATORS

Key performance indicator	2021	2020	Movement	Discussed in the section entitled
Operational				
Residential completion numbers	79	106	(25)%	'Housebuilding'
Average selling price Residential turnover divided by the number of completions	£356,600	£317,100	12%	'Housebuilding'
Land bank plots Number of residential plots owned and controlled	555	634	(12)%	'Land'
Customer satisfaction levels The percentage of the Group housebuilding customers surveyed who would 'recommend us to a friend'	HBF 5* Over 90%	HBF 5* Over 90%	N/A	'Customer first'
Financial				
Turnover (£'000)	28,170	33,610	(16)%	'Housebuilding'
Operating profit (£'000)	2,750	5,591	(51)%	'Housebuilding'
Profit before tax (£'000)	3,824	6,210	(38)%	'Housebuilding'

DAVID WILSON HOMES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

BUSINESS REVIEW

Housebuilding

Completions decreased by 25% to 79 (2020 - 106) mainly due to the stage of development of the Company's sites. The Company intends to fully develop and sell homes on its existing land, and future land purchases are likely to be limited.

Housebuilding revenue totalled £28.2m (2020 - £33.6m) a decrease of 16%, mainly resulting from the decrease in housebuilding completions and partially offset by an increase in average selling price. Of the housebuilding completions, 66 (2020 - 106) were private and 13 (2020 - none) were affordable. Affordable housing completions represented 16% (2020 - 0%) of completions in the year.

The average selling price increased by 12% to £356,600 (2020 - £317,100). This reflects both underlying houseprice inflation and a change in the mix of homes sold.

Help to Buy (Equity Loan) has continued to provide a very attractive opportunity for our customers, especially for first time buyers. During the year 52% (2020 - 47%) of the Company's total completions used the scheme.

The Company's operating margin was 10% (2020 - 17%), and the profit before tax was £3.8m (2020 - £6.2m). The reduction in the company's operating margin was due to an increase in estimates of costs to complete and abortive costs in the year set against lower turnover.

The homes we build

The Company operates using the David Wilson Homes brand and during the year completed sales from 3 sites in Central and Southern England (2020 - 5 sites).

The Company currently offers private and affordable homes at an average selling price of £356,600 (2020 - £317,100).

Land

As at 30 June 2021, the Company had 555 (2020 - 634) owned and controlled plots, representing approximately 7.0 (2020 - 6.0) years of land usage at the current rate of consumption. This reflects the reduced completion volumes in FY21. Current forecasts indicate that these plots will be constructed and sold during the next 5 years.

During the year, due to changes to viability on individual sites, there were gross impairment charges of £nil (2020 - £nil). The Company's land and work in progress has a carrying-value of £59.9m (2020 - £70.3m).

Outlook

Whilst there continues to be economic and political uncertainty, the Group is in a strong position. The Group have a substantial net cash balance, a well-capitalised balance sheet, a healthy forward sales position, a continued focus on delivery of operational improvements across the business and an ongoing commitment to deliver high quality homes across the country.

The Group's experienced Board remains focused on taking the actions necessary to safeguard the operational and financial strength of the business, including that of the Company, whilst their first priority remains the health and safety of its employees, sub-contractors and customers. The Board will continue to monitor the market and economy and believes that the Group's strong financial position provides the Group with the resilience and flexibility to react to changes in the operating environment in FY22 and beyond.

The Company intends to fully develop and sell homes on its existing land and future land purchases in this Company are likely to be limited.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Our Priorities

The Company operates as part of the Barratt Group and the priorities of the Company are therefore closely linked to two of the Group's priorities: customer first and leading construction.

Customer first

The Group and Company aim to deliver customer satisfaction through building high quality homes and creating a positive customer experience throughout the homebuying process.

Strategic priority

Customer satisfaction is key to the Group's ongoing success. The Group deliver this through building high quality homes and creating a positive customer experience throughout the home buying process. The Group monitors customers' evolving needs and aspirations through continuous customer feedback and surveys and use this to continually improve the homes and places the Group build.

Key performance indicator

- HBF 5 Star housebuilder (2020: HBF 5 Star)

The Group's key material issues

- Effective customer communication and service.
- Development and training of Group employees.
- Lifetime performance of the homes and buildings the Group build.
- Housing affordability.

Progress

Customer service

The Group have an absolute commitment to quality and customer service. Throughout the year the Group have continued to drive improvements to the customer journey and have adapted processes to protect and support customers as a result of the pandemic. The Group are the only major housebuilder to have been awarded the maximum 5 Star rating by our customers in the HBF customer satisfaction survey for 12 consecutive years, with a customer satisfaction rating above 90%.

In December 2020, the Group was named 'Large Housebuilder of the Year' at The Housebuilder Awards 2020. This is the second consecutive year the Group have won this award and the third time the Group have secured this title in the last five years.

A long term investment

The Group have made a significant investment over many years in processes and procedures to support excellent customer service. Every aspect of a customer's journey is continually re-appraised to enhance customer service, including the customer's experience from the first visit to our website and sales centres, their interactions with our sales teams throughout the process, and the efficient follow up and rectification of any issues by our Customer Care team after moving into their new home.

Visits to sales centres and physical viewings throughout the year were by appointment only with one household visiting a property at a time. The Group are signatories to the Government and industry Charter for Safe Working Practice – COVID-19, which supports the adoption of best practice across the industry.

The Group are committed to acting on customers' feedback and driving improvements to enhance the customer experience. The Group's employees are key to the Group's success and the Group continue to invest in training and development programmes to ensure they remain best in class.

DAVID WILSON HOMES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Effective communication using technology

One of the main channels of communication and marketing is the Group's website, which provides interactive site plans across all device types. These enable customers to see real time plot availability across their chosen development. The Group have continued to develop an online portal to support home buyers during the sales journey and after they have moved in.

In response to COVID-19 the Group has developed personalised virtual show home tours using mobile technology.

Quality of our products

The Group is continually striving to improve the energy efficiency and sustainability of homes and are adapting home designs in response to the Future Homes Standard and other changes to Building Regulations. The Group aim to build high quality homes that optimise internal space and deliver excellent energy efficiency, resulting in lower lifetime costs for our customers.

The Group understand the importance of building homes that are right for customers' lifestyles. Those lifestyles can change over time and our products should too.

Mortgage advice and accessibility

Most of the Company's customers require advice on mortgages and financial assistance, which they can obtain through the Group's network of recommended independent mortgage advisers. To provide a seamless and efficient service the Group have an online mortgage advice service via a regulated third party to support their customers.

The Group were pleased to announce a number of initiatives in support of getting NHS and Armed Forces employees onto the housing ladder. Following its launch in May 2020, the Group were delighted by the take up of our 'Big Barratt NHS Thank You' scheme which, following its initial success, was extended through to June 2021. The scheme, put together to show our gratitude to all NHS employees working hard to look after people through the pandemic, provided a 5% deposit up to £15,000 to help NHS employees buy any new Barratt or David Wilson home.

The Group are proud to have signed the Armed Forces Covenant and have a Deposit Contribution Scheme to help Armed Forces personnel onto the housing ladder. This scheme is available to all UK Armed Forces personnel and offers a 5% deposit contribution, up to £15,000, toward our homes.

DAVID WILSON HOMES LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

Leading construction

The Group aims to deliver the highest quality homes by focusing on excellence across all aspects of construction.

Key performance indicator (Company)

- Total completions 79 (2020 - 106)

Strategic priority

The Group deliver the highest quality homes by focusing on excellence across all aspects of construction. The Group continue to work with supply chain partners to develop MMC at scale, to increase build efficiency whilst minimising the environmental impacts of construction.

Progress

At the start of the financial year the Group were re-starting construction operations on sites across the country following the initial national lockdown. It is a testament to the strength and commitment of the Group's construction teams and subcontractors, many of whom have worked with the Group for many years, as well as the Group's supply chain partners, that the Group has successfully rebuilt our construction activity.

Delivering high quality homes

The Group's long standing commitment to quality has proved itself over the year, with the Group's construction teams successfully delivering both the activity rebuild and improved construction quality scoring from the NHBC that continues to lead the industry.

Through 2021 The Group's sites on average achieved 0.12 reportable items (RIs) per NHBC inspection, which is the lowest of all major housebuilders (those who build more than 1,000 homes annually).

The Group pride themselves on the quality of their sites and how they are managed. The Group's long term focus on quality and site management was again demonstrated by our success in the NHBC Pride in the Job Awards, which recognise site managers who achieve the highest standards in housebuilding across the UK. In February 2021, the Group's site managers secured both the Supreme Award and runner-up in the Larger Builder category. This is the second consecutive year that the Group's site managers have secured the Supreme Award and the fifth time in the last six years highlighting the long term commitment of the Group's site management teams to deliver excellent build quality on safe and efficient sites across the country.

In June 2021, the Group's site managers won 93 awards (2020: 92), more than any other housebuilder for 17 consecutive years. This achievement demonstrates the high standard of work that the Group's site managers and their teams deliver, and reinforces to our customers the quality of our product.

DAVID WILSON HOMES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Our principles

The Company operates as part of the Group and as such its principles are the same as those of the Group. The most important of these to the Company are detailed below.

Keeping people safe

To ensure operations are safe and that the Group and Company have a positive health impact on all those affected by what we do.

Key performance indicators

- Group Health and safety compliance rate 97% (2020: 96%)

Group Strategic priority

The Group's priority is to provide a safe environment for employees, sub-contractors and customers and we are committed to achieving the highest industry health and safety standards.

Progress

In response to COVID-19 the Group implemented extensive working practices and protocols, which it has continued to refine and update in line with the latest guidance from Government, Public Health Authorities and the Construction Leadership Council. The Group also enhanced our induction, training and support for employees and sub-contractors. Arrangements were certified by the British Safety Council that they were in accordance with guidance and best practice, demonstrating commitment to providing a safe and healthy workplace.

Building strong community relationships

To ensure the Group's work creates a positive legacy that helps local communities thrive. To build strong communities in our developments.

Our principle

The Group engage fully with local communities and customers when creating new developments. The Group seek to ensure that their work creates a positive legacy that helps local communities thrive.

Progress

In order to build high quality homes and developments where people want to live, it is vital that the Group put a great deal of time and investment into forging strong community relationships and providing the facilities that people want and need.

The Group's charitable partnerships are a crucial part of our strategy for community engagement. This year, the Group have established the Barratt Developments PLC Charitable Foundation, through which all The Group's charity work is now conducted.

The Group work hard to engage with children in local schools as they play such a big part in any community. The Group go to schools to teach children about the importance of health and safety on our developments, as well as the construction process, sustainability and careers in the industry.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Safeguarding the environment

Our principle

Climate change poses multiple risks for our industry, ranging from severe weather disruption to construction, to the impact of shifting climate patterns on supply chain security and availability of land. However, the growing demand for low-carbon homes and the societal imperative for leadership on climate change mitigation also provide strong opportunities for our business. Together these risks and opportunities make climate change a key business priority for which the Group have stretching targets. The Group were the first national housebuilder to set science-based targets and the Group are proud to be a signatory of the United Nations Race to Zero campaign.

Key performance indicators

- Carbon intensity (per 100 sq.m of legally completed build area) 1.78 (2020: 1.80(restated))

Progress

In relation to FY21 Group market based emission intensity measure has remained flat which is due to absolute emissions increasing in line with business growth. Whilst positively we have seen reductions in emissions from vehicles and as a result of switching to renewable energy tariffs, these gains have been offset by natural fluctuations in diesel emissions arising from weather and increased site activities. The Group anticipate absolute emissions will reduce significantly in the next two years as reduction initiatives take effect.

The Group's transition to net zero in its own operations is focused on achieving our two challenging targets – an SBTi 1.5°C-aligned reduction of 29% by 2025 and net zero in our own operations by 2040.

DAVID WILSON HOMES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's financial and operational performance is subject to a number of risks. The Board seeks to ensure that appropriate processes are put in place to manage, monitor and mitigate these risks.

The Company recognises that the management of risk is fundamental to the achievement of Company targets. As such management throughout the Group are involved in this process. The majority of these risks are managed by Barratt Developments PLC at a Group level. Principal risks of the Company include, but are not limited to:

Risk	Economic environment, including housing demand and mortgage availability	
Risk description	<p>Changes in the UK macroeconomic environment may lead to falling demand or tightened mortgage availability, on which the majority of our customers are reliant, reducing the affordability of our homes.</p> <p>An inability to meet customers' needs will lead to reduced volumes and affect the Company's ability to provide profitable growth.</p> <p>Responsibility: Group Executive Committee</p>	
Risk level (net of mitigation)	Risk level/appetite	Medium risk
	Change from previous year	Decrease
	<p>Uncertainty persists over the recovery of the economy from COVID-19 following the lifting of legal restrictions and the cessation of the furlough scheme.</p> <p>The Government's Help to Buy scheme is now restricted to first time buyers and within regional price caps and is due to end in March 2023.</p> <p>However, demand for housing remains strong and mortgage approvals have shown a sharp recovery with some improvement in terms on offer.</p>	
Risk appetite and response/mitigation	Risk level/appetite	Medium risk
	Change from previous year	No change
	<ul style="list-style-type: none"> Continual monitoring of the market at a Board, Executive Committee, regional and operating divisional level, leading to amendments in the Group's forecasts and planning as necessary. Comprehensive sales policies, regular reviews of pricing in local markets and development of good working relationships with mortgage lenders. Quarterly site valuations based on the latest market data. Disciplined operating framework with an appropriate capital structure and strong balance sheet. Working with industry and the banks on the development of alternative mortgage products for customers for when Help to Buy ends. 	
Key risk indicators	Gross and operating margins, PBT, ROCE, EPS, TSR, total home completions	

DAVID WILSON HOMES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Risk	Government regulation and planning policy	
Risk description	Changes in the regulatory environment affect the conditions and time taken to obtain planning approval and technical requirements including Building Regulations, increasing the challenge of providing quality homes where they are most needed.	
Risk level (net of mitigation)	Risk level/appetite	Medium risk
	Change from previous year	No change
	<p>The Government continues to reiterate its commitment to facilitating the provision of new homes, but the planning process remains lengthy and complex.</p> <p>Changes to Building Regulations, such as the Future Homes Standard effective in 2025, will increase design requirements.</p>	
Risk appetite and response/mitigation	Risk level/appetite	Low risk
	Change from previous year	Decrease
	<p>Development is carried out by another Group Company. The Group has:</p> <ul style="list-style-type: none"> • Considerable in-house technical and planning expertise focused on complying with regulations and achieving implementable planning consents that meet local requirements. • Robust and rigorous design standards for the homes and places we develop that exceed current and expected statutory requirements. • Policies and technical guidance manuals for employees on regulatory compliance and the standards of business conduct expected. • Consultation with Government agencies, membership of industry groups to help monitor, understand and plan for proposed regulation change. 	
Key risk indicators	Gross and operating margin, PBT, total home completions	

DAVID WILSON HOMES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Risk	Safety, health and environmental	
Risk description	<p>Health and safety or environmental breaches can result in incidents affecting Group employees, sub-contractors and site visitors and undermine the creation of a great place to work. SHE breaches affect the wellbeing of Group employees and could result in reputational damage, criminal prosecution and civil litigation, and delays in construction or increased costs.</p> <p>Responsibility: Group Safety, Health and Environment Operating Committee</p>	
Risk level (net of mitigation)	Risk level/appetite	Medium risk
	Change from previous year	Decrease
	<p>The Group continues to focus on health and safety, ensuring consistent controls are in place to reduce accidents and injuries. The Group IIR rate has unfortunately increased to 416 for the year (2020: 256) per 100,000 persons employed (including sub-contractors).</p> <p>BSC-accredited COVID-19 working practices and protocols remain in place at sales centres and construction sites, though the risk has diminished as the UK's vaccination programme has progressed.</p>	
Risk appetite and response/mitigation	Risk level/appetite	Low risk
	Change from previous year	No change
	<p>The Group has:</p> <ul style="list-style-type: none"> • Nominated social distancing marshal present on all sites. • Internal committed health and safety team. • Regular health and safety monitoring, internal and external audits of all operational units, and regular Senior Management reviews of developments. • Continued reinforcement of Group SHE policies and procedures. • Dedicated SHE Board and SHE Operations Committee that review key performance indicators and improvement plans. • Quarterly performance reviews by divisional management within all operating units. • Independent reviews of our SHE processes. 	
Key risk indicators	Health and safety (SHE audit compliance)	

DAVID WILSON HOMES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Risk	Availability of finance and working capital	
Risk description	<p>The Company is dependent upon the Group to fund its working capital. Unavailability of sufficient Group borrowing and surety facilities to settle liabilities, manage working capital, respond to changes in the economic environment, and take advantage of appropriate land buying and operational opportunities to deliver strategic priorities.</p> <p>Responsibility: Group Treasury Committee</p>	
Risk level (net of mitigation)	Risk level/appetite	Low risk
	Change from previous year	Decrease
	<p>The Group closed the year with net cash of £1,317m. It has a £700m RCF to November 2024 and holds £200m of fixed rate USPP notes that mature in 2027.</p> <p>Management have stress-tested the Group's resilience to a severe but plausible realisation of risks and, consider the funding available to be sufficient.</p>	
Risk appetite and response/mitigation	Risk level/appetite	Low risk
	Change from previous year	No change
	<p>The Group has:</p> <ul style="list-style-type: none"> Committed bank facilities and private placement notes of around £900m with maturity on the RCF in 2024 and the USPP in 2027. Policy requiring minimum headroom of £150m of drawings against committed facilities. Disciplined operating framework with an appropriate capital structure. Assessed the medium and long-term viability of the business model. 	
Key risk indicators	Average net cash	

DAVID WILSON HOMES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Risk	IT	
Risk description	<p>The Group continues to integrate its IT systems to enhance control and drive efficiency. The failure of any of these systems, in particular those relating to customer information, surveying and valuation, could restrict the Group's operations and disrupt progress in its strategic priorities. Failure to comply with data regulations could also incur significant financial penalties and reputational damage.</p> <p>Responsibility: Group Technology Risk Sub-committee</p>	
Risk level (net of mitigation)	Risk level/appetite	Medium risk
	Change from previous year	No change
	<p>The threat of external cyberattacks and phishing attempts persists with several high-profile incidents being reported in the media during the year.</p> <p>The Group continues to invest in its IT infrastructure, including the implementation of a new site valuation system during the year.</p>	
Risk appetite and response/mitigation	Risk level/appetite	Low risk
	Change from previous year	No change
	<p>The Group has:</p> <ul style="list-style-type: none"> Centrally maintained IT systems. Fully tested disaster recovery programme. Regular reviews to seek to reduce the risk of successful cyber-attacks. GDPR compliant business processes and data management. Technology Risk Sub-committee provides oversight of technology risk. Group-wide compliance and policies on passwords and transferring data to third parties. 	
Key risk indicators	Customer service, gross and operating margin, PBT	

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

FINANCIAL RISK MANAGEMENT

Both the Company and Barratt Developments PLC, on behalf of itself and its subsidiaries, manage financial risks that affect the Company. Where Barratt Developments PLC manages financial risks on behalf of the entire Barratt Developments PLC group of companies including the Company, these risks are discussed using the term 'Group' in this section.

The Group's operations and financing arrangements expose it to a variety of financial risks, of which the most material are: liquidity risk, availability of funding at reasonable margins, credit risk and interest rates. There is a regular, detailed system for the reporting and forecasting of cash flows from operations to Senior Management including Executive Directors to ensure that liquidity risks are promptly identified and appropriate mitigating actions are taken by the Treasury department. These forecasts are further stress-tested at a Group level on a regular basis to ensure that adequate headroom within facilities and banking covenants is maintained. In addition, the Group has in place a risk management programme that seeks to limit the adverse effects of the other risks on its financial performance.

The Board approves treasury policies and certain day-to-day treasury activities have been delegated to a centralised Treasury Operating Committee, which in turn regularly reports to the Board. The Treasury department implements guidelines that are established by the Board and the Treasury Operating Committee.

a) Liquidity risk

Liquidity risk is the risk that either the Company or the Group will be unable to meet its liabilities as they fall due. The Company relies upon the banking facilities of the Group and is therefore subject to the same risks as the Group. The Group actively maintains a mixture of long term and medium term committed facilities that are designed to ensure that the Group has sufficient available funds for operations. The Group's borrowings are typically cyclical throughout the financial year and peak in April to May, and October to November of each year, due to seasonal trends in income. Accordingly, the Group maintains sufficient facility headroom to cover these requirements. On a normal operating basis, the Group has a policy of maintaining a minimum headroom of £150.0m. The Group identifies and takes appropriate actions based on its regular, detailed system for the reporting and forecasting of cash flows from its operations. The Group's drawn debt, excluding fees, represented 22.8% (2020: 35.3%) of available committed facilities at 30 June 2021. In addition, the Group had £1,518.6m (2020: £619.8m) of cash and cash equivalents.

The Group was in compliance with its financial covenants at 30 June 2021. The Group's resilience to its principal risks, has been modelled together with possible mitigating actions, over a three-year period. At the date of approval of these Financial Statements, the Group's internal forecasts indicate that it will remain in compliance with these covenants for the foreseeable future, being at least 12 months from the date of signing these Financial Statements.

One of the Group's objectives is to minimise refinancing risk. The Group therefore has a policy that the average maturity of its committed bank facilities and private placement notes is a minimum of two years with a target of two to three years. At 30 June 2021, the average maturity of the Group's committed facilities was 4.0 years (2020: 5.0 years).

b) Market risk (price risk)

Interest rate risk

The Company has interest bearing liabilities and the Group has both interest bearing assets and interest bearing liabilities. Floating rate borrowings expose the Group to cash flow interest rate risk, and fixed rate borrowings expose the Group to fair value interest rate risk. The Company pays and receives interest to/from the Group at rates which are dependent upon the rates paid by the Group, and as such it is subject to the same interest rate risks as the Group.

The Group has a conservative treasury risk management strategy and the Group's interest rates are set using fixed rate debt instruments.

DAVID WILSON HOMES LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

Due to the level of the Group's interest cover ratio and in accordance with the Group's policy to hedge a proportion of the forecast RCF drawings based on the Group's three-year plan, no interest rate hedges are currently required.

Floating interest rates on sterling borrowings are linked to the UK bank rate, LIBOR until 31 May 2021 and SONIA from 1 June 2021 and money market rates. The floating rates are fixed in advance for periods generally ranging from one to six months. Short term flexibility is achieved through the use of overdraft, committed and uncommitted bank facilities. The Group retained a strong cash position throughout the year and therefore, the Group did not draw on its RCF during the year the use of other facilities was minimal. No interest was paid on floating rate borrowings in 2021 (2020 rate of interest on minimal floating rate borrowings: 1.7%).

Sterling USPP notes of £200.0m were issued on 22 August 2017 with a fixed coupon of 2.77% and a ten year maturity. These fixed rate notes expose the Group to fair value interest rate risk.

Sensitivity analysis

In the year ended 30 June 2021, if UK interest rates had been 0.5% higher (considered to be a reasonable possible change) and all other variables were held constant, the Company's pre-tax profit would increase by £4.9m (2020 - £0.1m), the Company's post-tax profit would increase by £4.0m (2020 - £0.1m). Had interest rates reduced to zero, the Group's pre-tax profit would decrease by £0.5m and the Group's post-tax profit and equity would decrease by £0.4m.

c) Credit risk

The Company's operations and financing arrangements expose it to minimal financial risk since as at 30 June 2021, the Company was exposed to £39.2m (2020: £23.3m) of credit risk in relation to intercompany loans which are considered to be fully recoverable.

d) Capital risk management (cash flow risk)

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and meet its liabilities as they fall due whilst maintaining an appropriate capital structure.

The Company ensures that there are appropriate controls over the levels of work in progress in the business in order to appropriately manage its capital. These controls are discussed in the business risk table on pages 8 to 12. In addition, the other methods by which the Company can manage its short-term and long-term capital structure include adjusting the level of ordinary dividends paid to shareholders and selling assets to reduce debt.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

SECTION 172(1) STATEMENT

In this section we have set out how the Directors have acted in a way that promotes the success of the Company for the benefit of its members as a whole, in accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, whilst having regard to the following matters set out in s.172(1) of the Act:

- the likely consequences of any decision in the long term;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Group and Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The Directors understand that it is important for the business at all levels to engage with its stakeholders. By engaging with our stakeholders we gain a better understanding of what areas they are interested in or concerned about and also how our decisions have impacted them. Healthy engagement with stakeholders underpins the Group and Company governance framework, which is embedded throughout the Group's and Company's business and helps to ensure that high standards of business conduct are maintained.

Engagement with stakeholders supports the Director's regard to the likely consequences of any decision in the long term, and key areas of focus are explained further in the Strategic priorities and principles sections of this report.

The Directors appreciate that there may be situations where conflicts will arise between different stakeholder groups. In such circumstances, the Directors will seek to understand the needs and priorities of each stakeholder group during its discussions and as part of their decision making process. They will manage any such conflicts by assessing stakeholder interests from the perspective of the long term sustainable success of the business.

The stakeholders, which continue to represent the key resources and relationships that support the generation and preservation of value in the Company, are as follows:

- Customers
- Local communities
- Governments and regulators
- The Group's sub-contractors and supply chain
- Shareholders

The Company's engagement with these stakeholders is managed primarily by the Group with the involvement of the Group board and Company Directors. The following paragraphs set out how the Directors and Group Board have engaged with, and taken into consideration, the interests and concerns of our stakeholders who are material to the long term success of the business.

DAVID WILSON HOMES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

The following stakeholders are each discussed in each section as listed below:

- A) CUSTOMERS**
- B) LOCAL COMMUNITIES**
- C) GOVERNMENT AND REGULATORS**
- D) THE GROUP'S SUB-CONTRACTORS AND SUPPLY CHAIN**

A) CUSTOMERS

Why the Company engages with its customers:

- Customers are at the heart of everything the Company does. Without them there would be no business to operate. It is therefore imperative that it is understood what our customers are looking for and that products are adapted to meet their needs.

How the Company engages with its customers:

1. Written correspondence/questionnaires

- Seasonal newsletters were sent to customers within warranty to provide guidance on getting the best from their new home.
- Invited customers to leave a review of their experience on Trustpilot and then followed these up to address any concerns.
- Changed the 'bespoke' questions on the HBF 8 week customer satisfaction survey to get a better understanding of customer perceptions of the design and layout of our homes.
- Proactively emailed all customers to communicate the changes to sales, construction and aftersales procedures as COVID-19 restrictions were eased across the country.
- Regularly updated Group websites to include the latest COVID-19 guidance, to allow customers to book virtual appointments and personalised virtual show home tours.

2. Focus Groups/research/surveys

- The Group involved customers in various pieces of virtual research to gain an understanding of their perceptions on various areas including (but not limited to): how consumers undertake property searches; brand positioning, preferences for marketing photography; and post-COVID-19 working from home arrangements.
- Customers were asked to provide direct feedback about products and how the Group communicates with them. Their input aids decision-making and future business planning.
- A survey was undertaken by the Group to understand how much customers are aware of sustainability/energy efficiency/biodiversity activities within housebuilding and how much this affects their decision when selecting a housebuilder. In addition, questions have been included in the NHBC nine month survey around customer knowledge and requirements for sustainability in a new home.

Interests and concerns

Through the engagement activities undertaken, the following areas were identified as the key interests and concerns of customers:

- Quality and energy efficiency of the homes they are purchasing and their customer journey pre and post move in
- Mortgage availability and affordability.
- Outdoor open/green spaces and adaptability of property to support working from home.

Outcomes of engagement

- Marketing plans being adapted to ensure that the Group highlights more information about gardens, public open spaces.
- Undertook a review of homes to ensure they have appropriate space to work from home and displayed potential options to do this in our show homes and websites, where relevant.
- The Group partnered with internet providers to ensure ultrafast broadband connections were available in all future homes, to facilitate home working in the post COVID-19 world.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Effect of engagement with customers on decisions

- The Group continued to drive defect resolution and updated policies and procedures to ensure compliance with the requirements of the new Consumer Code.
- Closely monitored build movements to ensure customers receive handover of their new home within agreed timescales and prior to the tapering of Help to Buy and the end of the SDLT holiday.
- Continue to consider the appropriateness of existing discount schemes for the benefit of customers within certain public services such as the NHS and the Armed Forces.

B) LOCAL COMMUNITIES

The Company's sites are developed by the Group and as such engagement with local communities is managed by the Group.

Why the Company engages with local communities

It is important to engage with communities in which the Company's sites and homes are built to ensure that we are responding to local needs and are able to create value. Regular and open engagement helps ease the whole build process, in particular planning, as it mitigates against objections from members of the community which could lead to undue delay and increased costs.

How the Company engages with local communities

1. Meetings and forums

- To ensure community needs and considerations are taken into account at the earliest stages of development, meetings are held which all local residents are welcome to attend. At these meetings we seek their views on our plans and look to incorporate their suggestions. This year these forums were held virtually in order to remain COVID-secure.

2. Written communication (including signage)

- The Group writes to local residents to inform them of development plans, and seeks their input on how it can be ensured that the development has a positive impact on the local community. The Group also writes to inform them of upcoming works that have the potential to cause disruption, such as highway and infrastructure works.
- Signage is used in and around our sites to demonstrate our credentials and the value our activities bring to local communities.
- Local media and newspapers remain an important tool for engagement and coverage includes positive news stories about charitable or other beneficial activities.
- As a Group, we listen to residents' concerns about the impact of the Company's activities on the natural environment, and work with them to find solutions that are acceptable to all parties.
- We promote the resilience and sustainability credentials of our innovative homes to the wider community, especially in low carbon emissions and waste management.

3. Charitable giving and volunteering

- the Group's charitable partnerships are a crucial part of its strategy for community engagement. This year, the Group established the Barratt Developments PLC Charitable Foundation, through which all of the Group's charity work is now conducted.

Interests and concerns

Through the engagement activities undertaken, the following areas were identified as the key interests and concerns of local communities:

- Socio-economic footprints, impact on the environment and availability of green spaces.
- Disruption to local areas during construction of our developments including noise and air pollution.
- Safety and protection of members of the community around developments.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Outcomes of engagement

- Enhanced understanding of the needs of local communities
- Development of community relationships creating a positive legacy from building great places to live, with the facilities people need to help local communities thrive.
- Group charitable activities that deliver a range of benefits, including enabling us to work closely with local people to deliver tangible benefits for communities, and building strong relationships with existing communities.

Effect of engagement with local communities on decisions

- Review of development layouts to ensure that there is appropriate green/open space.

C) GOVERNMENT AND REGULATORS

The Company is part of the Barratt Developments PLC Group, and engagement with Government and regulators is managed and carried out by the Group. Details of how the Group engages with Government and regulators is provided in the Annual Report and Accounts of Barratt Developments PLC which are available at www.barrattdevelopments.co.uk.

Why the Group and Company engage with regulators and local authorities

Government and regulators set the legal and regulatory environment in which the Company operates. It is therefore vital that we understand the industry and the effect of any proposed changes. Engagement with these stakeholders enables the Company to gain an insight into future legislation or regulation which allows it to prepare for potential changes in a timely manner for the benefit of our customers and the business.

How the Company engages with regulators and local authorities

- The Group Board and the Company Directors are committed to ensuring that the Company is open and transparent with regulators and take their regulatory responsibilities very seriously.
- We work closely with local authorities to ensure that our developments meet the relevant planning requirements and enhance the facilities and housing within the local area.
- As part of the Group's determination to be the leading national sustainable housebuilder they understand the importance of engaging closely with Government and regulators on sustainability issues, to create solutions to shared problems at the pace appropriate to the scale of transformation required. There has been increased engagement during the past year from the Group as a whole.

Outcomes of engagement

- Reassurance provided to the Government and the regulators that we are doing the right thing by:
- Our customers, by ensuring they can complete their purchases; and
- The general public, through the Group's industry leading site safety protocols and charitable contributions.

Effect of engagement with Government and regulators on decisions

- Broad understanding of Government policy and regulation and the environment in which the Company operates.

D) THE GROUP'S SUB-CONTRACTORS AND SUPPLY CHAIN

The Company is part of the Barratt Developments PLC Group, and engagement with Sub-contractors and the supply chain is managed and carried out by the Group. Details of how the Group engages with Government and regulators is provided in the Annual Report and Accounts of Barratt Developments PLC which are available at www.barrattdevelopments.co.uk.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Why the Group engages with sub-contractors and the supply chain

Without the Group's sub-contractors and supply chain the Group would not be able to build the homes sold by the Company. It is therefore important for the Group to build relationships with sub-contractors and the supply chain in order to secure continuity of supply of materials, help support productivity levels, avoid increased costs of sourcing alternative suppliers and avoid undue delays in construction. The Group must ensure that it has a good understanding of what they expect from the Group in return for their continued support.

How the Group engages with sub-contractors and the supply chain

1. Supplier conferences

- The Group held two supplier conferences during the year.

2. Ongoing supplier relations

- Engaged with sub-contractors and our supply chain to understand their capacity to continue to support the Group build programmes.
- The Group has engaged with 30 of its highest emitting suppliers and sub-contractors to better understand its Scope 3 emissions.

Interests and concerns

Through the engagement activities undertaken, the following areas were identified as the key interests and concerns of sub-contractors and the supply chain:

- Safety and health of their employees working on our sites.
- Sustainability and carbon reduction.
- Prompt payment.
- Ability to meet demand for materials.

Outcomes from engagement

- Long term relationships between sub-contractors, suppliers and the Group which ensured that delivery and performance standards were mutually understood and enabled the Group to secure materials to support build requirements during a period of shortage of certain components.
- Ability to introduce strategies to retain trades which remains a constant challenge.
- Better understanding on the availability of carbon emission data, and the challenges associated with reporting this data.

Effect of engagement with sub-contractors and the supply chain on Board decisions

- To hold an additional conference with sub-contractors and the supply chain to further enhance relationships.
- To increase the frequency at which the availability of materials is reviewed and considered by the Board.
- Refined the GHG emissions factors we use for specific products and services to improve the accuracy of the baseline and yearly emissions performance.
- Considered the impact of future policy, such as carbon pricing, based on the information obtained through engagement.

SHAREHOLDERS

The Company is a wholly owned subsidiary within the Barratt Developments PLC Group, it's sole shareholder is Wilson Bowden Limited.

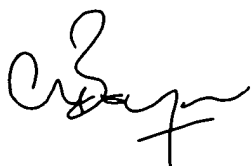
DAVID WILSON HOMES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

GREENHOUSE GAS EMISSIONS (GHG)

No separate information is provided in this report since the emissions reportable for the Company are included within the Group emissions disclosed in the Annual Report and Accounts of Barratt Developments PLC.

This report was approved by the Board on 18 November 2021 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'S J Boyes', with a stylized flourish at the end.

S J Boyes
Director

DAVID WILSON HOMES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

The Directors present their annual report and the audited financial statements for the year ended 30 June 2021.

PRINCIPAL ACTIVITY

The Company's principal activity is the development of land for new housing.

GOING CONCERN

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future.

As at 30 June 2021 the Company had net assets of £71.5m. The Company's main assets were stocks of £59.9m and an amount of £39.2m due from another Group company.

The Company is forecast to continue to be profitable. The operating profit forecast has been sensitised to take into account what is estimated to be a reasonable worst case worst case scenario of the potential impacts of risks to which the Company is exposed, being a 10% reduction in selling prices, a 5% increase in costs and a 25% decrease in volumes sold. The sensitised forecast shows that under these circumstances the Company continues to be profitable.

At 30 June 2021, the Group held cash of £1,518.6m and total loans and borrowings of £205.3m, consisting of £5.3m of overdrafts repayable on demand and £200.0m Sterling USPP notes maturing in August 2027. These balances, set against pre-paid facility fees, comprise the Group's net cash of £1,317.4m.

Should further funding be required, the Group has a committed £700.0m Revolving Credit Facility (RCF), subject to compliance with certain financial covenants, that matures in November 2024.

The future financial performance of the Group is dependant upon the wider economic environment in which it operates. The factors that particularly affect the performance of the Group include flat or negative economic growth, buyer confidence, mortgage availability and affordability, competitor pricing, new housing supply, falls in house prices or land values and the cost and availability of raw materials, sub-contractors and suppliers.

As such, in consideration of its net current assets of £4,857.7m, the Directors are satisfied that the Group has sufficient liquidity to meet its current liabilities and working capital requirements.

Despite the ongoing economic uncertainties, the housing market fundamentals remain attractive. There is strong demand for new homes across the country and years of undersupply underpins the Government's ongoing target of 300,000 new homes each year. The future financial performance of the Group is dependent upon the wider economic environment in which it operates. The factors that particularly affect the performance of the Group include flat or negative economic growth, buyer confidence, mortgage availability and affordability, competitor pricing, new housing supply, falls in house prices or land values and the cost and availability of raw materials, sub-contractors and suppliers.

The Group's financial forecasts reflect the outcomes that the Directors consider most likely, based on the information available at the date of signing of these Financial Statements.

To assess the Group's resilience to more adverse outcomes, its forecast performance was sensitised to reflect a series of scenarios based on the Group's principal risks and the downside prospects for the UK economy and housing market presented in the latest available external economic forecasts.

This exercise included a reasonable worst-case scenario in which the Group's principal risks manifest in aggregate to a severe but plausible level. This assumed that average selling prices fall by 5%, sales volumes fall by between 7% and 9%, and construction costs increase by 5%.

DAVID WILSON HOMES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

The effects were modelled over the three-year period covered by the Directors' viability review, alongside reasonable mitigation that the Group would expect to undertake in such circumstances, primarily a reduction in investment in inventories in line with the fall in expected sales. In all scenarios, including the reasonable worst case, the Group is able to comply with its financial covenants, operate within its current facilities and meet its liabilities as they fall due.

Furthermore, a reverse stress test was performed to determine the market conditions in which the Group, without mitigating action, would cease to be able to operate under its current facilities. Based on past experience and current economic forecasts, the Directors consider the possibility of this outcome to be remote and have identified mitigation that would be adopted in such circumstances.

Accordingly, the Directors consider there to be no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. The Directors have formed a judgement that there is a reasonable expectation that the Group, and therefore the Company, have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing of these Financial Statements. For this reason, they continue to adopt the going concern basis in the preparation of these Financial Statements.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,096,000 (2020 - £5,040,000).

No dividends were paid during the year. The Directors propose that a final dividend of £12.00 (2020: £nil) per share is paid for the year ended 30 June 2021.

DIRECTORS

The Directors who served during the year and subsequently to the date of this report were:

S J Boyes
D F Thomas
J E White (resigned 30 June 2021)

DIRECTORS' INDEMNITIES

Following shareholder approval in January 2006, Barratt Developments PLC has provided indemnity to the Directors and Company Secretary of all Group companies, including David Wilson Homes Limited, against all liability arising in respect of any act or omission in their duties. This is a qualifying indemnity provision for the purposes of Section 234 Companies Act 2006.

MATTERS COVERED IN THE STRATEGIC REPORT

The Company's principal activity, detailed business review and outlook and information relating to its risks and priorities going forward are included within the Strategic Report.

DAVID WILSON HOMES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a Director at the time when this Directors' report is approved has confirmed that:

- Deloitte LLP has expressed its willingness to be reappointed for another term and appropriate arrangements have been put in place for Deloitte to be reappointed as auditor in the absence of an Annual General Meeting so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each 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's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

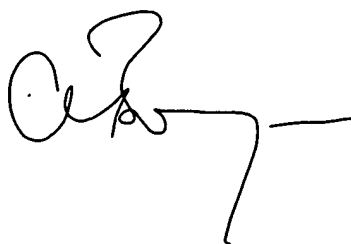
POST BALANCE SHEET EVENTS

At the date of signing there were no post balance sheet events to report.

AUDITOR

Deloitte LLP has expressed its willingness to be reappointed for another term and appropriate arrangements have been put in place for Deloitte to be reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the Board on 18 November 2021 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'S J Boyes', followed by a horizontal line.

S J Boyes
Director

DAVID WILSON HOMES LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021**

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

Company law requires the Directors to prepare audited financial statements for each financial year. Under that law the Directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these audited financial statements, the Directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

DAVID WILSON HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVID WILSON HOMES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of David Wilson Homes Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 23 including the Accounting Policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

DAVID WILSON HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVID WILSON HOMES LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained in the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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 respect of these matters.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered 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 considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Company's environmental regulations, planning, and health and safety law.

DAVID WILSON HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVID WILSON HOMES LIMITED

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Margin recognition

The valuation and cost allocation framework determines the total profit forecast for each site. This allows the land and build costs of a development to be allocated to each individual unit, ensuring the forecast margin per unit is equalised across a development. This cost allocation framework drives the recognition of costs, and hence profit, as each unit is sold, which is the key judgement in the Income Statement and is where fraud could potentially occur.

Our work included:

1. Made enquiries of Management to support their assumptions and sought external corroboration, regarding forecast sales prices and costs to complete;
2. Performed a lookback analysis of the margin over the course of the year, in an attempt to identify any highly fluctuating sites or negative trends, whilst also enhancing our audit knowledge of the performance of the site;
3. Used bespoke analytics to analyse the cost to complete. This enabled us to analyse disaggregated elements of cost to complete on all the sites within the entity and compare against budgeted positions and Group averages. We performed enquiries and obtained corroborative evidence for exceptions identified;
4. Performed cost to complete testing to ensure they are reasonable and all costs included are as expected thereby ensuring no cost busts could be present;
5. Performed testing over the recoverability of the cost per site. The Land & WIP to date has been aggregated on each site and compared to the revenue planned in the 2 year plan (2YP) and the most recent valuation report. For those sites that are part of a multi-phase development, they have been aggregated together to assess if total Land and WIP can be recovered by total planned revenue;
6. We have assessed the appropriateness of each of the key input assumptions (SPI and BCI) by benchmarking against external market data.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

DAVID WILSON HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAVID WILSON HOMES LIMITED

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Lee Highton (Senior statutory auditor)

for and on behalf of
Deloitte LLP

Statutory Auditor

London
UK

18 November 2021

DAVID WILSON HOMES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 £000	2020 £000
Turnover	3	28,170	33,610
Cost of sales		(25,210)	(27,460)
Gross profit		2,960	6,150
Administrative expenses		(306)	(585)
Other operating income	4	96	26
Operating profit	5	2,750	5,591
Interest receivable and similar income	8	1,430	852
Interest payable and similar charges	9	(356)	(233)
Profit before tax		3,824	6,210
Tax on profit	10	(728)	(1,170)
Profit for the financial year being total comprehensive income		3,096	5,040

There was no other comprehensive income for 2021 (2020 - £nil).

The notes on pages 32 to 47 form part of these financial statements.

DAVID WILSON HOMES LIMITED
REGISTERED NUMBER: 00830271

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Investments	13		98		98
			<u>98</u>		<u>98</u>
Current assets					
Stocks	14	60,124		70,264	
Debtors: amounts falling due after more than one year	15	5		14	
Debtors: amounts falling due within one year	15	39,461		23,799	
		<u>99,590</u>		<u>94,077</u>	
Creditors: amounts falling due within one year	16	(28,176)		(14,679)	
Net current assets			<u>71,414</u>		<u>79,398</u>
Total assets less current liabilities			<u>71,512</u>		<u>79,496</u>
Creditors: amounts falling due after more than one year	17		-		(11,080)
Net assets			<u><u>71,512</u></u>		<u><u>68,416</u></u>
Capital and reserves					
Called up share capital	19		1,002		1,002
Share premium account			70		70
Profit and loss account			70,440		67,344
Total capital and reserves			<u><u>71,512</u></u>		<u><u>68,416</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18 November 2021.


S J Boyes
 Director

The notes on pages 32 to 47 form part of these financial statements.

DAVID WILSON HOMES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital £000	Share premium account £000	Profit and loss account* £000	Total equity £000
At 1 July 2020	1,002	70	67,344	68,416
Comprehensive income for the year				
Profit for the year	-	-	3,096	3,096
Total comprehensive income for the year	-	-	3,096	3,096
At 30 June 2021	1,002	70	70,440	71,512

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital £000	Share premium account £000	Profit and loss account* £000	Total equity £000
At 1 July 2019	1,002	70	74,324	75,396
Comprehensive income for the year				
Profit for the year	-	-	5,040	5,040
Total comprehensive income for the year	-	-	5,040	5,040
Dividends (note 11)	-	-	(12,020)	(12,020)
At 30 June 2020	1,002	70	67,344	68,416

The notes on pages 32 to 47 form part of these financial statements.

*Profit and loss account comprises the accumulated profits and losses of the Company less cumulative dividends.

DAVID WILSON HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. ACCOUNTING POLICIES

1.1 General information and basis of preparation of financial statements

David Wilson Homes Limited, a private company limited by shares, is incorporated in the UK and registered in England and Wales. The address of its registered office is Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF. The principal activities of the Company are set out in the Director's Report.

The financial statements have been prepared under the historical cost convention and modified for certain items at fair value in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The Company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

The functional currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland':

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Barratt Developments PLC as at 30 June 2021 and these financial statements may be obtained from www.barrattdevelopments.co.uk.

1.3 Going concern

The Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group, and therefore the Company, has adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the date of these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements as set out in the going concern section of the Directors' Report.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. ACCOUNTING POLICIES (CONTINUED)

1.4 Turnover

Sale of goods

Turnover is recognised at legal completion in respect of the total proceeds of building and development. Turnover is measured at the fair value of consideration received or receivable and represents the amounts receivable for the property, net of discounts and VAT. The sale proceeds of part exchange houses are not included in revenue.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are valued at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged on a straight line basis fixed over the expected useful life, and is based upon the cost of the asset to the Company, as follows:

Depreciation is provided on the following bases:

Plant and machinery	-	1-7 years
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1.6 Operating leases: the Company as lessor

Rental income from operating leases is credited to the Statement of Comprehensive Income on a straight line basis over the term of the relevant lease.

1.7 Investments

Investments in fixed assets are valued at cost less provision for any impairment in value.

1.8 Stocks

Stocks, properties held for sale and work in progress, excluding long-term contract work in progress, are valued at the lower of cost and estimated selling price less costs to complete and sell which is equivalent to the net realisable value. Costs comprise direct materials, direct labour costs and those overheads which have been incurred in bringing the stocks to their present location and condition. Management assesses the cost held and where required will write down the stock to its net realisable value.

Land held for development, including land in the course of development, is initially recorded at its discounted cost. Where, through deferred purchase credit terms, the discounted value differs from the amount that will ultimately be paid in settling the liability, this difference is charged as a finance cost in the profit and loss account over the period of settlement. Due to the scale of the Company's developments, the Company has to allocate site-wide development costs between units built in the current year and in future years. It also has to estimate costs to complete on such developments. In making these assessments there is a degree of inherent uncertainty. The Company has developed internal controls to assess and review carrying values and appropriateness of estimates made (see note 2).

Properties held for sale are stated at the lower of cost and net realisable value.

DAVID WILSON HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. ACCOUNTING POLICIES (CONTINUED)

1.9 Financial instruments

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Company derecognises a financial liability only when the Company's obligations are discharged, cancelled or they expire.

Secured loans

Secured loans are held at fair value calculated as the present value of expected future cash flows, taking into account the estimated market value of the property at the estimated time of repayment, and are classified as "fair value through profit and loss". Gains and losses arising from changes in fair value impairment losses, changes in future cash flows and interest calculated using the 'effective interest rate' method are recognised directly in the Statement of Comprehensive Income.

Debtors

Trade and other debtors are financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the year end date, which are classified as non-current assets and are measured at amortised cost less an allowance for any uncollectable amounts.

Impairment of financial assets

Trade and other receivables are assessed for indicators of impairment at each year end date and are impaired where there is objective evidence that the recovery of the receivable is in doubt.

Objective evidence of impairment could include significant financial difficulty of the customer, default on payment terms or the customer going into liquidation.

The carrying amount of trade and other receivables is reduced through the use of an allowance account. When a trade or other receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Comprehensive Income.

For secured loans, a significant or prolonged decline in the value of the property underpinning the value of the loan or increased risk of default are considered to be objective evidence of impairment. Increases in the fair value of secured loans previously subject to impairment, which can be objectively related to an event occurring after recognition of the impairment loss, are recognised in the Statement of Comprehensive Income to the extent that they reverse the impairment loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and balances in bank accounts with no notice or less than three months' notice from inception and are subject to an insignificant risk of changes in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. ACCOUNTING POLICIES (CONTINUED)

1.9 Financial instruments (continued)

Creditors

Trade and other payables on normal terms are not interest bearing and are stated at amortised cost.

Trade and other payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate by discounting at prevailing market interest rates at the date of recognition. The discount to nominal value, which will be paid in settling the deferred purchase terms liability, is amortised over the period of the credit term and charged to finance costs using the 'effective interest rate' method.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

Where bank agreements include a legal right of offset for in hand and overdraft balances, and the Company intends to settle the net outstanding position, the offset arrangements are applied to record the net position in the Statement of Financial Position.

Finance income and charges

Finance income and charges are accounted for using the 'effective interest rate' method in the Statement of Comprehensive Income. Finance costs and income are recognised as a charge or income in the Statement of Comprehensive Income in the period to which they relate.

1.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

1.11 Current and deferred taxation

UK Corporation tax is provided on taxable profits at the current effective rate based on tax laws enacted or substantively enacted at 30 June 2021.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the year end date.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates enacted or substantively enacted at the year end date. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis.

DAVID WILSON HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In accordance with the requirements of FRS 102, the Company has detailed below the critical accounting judgements made and the key sources of estimation uncertainty within these financial statements.

In the process of applying the Company's accounting policies, which are described in the accounting policies note, the Directors have made no individual judgements that have a significant impact upon the Financial Statements, apart from those involving estimations. The key assumptions concerning the future, and other key sources of estimation uncertainty at the financial statement dates, are discussed below.

Estimation of future income and costs to complete

In order to determine the profit that the Company is able to recognise on its developments in a specific period, the Company allocates site-wide development costs between homes built in the current year and in future years. It also has to estimate costs to complete on such developments and make estimates relating to future sales price margins on those developments and homes. In making these assessments there is a degree of inherent uncertainty.

The Group's site valuation process determines the forecast profit margin for each site. The valuation process acts as a method of allocating land costs and construction work in progress costs of a development to each individual plot and drives the recognition of costs in the Income Statement as each plot is sold. Any changes in the forecast profit margin of a site from changes in sales prices or costs to complete is recognised across all homes sold in both the current period and future periods. This ensures that the forecast site margin achieved on each individual home is equal across the development.

Management have performed a sensitivity analysis to assess the impact of a change in estimated costs for developments on which sales were recognised in the year. A 3% increase in estimated costs recognised in the year, which is considered to be reasonably possible, would impact cost of sales and work in progress and would reduce the Company's gross margin by 2.7ppts.

DAVID WILSON HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

3. ANALYSIS OF TURNOVER

An analysis of turnover by class of business is as follows:

	2021	2020
	£000	£000
Sale of residential property	25,101	33,610
Sale of affordable property	3,069	-
	<hr/> 28,170 <hr/>	<hr/> 33,610 <hr/>

All turnover arose within the United Kingdom.

4. OTHER OPERATING INCOME

	2021	2020
	£000	£000
Sundry income	96	26
	<hr/> 96 <hr/>	<hr/> 26 <hr/>

Sundry income comprises rental income of £96,000 (2020: £26,000).

5. OPERATING PROFIT

Fees payable to the Company's auditor, Deloitte LLP, for the audit of the Company's annual financial statements were borne by another Group company and amounted to £36,000 in the current year (2020 - £35,000). No other fees were payable to the Company's auditor in 2021 or 2020.

During the year, no Director received any emoluments from the Company (2020 - £nil) (see note 7).

6. EMPLOYEE INFORMATION

The Company had no employees in the year ended 30 June 2021 (2020 - none). Group employees working for the sites owned by the Company, and those involved in the administration of these sites have contracts of service with BDW Trading Limited, a fellow subsidiary company in the Barratt Developments PLC Group of companies. The costs in respect of these employees have been recharged to the Company by other Group companies.

DAVID WILSON HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

7. DIRECTORS' REMUNERATION

S J Boyes, D F Thomas and J E White are or were also Directors of the holding company, Barratt Developments PLC. Details of their remuneration are disclosed in the Annual Report of that company. These Directors received total emoluments of £4,901,000 (2020 - £2,223,000) during the year, but it is not practicable to allocate this between their services as executives of Group companies and their services as Directors of subsidiaries of Barratt Developments PLC. In addition, no Directors (2020 - none) are accruing benefits under the Barratt Developments PLC group pension scheme, which is a defined benefit pension scheme and none (2020 - none) received contributions to money purchase pension schemes.

No Directors received any emoluments from the Company during the year (2020 - none).

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021	2020
	£000	£000
Interest receivable from Group undertakings	1,430	852
	1,430	852

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£000	£000
Other interest payable	5	4
Imputed interest on land payables	351	229
	356	233

DAVID WILSON HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

10. TAXATION

	2021	2020
	£000	£000
Corporation tax		
Current tax on profits for the year	722	1,167
Adjustments in relation of prior years	6	2
	<u>728</u>	<u>1,169</u>
Total current tax	<u>728</u>	<u>1,169</u>
Deferred tax		
Origination and reversal of timing differences	-	1
Total deferred tax	<u>-</u>	<u>1</u>
Taxation on profit	<u>728</u>	<u>1,170</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19.0% (2020 - 19.0%). The differences are explained below:

	2021	2020
	£000	£000
Profit before tax	<u>3,824</u>	<u>6,210</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.0% (2020 - 19.0%)	727	1,180
Effects of:		
Adjustments to tax charge in respect of prior years	6	2
Additional tax relief for land remediation costs	(5)	(12)
Total tax charge for the year	<u>728</u>	<u>1,170</u>

DAVID WILSON HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

10. TAXATION (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

An increase in the corporation tax rate was announced in the Budget held on 3 March 2021 to the effect that from 1 April 2023 corporation tax will be calculated at 25% of profits to the extent that they exceed the small company threshold.

There is no unrecognised deferred tax asset or liability in either year.

11. DIVIDENDS

	2021 £000	2020 £000
Final dividend for the year ended 30 June 2020 paid at £nil (2019 - £12.00) per share	-	12,020
	<u>-</u>	<u>12,020</u>

The Directors propose that a final dividend of £12.00 (2020: £nil) per share is paid for the year ended 30 June 2021.

12. TANGIBLE FIXED ASSETS

	Plant and machinery £000
Cost or valuation	
At 1 July 2020	696
At 30 June 2021	<u>696</u>
Depreciation	
At 1 July 2020	696
At 30 June 2021	<u>696</u>
At 30 June 2021	<u>-</u>
<i>At 30 June 2020</i>	<u>-</u>

At 30 June 2021 there was £nil (2020 - £nil) of future capital expenditure contracted.

DAVID WILSON HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

13. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000
Cost or valuation	
At 1 July 2020	45,908
At 30 June 2021	<u>45,908</u>
Impairment	
At 1 July 2020	45,810
At 30 June 2021	<u>45,810</u>
Net book value	
At 30 June 2021	<u><u>98</u></u>
At 30 June 2020	<u><u>98</u></u>

In the opinion of the Directors, the value of the investments is not less than their book value.

A full list of the Company's subsidiary undertakings is included in note 22.

DAVID WILSON HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

14. STOCKS

	2021 £000	2020 £000
Land and work in progress	59,889	70,264
Finished goods and goods for resale	235	-
	<u>60,124</u>	<u>70,264</u>

Carrying value of land and work in progress

The Company's principal activity is housebuilding. The majority of the development activity is not contracted prior to the development commencing. Accordingly, the Company has in its Statement of Financial Position at 30 June 2021 current assets that are not covered by a forward sale. Internal controls are designed to identify any developments where the value of land and work in progress in the Statement of Financial Position is more than the lower of cost or net realisable value.

Where the estimated net realisable value of a site was less than its current carrying value within the Statement of Financial Position, the Company has impaired the land and work in progress value. During the year, there were gross impairment charges of £nil (2020 - £nil) and reversals of £nil (2020 - £nil) of the Company's stock.

The key estimates required to determine are realisable value of a site, forecast sales rates, expected sales prices and estimated costs to complete. The estimation of future sales prices and costs to complete included no net inflation. If the UK housing market were to change beyond management expectations in the future, in particular with regards to the assumptions around sales prices and estimated costs to complete, adjustments to the carrying value of land and work in progress may be required.

Stock recognised in cost of sales during the year as an expense was £21,684,000 (2020 - £24,386,000).

The Directors consider all stocks to be essentially current in nature although the Company's operational cycle is such that a proportion of stocks will not be realised within twelve months. It is not possible to determine with accuracy when specific stocks will be realised as this will be subject to a number of issues such as consumer demand and planning permission delays.

DAVID WILSON HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

15. DEBTORS

	2021	2020
	£000	£000
Due after more than one year		
Trade debtors - secured loans	-	9
Deferred tax asset (see note 18)	5	5
	<u>5</u>	<u>14</u>
	2021	2020
	£000	£000
Due within one year		
Trade debtors	225	330
Amounts owed by Group undertakings	39,236	23,327
Trade debtors - secured loans	-	142
	<u>39,461</u>	<u>23,799</u>

The secured loans relate to deferred receivables from the sale of homes which are repayable upon the earlier of resale or at ten years from inception. They are secured by way of a second charge over the home and no interest is currently payable on them. During the year, the remaining secured loans were fully impaired.

Amounts owed by Group undertakings are unsecured and repayable on demand. A market rate of interest has been charged on intercompany loans of 4.0%.

16. CREDITORS: Amounts falling due within one year

	2021	2020
	£000	£000
Payments received on account	835	735
Trade creditors	14,925	3,667
Amounts owed to Group undertakings	72	72
Corporation tax	291	737
Accruals	12,053	9,468
	<u>28,176</u>	<u>14,679</u>

Amounts owed to Group undertakings are unsecured, and have no fixed date of repayment. Interest is payable on intercompany funding balances at a market rate.

Trade creditors comprise of land payables.

DAVID WILSON HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

17. CREDITORS: Amounts falling due after more than one year

	2021 £000	<i>2020 £000</i>
Trade creditors	-	11,080
	<u>-</u>	<u>11,080</u>
	<u><u>-</u></u>	<u><u>11,080</u></u>

18. DEFERRED TAXATION

	2021 £000	2020 £000
At 1 July	5	6
Charged to the profit or loss	-	(1)
	<u>5</u>	<u>5</u>
At 30 June	<u><u>5</u></u>	<u><u>5</u></u>

The deferred tax asset is made up as follows:

	2021 £000	<i>2020 £000</i>
Accelerated capital allowances	5	5
	<u>5</u>	<u>5</u>
	<u><u>5</u></u>	<u><u>5</u></u>

Of the year end deferred tax asset £1,000 is expected to reverse within 1 year and the balance after 1 year.

19. CALLED UP SHARE CAPITAL

	2021 £000	<i>2020 £000</i>
Allotted, called up and fully paid		
1,001,636 ordinary shares of £1 each	1,002	1,002
	<u><u>1,002</u></u>	<u><u>1,002</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

20. COMMITMENTS UNDER OPERATING LEASES

The Company as a lessor

As at 30 June 2021, the Company had committed receivables due under operating leases in relation to land and buildings of £276,000 (2020 - £261,000) of which £37,000 (2020: £34,000) is due within 1 year, £106,000 (2020: £101,000) is due between 2 and 5 years and £132,000 (2020: £126,000) is due beyond 5 years. Leases held at 30 June 2021 have an average life of 8 years (2020: 6 years).

21. CONTINGENT LIABILITIES

David Wilson Homes Limited has guaranteed payments of loans made to the holding company and fellow subsidiary undertakings. At 30 June 2021, £200,000,000 (2020 - £200,000,000) was outstanding under these loans and overdrafts.

The Company has entered into counter indemnities in the normal course of business in respect of performance bonds. In addition, the Company has commitments for the purchase of trading stock entered into in the normal course of business.

DAVID WILSON HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

22. SUBSIDIARY UNDERTAKINGS

The entities listed below are subsidiaries of the Company. All are incorporated in the UK and registered in England and Wales. The registered office of all the Company's subsidiaries is Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF.

Name	Class of shares	Holding
Bradgate Development Services Limited	Ordinary	100 %
Cameoplot Limited	Ordinary	100 %
CHOQS 429 Limited	Ordinary	100 %
David Wilson Estates Limited	Ordinary	100 %
David Wilson Homes (Anglia) Limited	Ordinary	99 %
David Wilson Homes (East Midlands) Limited	Ordinary	100 %
David Wilson Homes (Home Counties) Limited	Ordinary	100 %
David Wilson Homes Land (No. 15) Limited	Ordinary	100 %
David Wilson Homes (Northern) Limited	Ordinary	100 %
David Wilson Homes (North Midlands) Limited	Ordinary	100 %
David Wilson Homes Services Limited	Ordinary	100 %
David Wilson Homes (Southern) Limited	Ordinary	100 %
David Wilson Homes (South Midlands) Limited	Ordinary	100 %
David Wilson Homes (Western) Limited	Ordinary	100 %
David Wilson Homes Yorkshire Limited	Ordinary	100 %
Foxcote Mead Management Company Limited	Ordinary	100 %
Frenchay Developments Limited	Ordinary	100 %
Heartland Development Company Limited	Ordinary	100 %
J G Parker Limited	Ordinary	100 %
North West Land Developments Limited *	Ordinary	100 %
Roland Bardsley Homes Limited	Ordinary	100 %
Stoneyfield Management Limited	Ordinary	100 %
The French House Limited	Ordinary	100 %
Trencherwood Developments Limited	Ordinary	100 %
William Corah Joinery Limited	Ordinary	100 %
William Corah & Son Limited	Ordinary	100 %

* Owned through another Group company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

23. CONTROLLING PARTY

The Directors regard Barratt Developments PLC, a company registered in England and Wales, as the ultimate parent company and controlling party. Barratt Developments PLC is the parent of the smallest and largest group of undertakings to consolidate these financial statements at 30 June 2021. The consolidated financial statements of Barratt Developments PLC are available from its registered office at Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF, or its website at www.barrattdevelopments.co.uk.

The immediate parent company is Wilson Bowden Limited a company registered in England and Wales, with its registered office at Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF.