

# Linden Limited

Annual report and financial statements  
for the 18-month period ended 31 December 2020  
Registered number: 01108676



# Linden Limited

## Contents

## Page

Directors and advisers .....	1
Strategic report.....	2
Directors' report .....	4
Independent auditors' report .....	7
Income statement.....	9
Balance sheet.....	10
Statement of changes in equity .....	11
Notes to the financial statements .....	12

## **Linden Limited**

### **Directors and advisers**

#### **Directors**

CJ Bates  
KB Carnegie  
G Prothero  
E Sibley  
SJ Teagle

#### **Company Secretary**

Vistry Secretary Limited

#### **Registered office**

11 Tower View  
Kings Hill  
West Malling  
England  
ME19 4UY

#### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
40 Clarendon Road  
Watford  
Hertfordshire  
WD17 1JJ

#### **Bankers**

Barclays Bank plc  
15 Colmore Row  
Birmingham  
B3 2WN

HSBC Bank plc  
70 Pall Mall  
London  
SW1Y 5EZ

## **Linden Limited**

### **Strategic report for period ended 31 December 2020**

The directors present their strategic report Linden Limited ("the Company"), for the 18-month period ended 31 December 2020.

#### **Business review**

The principal activities of the Company are residential property development on sites within the United Kingdom.

The 18-months period to 31 December 2020 has been a period of significant change for the Company. The Covid-19 pandemic impacted the Company significantly, due to successive UK lockdowns and the closure of developments for a period during the first half of the 2020 calendar year. During the period, the Company entered into a business transfer agreement with Vistry Homes Limited whereby the beneficial interest in a significant quantity of the business' assets and liabilities were transferred to Vistry Homes Limited at net book value. The consideration for this business transfer was unpaid at the end of the period and is shown as an intercompany receivable on the balance sheet.

The Company is based in England. The Company's principal operating and financial risks and key performance indicators are integrated with those of the Group. These are set out in the 2020 Annual Report of The Group.

The loss for the 18-month period after taxation was £16,722k (year ended 30 June 2019: profit of £69,775k). A dividend of £55,300k was paid in the period (2019 paid: £73,314k). The Company has net assets of £115,293k (2019: £187,315k).

#### **Covid 19**

During 2020, the Covid-19 pandemic resulted in the closure of developments in the month of March; reopening commenced in April in line with strict guidance and protocol from the Government, Public Health England and the HSE. This site closure impacted the business' ability to build and sell properties in the period of closure, however development sites were not subsequently closed again and therefore subsequent lockdowns did not significantly impact the business.

The Company continues to prioritise the safety, health and wellbeing of its employees, customers and suppliers and seeks to support them during these unprecedented times.

The UK Government has shown commitment to support the housebuilding industry through the national crisis and the Company will seek to utilise this support where appropriate and available to our business.

#### **Future developments and strategy**

The Company aims to deliver market leading performance over the cycle from long term land investment with a focus on building and selling quality family homes. The Company's strategic priorities are as follows:

- Delivering our customers quality new homes and a high level of customer service that meets their expectations throughout their entire journey with Vistry Homes Limited
- Ensuring the health and safety of our people and minimising the accident frequency rate whilst delivering on time, is unequivocally at the core of our business
- Driving enhanced returns for our parent company through increased profitability and return on capital employed.

## **Linden Limited**

### **Strategic report for period ended 31 December 2020 (continued)**

#### **Market conditions and prospects**

The fundamentals of the new build housing market remain positive with strong demand across all operating regions. Interest rates remain low by historical standards and the mortgage market continues to be competitive. Increasing the supply of new homes in the UK remains a key priority for Government and their support for purchasers, in particular through the extension to the Help to Buy Scheme to March 2021 and new Help to Buy Scheme introduced in April 2021. The stamp duty holiday was also extended until 30 June 2021. These schemes have improved access to the housing market through affordable mortgage finance. Whilst the supply of labour in our market remains challenging, the planning environment continues to be positive, supporting a rational market for housing land.

#### **Key Performance Indicators (KPIs)**

The directors of Vistry Group PLC manage the group's operation on a segmental basis. For this reason, the Company's directors believe that the key performance indicators for the company are consistent with those of the [Partnerships] business as set out in the Group's 2020 annual report. The development, performance and position of Vistry Group PLC, which includes the company, is discussed in the Group's 2020 annual report, which does not form part of this report. The Vistry Group PLC annual report is publicly available, refer to note 28 for further details.

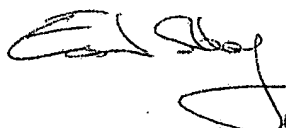
#### **Principal risks and uncertainties**

The principal risk and uncertainties are integrated with that of The Group and are not managed separately. These are discussed within the Group's 2020 annual report.

#### **Corporate and environmental policy**

The Company, in carrying out its business activities is pursuing its commitment to sustainable development and transparent corporate conduct in ethical and social matters, corporate governance, health and safety and the environment.

On behalf of the Board:



E Sibley  
**Director**

21 December 2021

## **Linden Limited**

### **Directors' report for period ended 31 December 2020**

The Directors present their report and audited financial statements for Linden Limited ("the Company"), for the 18-month period ended 31 December 2020.

#### **Results and dividends**

The loss after exceptional items for the period after taxation was £16,722k (year ended 30 June 2019: profit £69,775k). A dividend of £55,300k was paid in the period (2019 paid: £73,314k). The Company has net assets of £115,293k (2019: £187,315k).

The Directors are proposing that there will be no final dividend in respect of the financial period ending 31 December 2020.

#### **Future developments**

Future developments of the Company are covered in the Strategic Report section.

#### **Directors**

The Directors of the Company who were in office during the period and up to the date of signing the financial statements were as stated on page 1, except for the below:

*E Sibley and KB Carnegie were appointed as Directors of the Company on 3 January 2020.*

*CJ Bates was appointed as Director of the Company on 25 June 2021.*

*AR Hammond resigned as Director of the Company on 31 July 2020.*

*AJ Duxbury resigned as Director of the Company on 3 January 2020.*

*M Palmer was appointed as Company Secretary and Galliford Try Secretariat Services Limited resigned as Company Secretary on 3 January 2020. Vistry Secretary Limited was appointed as Company Secretary and M Palmer resigned as Company Secretary on 25 June 2021.*

#### **Qualifying third-party and pension scheme indemnity provisions**

The Group maintains appropriate Directors' and Officers' Liability Insurance on behalf of the directors and Company Secretary. In addition, individual qualifying third-party indemnities are given to the directors and Company Secretary which comply with the provisions of Section 234 of the Companies Act 2006 and were in force throughout the period and up to the date of signing the Annual Report.

#### **Financial risk management**

The Company seeks to manage its capital in such a manner that the Company safeguards its ability to continue as a going concern and to fund its future development. In continuing as a going concern, it seeks to provide returns over the housing market cycle as well as enabling repayment of its liabilities as a trading business. In the course of its business, the Company is exposed to interest rate risk, credit risk and liquidity risk.

The Covid-19 global pandemic has resulted in an uncertain economic environment, particularly in relation to sales demand, though the business has seen positive results as restrictions have been lifted. In accordance with Government guidance the Company has not closed developments since the initial lockdown in March 2020 and therefore continues to trade.

#### **Interest rate risk**

Exposure to interest rate risk arises in the normal course of the Company's business. Interest rate risk would arise from movement in borrowings, overdrafts and amounts owed to related parties. Borrowings issued at variable rates would expose the Company to interest rate risk. Interest rate risk and exposure to change in interest rates is not considered to be a significant risk to the Company.

## **Linden Limited**

### **Directors' report for period ended 31 December 2020 (continued)**

#### **Credit risk**

The Company's exposure to credit risk is limited by the fact that cash is generally received at the point of legal completion of its sales. There are certain categories of revenue where this is not the case: for instance, housing association revenues or land sales. Housing associations are not considered to pose a significant credit risk to the Company.

#### **Liquidity risk**

The Company's banking arrangements are considered to be adequate in terms of flexibility and liquidity for its medium term cashflow needs, thus mitigating its liquidity risk.

#### **Section 172 Statement**

Our key stakeholder groups are our customers, employees, supply chain, local and national government and the communities in which we operate. Throughout the year we conduct a series of planned engagements at a Vistry Group and local level, as well as informal and ad hoc meetings to ensure we are acting in line with our responsibilities under S.172 of the Companies Act 2006.

We're committed to operating fairly, with integrity and with respect for the opinions and perspectives of our stakeholders. A summary of our engagements is outlined in the Vistry Group PLC 2020 annual report and accounts on page 58.

The strong communication and tools employed by the Group help ensure that we get regular feedback and input from our stakeholders so that the Company addresses these factors in decision making.

#### **Going Concern**

The financial statements have been prepared on a going concern basis, which assumes that for the foreseeable future the Company will be able to meet its liabilities as they fall due.

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Vistry Homes Limited. The Directors have received confirmation that Vistry Homes Limited intends to support the Company for at least one year after these financial statements are signed.

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework" and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## **Linden Limited**

### **Directors' report for period ended 31 December 2020 (continued)**

#### **Statement of directors' responsibilities in respect of the financial statements**

The directors 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.

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.

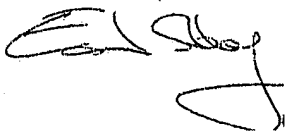
#### **Disclosure of information to independent auditors**

Each person who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006. During the accounting period, PricewaterhouseCoopers LLP were re-appointed as external independent auditors of the Company.

On behalf of the Board:



**E Sibley**  
**Director**

21 December 2021



## **Linden Limited**

Independent auditors' report for period ended 31 December 2020

# ***Independent auditors' report to the members of Linden Limited***

## ***Report on the audit of the financial statements***

### ***Opinion***

In our opinion, Linden Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for 18 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2021; the Income statement and Statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### ***Basis for opinion***

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

### ***Independence***

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### ***Conclusions relating to going concern***

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### ***Reporting on other information***

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### ***Strategic report and Directors' report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

### ***Responsibilities for the financial statements and the audit***

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true

## **Linden Limited**

### **Independent auditors' report for period ended 31 December 2020 (continued)**

and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

#### ***Auditors' 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 auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### ***Use of this report***

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### ***Companies Act 2006 exception reporting***

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

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

We have no exceptions to report arising from this responsibility.



Matthew Mullins (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Watford  
21 December 2021

# Linden Limited

## Income statement for the period ended 31 December 2020

		For the period from 1 July 2019 to 31 December 2020 £'000	Restated For the year ended 30 June 2019 £'000
	Note		
Revenue	2	308,436	733,574
Cost of sales		(285,502)	(575,065)
Gross profit		22,934	158,509
Administrative expenses		(29,649)	(37,035)
Other operating income		2,876	2,921
Operating (loss)/profit		(3,839)	124,395
Income from associated undertakings		4,758	–
Profit before interest and taxation		919	124,395
Finance income	5	9,906	7,777
Finance costs	5	(26,072)	(44,014)
(Loss)/profit before taxation	3	(15,247)	88,158
Income tax expense	6	(1,475)	(18,383)
<b>(Loss)/profit for the financial period</b>		<b>(16,722)</b>	<b>69,775</b>

There are no recognised gains and losses other than those shown in the income statement above and therefore no separate statement of comprehensive income has been presented.

All results are derived from continuing operations.

The notes on pages 12 to 32 are an integral part of these financial statements.

\*2019 results have been restated, please see note 30 for more details.

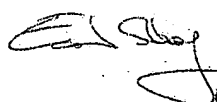
# Linden Limited

## Balance Sheet as at 31 December 2020

		31 December 2020 £'000	Restated 30 June 2019 £'000
	Note		
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill		300	300
Property, plant and equipment	10	–	1,754
Investments in subsidiaries	12	67,289	67,323
Investments in Joint Ventures	13	–	186
Other investments	14	–	59
Deferred tax asset	15	–	40
Trade and other receivables	17	333	190,626
<b>Total non-current assets</b>		<b>67,922</b>	<b>260,288</b>
<b>Current assets</b>			
Developments	16	1,691	615,293
Trade and other receivables	17	712,569	500,220
Cash and cash equivalents	18	1,010	52,373
Current tax asset	19	5,113	–
<b>Total current assets</b>		<b>720,383</b>	<b>1,167,886</b>
<b>Total assets</b>		<b>788,305</b>	<b>1,428,174</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank and other loans	20	–	(626,961)
Trade and other payables	21	(671,878)	(524,386)
Provisions for liabilities and charges	22	(287)	–
Current lease liabilities	11	(601)	–
Current tax liability	23	–	(9,220)
<b>Total current liabilities</b>		<b>(672,766)</b>	<b>(1,160,567)</b>
<b>Non-current liabilities</b>			
Trade and other payables	24	–	(80,292)
Non-current lease liabilities	11	(246)	–
<b>Total non-current liabilities</b>		<b>(246)</b>	<b>(80,292)</b>
<b>Total liabilities</b>		<b>(673,012)</b>	<b>(1,240,859)</b>
<b>Net assets</b>		<b>115,293</b>	<b>187,315</b>
<b>Equity</b>			
Called up share capital	25	30,000	30,000
Retained earnings		85,293	157,315
<b>Total equity</b>		<b>115,293</b>	<b>187,315</b>

The notes on pages 12 to 33 are an integral part of these financial statements. \*2019 results have been restated, please see note 30 for more details.

The financial statements on pages 9 to 33 were approved by the Board of directors on 21 December 2021 and signed on its behalf by:



E Sibley  
Director  
Registered number:01108676

# Linden Limited

## Statement of changes in equity for the period ended 31 December 2020

	Note	Called up share capital £'000	Restated retained earnings £'000	Restated Total £'000
As at 1 July 2018 as previously reported		30,000	170,251	200,251
Impact of prior year restatement	30	–	(9,568)	(9,568)
As at 1 July 2018 restated		30,000	160,683	190,683
Profit for the financial year		–	69,775	69,775
<b>Total comprehensive income for the year</b>		<b>–</b>	<b>69,775</b>	<b>69,775</b>
Transactions with owners in their capacity as owners:				
Share based payments and adjustments		–	171	171
Dividends	9	–	(73,314)	(73,314)
<b>Total transactions with owners, recognised directly in equity</b>		<b>–</b>	<b>(73,143)</b>	<b>(73,143)</b>
<b>As at 30 June 2019</b>		<b>30,000</b>	<b>157,315</b>	<b>187,315</b>
As at 1 July 2019		30,000	157,315	187,315
Loss for the financial period 1 July 2019 to 31 December 2020		–	(16,722)	(16,722)
<b>Total comprehensive expense for the period</b>		<b>–</b>	<b>(16,722)</b>	<b>(16,722)</b>
Dividends	9	–	(55,300)	(55,300)
<b>Total transactions with owners, recognised directly in equity</b>		<b>–</b>	<b>(55,300)</b>	<b>(55,300)</b>
<b>As at 31 December 2020</b>		<b>30,000</b>	<b>85,293</b>	<b>115,293</b>

## **Linden Limited**

Notes to the financial statements for the period ended 31 December 2020

### **1. Accounting policies**

#### **General information**

Linden Limited ("Company") is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 11 Tower View, Kings Hill, West Malling, England, ME19 4UY. Refer to note 28 for details of the immediate and ultimate parent undertaking. The principal activities of the Company are set out on page 2.

The financial statements are measured and presented in pounds sterling as that is the currency of the primary economic environment in which the Company operates. The amounts stated are denominated in thousands (£'000).

#### **Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The financial statements are prepared on the historical cost basis.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' - comparative information in respect of:
  - Paragraph 79(a)(iv) of IAS 1 'Share capital and reserves';
  - Paragraph 73(c) of IAS 16 'Property, plant and equipment'; and
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), 10 (1), 16, 38, 40 A-D, 111, and 134-136.
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'.
- Paragraph 17 of IAS 24, 'Related party transactions' in respect of key management compensation.
- The requirements of IAS 24, 'Related party transactions' to disclose related party transactions entered into between two or more members of a group.
- Paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS15.
- 10 (f) a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

#### **Basis of consolidation**

These separate financial statements contain information about Linden Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent, Vistry Group PLC, a listed company incorporated and domiciled in England and Wales.

## **Linden Limited**

Notes to the financial statements for the period ended 31 December 2020 (continued)

### **1. Accounting policies (continued)**

#### **Impact of standards and interpretations effective for the first time**

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2019:

- Definition of Material - Amendments to IAS1 and IAS8;
- Definition of a Business - Amendments to IFRS 3;
- Interest Rate Benchmark reform - Amendments to IFRS 9, IAS 39 and IFRS 7; and
- Revised Conceptual Framework for Financial Reporting.

#### **Going Concern**

The financial statements have been prepared on a going concern basis, which assumes that for the foreseeable future the Company will be able to meet its liabilities as they fall due.

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Vistry Homes Limited. The Directors have received confirmation that Vistry Homes Limited intends to support the Company for at least one year after these financial statements are signed.

#### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

No individual judgements have been made that have a significant impact on the financial statements, other than those involving estimates, which are outlined below:

#### ***Land held for development and housing work in progress***

The Company holds inventories which are stated at the lower of cost and net realisable value. To assess the net realisable value of land held for development and housing work in progress, the Company completes a financial appraisal of the likely revenue which will be generated when these inventories are combined as residential properties for sale and sold. Where the financial appraisal demonstrates that the revenue will exceed the costs of the inventories and other associated costs of constructing the residential properties, the inventories are stated at cost. Where the assessed revenue is lower, the extent to which there is a shortfall is written off through the income statement leaving the inventories stated at a realisable value. To the extent that the revenues which can be generated change, or the final cost to complete for the site varies from estimates, the net realisable value of the inventories may be different. A

## **Linden Limited**

Notes to the financial statements for the period ended 31 December 2020 (continued)

### **1. Accounting policies (continued)**

#### **Critical accounting judgements and key sources of estimation uncertainty (continued)**

##### *Land held for development and housing work in progress (continued)*

review taking into account estimated achievable net revenues, actual inventory and costs to complete as at 31 December 2020 has been carried out, which has identified no material net movement in the carrying value of the provision. These estimates were made by local management having regard to actual sales prices, together with competitor and marketplace evidence, and were further reviewed by Company management. Should there be a future significant decline in UK house pricing, then further write-downs of land and work in progress may be necessary.

##### *Margin recognition*

The gross margin from revenue generated on each of the Company's individual sites within the year is recognised based on the latest forecast for the gross margin expected to be generated over the remaining life of that site. The remaining life gross margin is calculated using forecasts for selling prices and all land, build, infrastructure and overhead costs associated with that site. There is inherent uncertainty and sensitivity to external forces (predominantly house prices and labour costs) in these forecasts, which are reviewed regularly throughout the year by management.

#### **Summary of significant accounting policies**

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

##### **Revenue**

Revenue is recognised in the income statement when control of each home has passed to the purchaser, which is when legal title is transferred. Revenue in respect of the sale of residential properties is recognised at the fair value of the consideration received or receivable, net of value added tax and discounts, on legal completion. In certain instances, property may be accepted in part consideration for a sale of a residential property. The fair value is established by independent surveyors, reduced for costs to sell. Net sale proceeds generated from the subsequent sale of part exchange properties are recorded as an adjustment to cost of sales. The original sale is recorded in the normal way, with the fair value of the exchanged property replacing cash receipts. Cash incentives are considered to be a discount from the purchase price offered to the acquirer and are therefore accounted for as a reduction to revenue.

The Company applies its policy on contract accounting when recognising revenue and profit on contracts. Revenue and costs are recognised by reference to the stage of completion of contract activity at the balance sheet date. This is normally measured by surveys of work performed to date. When it is probable that the total costs on a construction contract will exceed total contract revenue, the expected loss is recognised as an expense in the Income Statement immediately. The application of this policy requires judgements to be made in respect of the total expected costs to complete for each site. The Company has in place established internal control processes to ensure that the evaluation of costs and revenues is based upon appropriate estimates.

Revenue is recognised on land sales and commercial property sales from the point of unconditional exchange of contracts as long as there are no significant obligations remaining. Where the Company still has significant obligations to perform under the terms of the contract, revenue is recognised when the obligations are performed.

When the Company makes sales to joint ventures in which it owns an interest, it will only recognise revenue and profit in the period of the initial transaction to the extent of third parties' interests in the joint venture. The unrecognised element of revenue and profit will be deferred and released to the income statement when the joint venture has sold the assets to which the original transaction with the Company related. Rental income is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.



## **Linden Limited**

### **Notes to the financial statements for the period ended 31 December 2020 (continued)**

#### **1. Accounting policies (continued)**

##### **Financial risk management**

The Company seeks to manage its capital in such a manner that the Company safeguards its ability to continue as a going concern and to fund its future development. In continuing as a going concern, it seeks to provide returns over the housing market cycle as well as enabling repayment of its liabilities as a trading business. In the course of its business, the Company is exposed to interest rate risk, credit risk and liquidity risk.

Subsequent to year end, the Covid- 19 global pandemic resulted in the cessation of build and closure of the Linden Limited sites for approximately one month in April 2020. Although the site has since reopened, build progress will be impacted by the implementation of new operating procedures to allow social distancing and the availability of building materials. The pandemic also brings an uncertain economic environment, particularly in relation to sales demand, though the business has seen positive results since reopening. In accordance with Government guidance the Company was not required to close its developments during the second lockdown which was announced in November 2020 and therefore continues to trade. Most of the business was transferred to Vistry Homes Limited as a business transfer agreement and therefore there is minimal developments left as at 31 December 2021.

##### **Taxation**

The tax currently payable or receivable is based on taxable profit or loss for the year and any adjustment to tax payable or receivable in respect of previous years. Taxable profit or loss differs from net profit or loss as reported in the income statement because it excludes items or income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability or asset for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from non-tax deductible goodwill, from the initial recognition of assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit, and from differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves.

##### **Developments**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads, not including any general administrative overheads, that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated net selling price less estimated total costs of completion of the finished units.

Land held for development, including land in the course of development until legal completion of the sale of the asset, is initially recorded at cost along with any expected overage. Where, through deferred purchase credit terms, cost differs from the nominal amount which will actually be paid in settling the deferred purchase terms liability, an adjustment is made to the cost of the land, the difference being charged as a finance cost.

## **Linden Limited**

### **Notes to the financial statements for the period ended 31 December 2020 (continued)**

#### **1. Accounting policies (continued)**

##### **Developments (continued)**

Options purchased in respect of land are capitalised initially at cost and written down on a straight-line basis over the life of the option. Should planning permission be granted and the option be exercised, the option is not amortised during that year and its carrying value is included within the cost of land purchased.

Investments in land without the benefit of planning consent, either through purchase of freehold land or non-refundable deposits paid on land purchase contracts subject to residential planning consent, are capitalised initially at cost. Regular reviews are completed for impairment in the value of these investments, and provision made to reflect any irrecoverable element. The impairment reviews consider the existing use value of the land and assesses the likelihood of achieving residential planning consent and the value thereof.

Ground rents are held at an estimate of cost based on a multiple of ground rent income, with a corresponding credit created against cost of sales, in the year in which the ground rent first becomes payable by the leasehold purchaser.

Part exchange properties are held at the lower of cost and net realisable value and include a carrying value provision to cover the costs of management and resale. Any profit or loss on the disposal of part exchange properties is recognised within cost of sales in the Company Income Statement.

##### **Trade and other receivables**

Trade receivables amounts recoverable on contracts and other debtors do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Intercompany receivables are stated at their nominal value including accrued interest. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the age of the outstanding amounts.

##### **Trade and other payables**

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Intercompany payables are stated at their nominal value including accrued interest.

Trade 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. The discount to nominal value which will be paid in settling the deferred purchase terms liability is recognised over the period of the credit term and charged to finance costs using the effective interest rate method.

##### **Cash and cash equivalents**

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

##### **Bank and other loans**

Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of direct issue costs, and subsequently at amortised cost. Finance charges are accounted for on an accrual basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

## **Linden Limited**

Notes to the financial statements for the period ended 31 December 2020 (continued)

### **1. Accounting policies (continued)**

#### **Financing costs**

Financing costs are included in the measurement of borrowings at their amortised cost to the extent that they are not settled in the period in which they arise. The Company is required to capitalise borrowing costs directly attributable to the acquisition, construction, and production of a qualifying asset, as part of the costs of that asset. Inventories which are produced in large quantities on a repetitive basis over a short period of time are not qualifying assets. The Company does not generally produce qualifying assets.

#### **Financing income**

Financing income is recognised as accrued in line with contractual rates of interest on interest bearing balances and capitalised to the balance receivables on the balance sheet until payment is received.

#### **Financial instruments**

##### **Fair values**

There is no material difference between the carrying value of financial instruments shown in the balance sheet and their fair value.

##### **Estimation of fair values**

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

##### *Land purchased on extended payment terms*

When land is purchased on extended payment terms, the Company initially records it at its fair value with a land creditor recorded for any outstanding monies based on this fair value assessment. Fair value is determined as the outstanding element of the price paid for the land discounted to present day. The difference between the nominal value and the initial fair value is amortised over the period of the extended credit term and charged to finance costs using the 'effective interest' rate method, increasing the value of the land creditor such that at the date of maturity the land creditor equals the payment required.

##### *Bank and other loans*

Fair value is calculated based on discounted expected future principal and interest flows.

##### *Trade and other receivables / payables*

Other than land creditors, the nominal value of trade receivables and payables is deemed to reflect the fair value. This is due to the fact that transactions which give rise to these trade receivables and payables arise in the normal course of trade with industry standard payment terms.

#### **Dividends**

Dividend distributions to the parent company are recognised as a liability in the Company's financial statements in the period in which the dividends are approved

#### **Investments**

Investments in subsidiary undertakings and joint ventures are stated at cost less amounts written off.

## **Linden Limited**

Notes to the financial statements for the period ended 31 December 2020 (continued)

### **1. Accounting policies (continued)**

#### **Property, plant and equipment**

Plant, property and equipment is recorded at prime cost less accumulated depreciation. The sub-categories of PPE are depreciated as follows:

- Freehold buildings on a 2% straight line basis;
- Plant and machinery on a 33.3% reducing balance basis; and
- Fixtures and fittings on a 25% reducing basis, other than computer equipment which is depreciated on a straight-line basis over 3 years.

#### **Leases**

The Company recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. For adjustments recognised on adoption of IFRS16 on 1 January 2019, please refer to note 29.

#### **Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

## Linden Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

### 2. Revenue

	Period 1 July 2019 to 31 December 2020 £'000	Restated Year ended 30 June 2019 £'000
<b>Revenue by type</b>		
Private housing	267,280	649,003
Affordable housing	38,773	84,571
Land sales	850	–
Other	1,533	–
	<b>308,436</b>	<b>733,574</b>

#### Disaggregation of revenue

The revenue disaggregation below represents the Company's underlying revenue.

	Period 1 July 2019 to 31 December 2020 £'000	Restated Year ended 30 June 2019 £'000
<b>Timing of revenue recognition</b>		
Over time	38,773	84,571
At a point in time	269,663	649,003
	<b>308,436</b>	<b>733,574</b>

### 3. (Loss)/profit before taxation

	Period 1 July 2019 to 31 December 2020 £'000	Restated Year ended 30 June 2019 £'000
Depreciation of tangible fixed assets	–	405
Depreciation of right-of-use assets	3,422	–
Staff costs	18,419	73,663
Repairs and maintenance expenditure on property, plant and equipment	–	412
Impairment of investments in subsidiary undertakings	31	–

The amount of developments recognised as an expense for the period ended 31 December 2020 is equal to cost of sales of £285,502k (2019: £575,065k).

### 4. Services provided by the Company's auditors

During the period, the Company obtained the following services from the Company's auditors at costs as detailed below:

	Period 1 July 2019 to 31 December 2020 £'000	Restated Year ended 30 June 2019 £'000
Fees payable to the Company's auditors for the audit of the financial statements	31	121

Fees charged by the auditors and their associates during the period in respect of non-audit work was £nil (2019: £nil).

# Linden Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

## 5. Finance income and finance costs

	Period 1 July 2019 to 31 December 2020 £'000	Year ended 30 June 2019 £'000
<b>Finance income</b>		
Intercompany interest	121	–
Income from joint ventures	9,719	7,762
Unwind of discount on shared equity receivables	–	12
Other finance income	66	3
	<b>9,906</b>	<b>7,777</b>
<b>Finance costs</b>		
Intercompany interest	(24,977)	(43,510)
Lease liabilities interest	(240)	–
Other finance cost	(855)	(504)
	<b>(26,072)</b>	<b>(44,014)</b>
<b>Net finance costs</b>	<b>(16,166)</b>	<b>(36,237)</b>

## 6. Income tax expense

	Period 1 July 2019 to 31 December 2020 £'000	Year ended 30 June 2019 £'000
Current tax for the period	–	(16,605)
Adjustments in respect of prior years	(1,435)	(1,730)
Total current tax	(1,435)	(18,335)
Deferred tax credit/(charge) from reversal of timing differences	111	(16)
Deferred tax adjustments in respect of prior years	(151)	(32)
<b>Tax on (loss)/profit</b>	<b>(1,475)</b>	<b>(18,383)</b>

The tax expense for the period is higher than (2019: higher than) the standard rate of corporation tax in the UK for the period ended 31 December 2020 for 19% (2019:19%).

### Reconciliation of effective tax rate

	2020 £'000	Restated 2019 £'000
The differences are explained below:		
(Loss)/profit before taxation	(15,247)	88,158
(Loss)/profit before taxation multiplied by the standard rate of tax in the UK of 19% (2019:19%)	2,896	(16,750)
Effects of:		
Non-deductible expenses	1,092	(10)
Share of LLPs	(285)	555
R&D tax credit	–	808
Other	(12)	(1,254)
Group relief surrendered	(3,580)	–
Non-taxable income	–	30
Adjustments in respect of prior years	(1,586)	(1,762)
<b>Total income tax charge</b>	<b>(1,475)</b>	<b>(18,383)</b>

## Linden Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

### 6. Income tax expense (continued)

#### Factors affecting future tax charge

In the 2021 Budget, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. As at the balance sheet date the increase in the main rate of corporation had not been enacted and therefore it has not been necessary to consider the impact of this proposed rate change.

### 7. Remuneration of directors

The Directors of the Company were employed by Galliford Try Employment Limited (a subsidiary of the former ultimate parent, Galliford Try PLC) for the period 1 July 2019 to 2 January 2020, and at this date employment was transferred to Vistry Homes Limited (a subsidiary of the current ultimate parent, Vistry Group PLC). Any Directors who were appointed after 3 January 2020 have been employed by Vistry Homes Limited in the period of service.

It is not possible to appropriately allocate the remuneration of directors between the entities they provide services to and as such the proportion of directors' remuneration allocable to the Company cannot be reliably estimated.

### 8. Staff numbers and costs

The Company does not have any employees as at 31 December 2020. Staff costs relating to the Company were incurred by Galliford Try Employment Limited for the period 1 July 2019 to 2 January 2020, and by Vistry Homes Limited for the period from 3 January 2020 to 31 December 2020 and then recharged to the Company on an appropriate basis. There were no payments made to Directors during the period.

The total amount recharged for the period in relation to staff costs was £18,419k (30 June 2019: £73,663k).

The monthly average number of employees of the Company, all of whom were engaged in the United Kingdom on the Company's principal activity, together with staff costs, are set out below:

	31 December 2020 Number	30 June 2019 Number
<b>Staff numbers</b>		
Average staff numbers	912	1,025
	912	1,025

### 9. Dividends

	31 December 2020 £'000	30 June 2019 £'000
<b>Equity - ordinary</b>		
Paid: £1.84 per £1 share (2019: £2.44 per £1 share)	55,300	73,314
	55,300	73,314

The Directors are proposing that there will be no final dividend in respect of the financial period ending 31 December 2020.

# Linden Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

## 10. Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>				
As at 1 July 2019	243	1,396	2,783	4,422
Additions	–	–	–	–
Transfers	(243)	(1,396)	(2,783)	(4,422)
<b>As at 31 December 2020</b>	–	–	–	–
<b>Accumulated depreciation</b>				
As at 1 July 2019	104	149	2,415	2,668
Charge for the period	–	–	–	–
Transfers	(104)	(149)	(2,415)	(2,668)
<b>As at 31 December 2020</b>	–	–	–	–
<b>Net book value</b>				
<b>As at 31 December 2020</b>	–	–	–	–
As at 30 June 2019	139	1,247	368	1,754

During the period, the Company entered into a business transfer agreement with Vistry Homes Limited whereby the beneficial interest in a significant quantity of the business' assets and liabilities were transferred to Vistry Homes Limited at net book value.

## 11. Leases

The amounts recognised in the Company Balance sheet were:

	Office Properties £'000	Showhomes properties £'000	Site cabins £'000	Motor vehicles £'000	Total £'000
<b>Right-of-use assets cost</b>					
As at 1 July 2019	7,083	126	2,411	2,935	12,555
Additions	–	–	657	337	994
Modifications	(1,317)	–	–	–	(1,317)
Transfers	(5,766)	(126)	(3,068)	(3,272)	(12,232)
<b>As at 31 December 2020</b>	–	–	–	–	–
<b>Accumulated depreciation</b>					
As at 1 July 2019	–	–	–	–	–
Charge for the period	1,688	74	774	886	3,422
Transfers	(1,688)	(74)	(774)	(886)	(3,422)
<b>31 December 2020</b>	–	–	–	–	–
<b>Net book value</b>					
<b>As at 31 December 2020</b>	–	–	–	–	–
As at 30 June 2019	7,083	126	2,411	2,935	12,555



# Linden Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

## 11. Leases (continued)

Lease liabilities	31 December 2020 £'000	30 June 2019 £'000
Current	601	–
Non-current	246	–
<b>Total lease liabilities</b>	<b>847</b>	<b>–</b>

### Leasing arrangements

Minimum lease payments payable on the Group's leases are as follows:	31 December 2020 £'000	30 June 2019 £'000
Within 1 year	608	–
Between 1 and 2 years	253	–
Between 2 and 3 years	–	–
Between 3 and 4 years	–	–
Later than 5 years	–	–

The amounts recognised in the Company Income Statement were:	31 December 2020 £'000	30 June 2019 £'000
Depreciation of right-of-use assets	3,422	–
Interest expense	240	–
Expense relating to short-term leases	1,082	–
Expense relating to low-value assets	71	–

The total cash outflow for leases in 2020 was £8,363,651 (2019: £nil).

Extension and termination options are included in a number of leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

## 12. Investments in subsidiaries

	Total £'000
<b>Cost</b>	
As at 1 July 2019	71,391
Additions	1,035
<b>As at 31 December 2020</b>	<b>72,426</b>
<b>Aggregate impairment</b>	
As at 1 July 2019	(4,068)
Impairment for the period	(1,069)
<b>As at 31 December 2020</b>	<b>(5,137)</b>
<b>Net book value</b>	
<b>As at 31 December 2020</b>	<b>67,289</b>
As at 30 June 2019	67,323

## Linden Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

### 12. Investments in subsidiaries (continued)

The carrying value of Investments has been reviewed and directors recommended an impairment of £1,069k (2019: £nil).

The Company holds 100% of the ordinary £1 shares in its subsidiaries, unless otherwise stated. All subsidiary companies were incorporated in England and Wales.

The subsidiary undertakings of the Company are:

Name	Principal activity	Proportion of capital held
Chartdale Limited	Dormant	100%
Enhance Interiors Limited	Dormant	100%
Hill Place Farm Developments Limited	Dormant	100%
Linden (Ashlar Court) Limited	Dormant	100%
Linden Cornwall Limited	Dormant	100%
Linden Devon Limited	Dormant	100%
Linden JVCo No6 Limited	Dormant	100%
Linden JVCo No8 Limited	Dormant	100%
Linden JVCo No9 Limited	Dormant	100%
Linden North Limited	Dormant	100%
Linden Properties Western Limited	Dormant	100%
Linden (St Bernard's) Limited	Dormant	100%
Rasen Estates Limited	Dormant	100%
Redplay Limited	Dormant	100%
Rosemullion Homes Limited	Dormant	100%
The Ricardo Community Foundation	Dormant	100%
Vista Portsmouth Limited	Construction of domestic buildings	100%

The registered addresses of all of the above related undertakings are 11 Tower Hill, Kings View, West Malling, Kent, ME19 4UY.

### 13. Investments in joint ventures

	£'000
<b>Cost and Net book value</b>	
As at 1 July 2019	186
Transfers	(186)
<b>As at 31 December 2020</b>	–

During the period, the Company entered into a business transfer agreement with a fellow group subsidiary and sold the beneficial interest in the joint ventures at book value. Whilst the beneficial interest is held by Vistry Homes Limited, Linden Limited remains the legal member of the joint ventures.

## Linden Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

### 13. Investments in joint ventures (continued)

At 31 December 2020 the Company was a legal member in the following joint ventures which are incorporated in England and Wales:

Entity name	Registered office or principal place of business	Ownership interest in ordinary shares %
Beverley South Developments Limited	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Cedar House Securities Limited	8 Gleneagles Court, Brighton Road, Crawley, West Sussex, RH10 6AD	50%
Crest/Vistry (Epsom) LLP	Crest House, Pyrcroft Road, Chertsey, Surrey, KT16 9GN	50%
Evolution Morpeth LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Fairfield Redevelopments Limited	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden (Battersea Bridge Road) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden (Beverley 2) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden (Beverley 3) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden (Beverley) 4 LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden (Beverley) 5 LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden (Beverley) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden (Cawston) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden (Hartfield Road) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden (Highfields Caldecote) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden (Houghton) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden (Rainham) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden (Summerstown) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden (Thurston) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden (Vencourt) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden Barnet LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden and Dorchester Portsmouth Limited	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden Homes (Blackberry Hill) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden Homes (Sherford) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%

## Linden Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

### 13. Investments in joint ventures (continued)

Entity name	Registered office or principal place of business	Ownership interest in ordinary shares %
Linden Homes Westinghouse LLP	Sovereign House, Basing View, Basingstoke, Hampshire, England, RG21 4FA	50%
Linden JV No12 LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden JV No17 LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden JV No18 LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden JV No19 LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden JV No20 LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden Wates (Dorking) Limited	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden Wates (Cranleigh) Limited	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden Wates (Horsham) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden Wates (Kempshott) Limited	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden Wates (Lovedean) Limited	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden Wates (Ravenscourt Park) Limited	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden Wates (Ridgewood) Limited	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden Wates (Salisbury) LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden Wates (The Frythe) Limited	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden Wates (West Hampstead) Limited	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden Wates Developments (Chichester) Limited	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden Wates Developments (Folders Meadow) Limited	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Linden/Downland Graylingwell LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Ramsden Regeneration LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Rissington Management Company Limited	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%
Wilmington Regeneration LLP	11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY	50%

## Linden Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

### 14. Other investments

	£'000
<b>Cost</b>	
As at 1 July 2019	59
Transfers	(59)
<b>As at 31 December 2020</b>	–
<b>Provision for impairment</b>	
As at 1 July 2019	–
Impairment during the period	–
<b>As at 31 December 2020</b>	–
<b>Net book value</b>	
<b>As at 31 December 2020</b>	–
As at 30 June 2019	59

The other investments comprise of shared equity receivables. The shared equity receivables are largely with repayment dates that can vary and variable repayment amounts; provided as part of the sales transaction and are secured by a second legal charge on the related property. The assets are recorded at fair value, being the estimated future receivable by the Company, discounted back to present values.

The fair value of the future anticipated receipts takes into account the directors' view of future house price movements, the expected timing of receipts and credit risk. These assumptions are reviewed at the end of each financial reporting period. The difference between the anticipated future receipt and the initial fair value is credited over the estimated deferred term to finance income, with the financial asset increasing to its full expected cash settlement value on the anticipated receipt date. Credit risk, which is largely mitigated by holding a second charge over the property, is accounted for in determining the fair values and appropriate discount rates are applied. The directors; review the financial assets for impairment at each balance sheet date. During the period there was no impairment (2019: £nil). Disposals in the period of £59,000 (2019: £nil) relate to the repayment of shared equity receivables.

During the period the Company made no new investment in shared equity (2019: £nil). Nothing (2019: £12k) arose on the unwind of the discount applied on initial recognition of the receivables at fair value, which has been shown as finance income in the income statement. The shared equity receivables are secured by a charge over the related property.

### 15. Deferred taxation

Deferred income tax is calculated in full on temporary differences under the liability method using a tax rate of 19.0 % (2019:19.0%).

Deferred income tax assets and liabilities are offset when there is a legal, enforceable right to offset current income tax assets against current income tax liabilities. The net deferred tax position at 31 December 2020 was:

	31 December 2020 £'000	30 June 2019 £'000
Deferred tax asset	–	40

# Linden Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

## 15. Deferred taxation (continued)

The movement in the period in the net deferred income tax account is shown below:

	31 December 2020 £'000	30 June 2019 £'000
As at 1 July 2019 and 1 July 2018	40	88
Income statement:		
Adjustment to prior year's deferred income tax	(151)	(32)
Deferred tax credit/(expense)	111	(16)
<b>As at 31 December 2020 and 30 June 2019</b>	<b>–</b>	<b>40</b>

Deferred income tax assets have been recognised in respect of all the losses and other temporary differences because it is probable that these will be recovered.

## 16. Developments

	31 December 2020 £'000	Restated 30 June 2019 £'000
Work in progress – housing	290	230,136
Land held for development	1,401	385,157
	<b>1,691</b>	<b>615,293</b>

## 17. Trade and other receivables

	31 December 2020 £'000	Restated 30 June 2019 £'000
Amounts falling due within one year:		
Trade debtors	933	71,106
Amounts due from group undertakings	709,008	356,590
Amounts due from joint ventures	–	42,322
Other debtors	1,986	8,612
Recoverable Value-added Tax	–	3,766
Prepayments	642	8,850
Contract assets	–	8,974
	<b>712,569</b>	<b>500,220</b>

Amounts owed by Group undertakings are non-interest bearing, unsecured, have no fixed date of repayment and are repayable on demand.

	2020 £'000	2019 £'000
Amounts falling due in more than one year:		
Trade debtors	–	152,161
Amounts owed from joint ventures	333	38,465
	<b>333</b>	<b>190,626</b>

**Linden Limited**

Notes to the financial statements for the period ended 31 December 2020 (continued)

**18. Cash and cash equivalents**

	31 December 2020 £'000	30 June 2019 £'000
Cash and cash equivalents	1,010	52,373
	<b>1,010</b>	<b>52,373</b>

Cash and cash equivalents comprise of bank balances.

**19. Current tax asset**

	31 December 2020 £'000	30 June 2019 £'000
Corporation tax receivable	5,113	–
	<b>5,113</b>	<b>–</b>

**20. Bank and other loans**

	31 December 2020 £'000	30 June 2019 £'000
<b>Current</b>		
Bank borrowings and overdrafts	–	626,961

The bank overdrafts incurred interest at 2.0% - 2.3% over LIBOR for the year ended 30 June 2019.

**21. Trade and other payables**

	31 December 2020 £'000	Restated 30 June 2019 £'000
Amounts falling due in less than one year:		
Development land payables	122	101,619
Trade creditors	2,538	41,191
Amounts owed to group undertakings	658,509	268,538
Amounts owed to joint ventures	–	25,000
Other taxation and social security	2,660	2,001
Other creditors	330	338
Accruals and deferred income	7,719	59,520
Contract liabilities	–	26,179
	<b>671,878</b>	<b>524,386</b>

Amounts owed by Group undertakings are non-interest bearing, unsecured, have no fixed date of repayment and repayable on demand.

## Linden Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

### 22. Provisions for liabilities and charges

	Site related £'000	Total £'000
As at 1 July 2019	–	–
Charged to Income Statement	287	287
<b>As at 31 December 2020</b>	<b>287</b>	<b>287</b>

Of the total provisions above £287,000 are expected to be utilised within the next year (2019: £nil).

### 23. Current tax liability

	31 December 2020 £'000	30 June 2019 £'000
Corporation tax payable	–	9,220
	–	9,220

### 24. Trade and other payables

	31 December 2020 £'000	Restated 30 June 2019 £'000
Amounts falling due in more than one year:		
Development land payables	–	46,846
Accrued liabilities and deferred income	–	6,977
Government grants	–	26,403
Other trade creditors	–	66
	–	80,292

### 25. Called up share capital

	Number of shares	Share capital £'000
<b>Allotted, called up and fully paid</b>		
As at 1 July 2019	30,000,000	30,000
Issued during the period	–	–
<b>As at 31 December 2020</b>	<b>30,000,000</b>	<b>30,000</b>

### 26. Related party transactions

The Company has taken advantage of the exemptions within FRS101 not to disclose transactions and balances with Vistry Group PLC and its wholly owned subsidiaries, on the grounds that the Company itself is a wholly owned subsidiary of Vistry Group PLC, for which the consolidated financial statements are publicly available.

### 27. Post balance sheet events

There are no post balance sheet events.



## Linden Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

### 28. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Vistry Linden Limited which is registered in England and Wales. The ultimate parent undertaking and controlling party is Vistry Group PLC. The smallest and largest Company to consolidate these financial statements is Vistry Group PLC. The consolidated financial statements of this Company are available to the public and may be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.

### 29. Change in accounting policy

The note explains the impact of the adoption of IFRS16 'Leases' on the Company's financial statements and discloses new accounting policies that have been applied from 1 July 2019.

The Company has adopted IFRS16 prospectively from 1 July 2019 and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

On adoption of IFRS16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.5%.

	31 December 2020 £'000	30 June 2019 £'000
Operating lease commitments disclosed as at 30 June 2019	14,392	–
Discounted using the lessees incremental borrowing rate of at the date of initial application	(612)	–
(Less): short term leases recognised on a straight-line basis	(1,082)	–
Other operating income	(93)	–
<b>Lease liabilities recognised as at 1 July 2019</b>	<b>12,605</b>	<b>–</b>
Of which are:		
Current lease liabilities	4,623	–
Non-current lease liabilities	7,982	–
<b>Total lease liabilities as at 1 July 2019</b>	<b>12,605</b>	<b>–</b>

The recognised right-of-use assets at cost relate to the following types of assets:	2020 £'000	2019 £'000
Office properties	–	7,083
Show home properties	–	126
Site cabins	–	2,411
Motor vehicles	–	2,935
<b>Total right-of-use assets</b>	<b>–</b>	<b>12,555</b>

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

Right-of-use - increase by	12,555k
Lease liabilities - increase by	12,605k
The net impact on retained earnings on 1 July 2019 was nil.	

## Linden Limited

Notes to the financial statements for the period ended 31 December 2020 (continued)

### 29. Change in accounting policy (continued)

#### *Practical expedients applied*

In applying IFRS16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

### 30. Prior year restatement

The financial results and position of the Company have been restated for the prior period (1 July 2018 to 30 June 2019) in order that Linden Barnet LLP is correctly excluded from Linden Limited's financial statements, leading to a £9,568k reduction in the opening retained earnings as at 1 July 2018. The 2019 closing values were also restated to remove the financial information of Linden JV No12 LLP, Linden JV No17 LLP, Linden (Highfields Caldecote) LLP and Linden (Thurston) LLP as at 30 June 2019 in addition to Linden Barnet LLP, leading to a further £6,601K reduction in retained earnings. In the 2019 published financial statements, these five subsidiaries were erroneously consolidated into the Company's financial statements. The prior year restatement is in accordance with IAS 8 relating to correction of errors in previous periods. These adjustments meant that the balance sheet for prior periods was overstated by a total of £16,169k and have had the following impact on the balance sheet and income statement:

Balance sheet	Restated 30 June 2019 £'000	Decrease £'000	30 June 2019 As previously stated £'000
Developments	615,293	(42,480)	657,773
Trade and other receivables	500,220	(12,096)	512,316
<b>Current assets</b>	<b>1,115,513</b>	<b>(54,576)</b>	<b>1,170,089</b>
Trade and other payables	(524,386)	31,600	(555,986)
<b>Current liabilities</b>	<b>(524,386)</b>	<b>31,600</b>	<b>(555,986)</b>
Trade and other payables	(80,292)	6,807	(87,099)
<b>Non-current liabilities</b>	<b>(80,292)</b>	<b>6,807</b>	<b>(87,099)</b>
Retained earnings	157,315	(16,169)	173,484
<b>Equity</b>	<b>157,315</b>	<b>(16,169)</b>	<b>173,484</b>

**Linden Limited**

Notes to the financial statements for the period ended 31 December 2020 (continued)

**30. Prior year restatement (continued)**

Income statement	Restated		30 June 2019
	30 June 2019	Decrease	As previously stated
	£'000	£'000	£'000
Revenue	733,574	(24,858)	758,432
Cost of sales	(575,065)	18,252	(593,317)
Administrative expenses	(37,035)	5	(37,040)
Income from shares in group undertakings	2,921	–	2,921
Financial income	7,777	–	7,777
Financial expense	(44,014)	–	(44,014)
<b>Profit before tax</b>	<b>88,158</b>	<b>(6,601)</b>	<b>94,759</b>