

Elan Homes Limited

Annual report and financial statements

Registered number 03215914

Period Ended 30 December 2018



Contents

Strategic report	1
Directors' report	2
Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements	3
Independent auditor's report to the members of Elan Homes Limited	4
Profit and Loss Account and Other Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes	10

Strategic report

Principal Activity

The company's principal activity during the period was that of house building.

On 31 January 2018 the company changed its year end from 31 October to the end of December. As a result these financial statements are drawn up for the 14 months to 30 December 2018 and the comparatives are for the 12 months to 31 October 2017.

Risks and Uncertainties

The principal risks and uncertainties facing the company are:

- The UK economy and consumer confidence in the period up to and following an exit from the European Union;
- The continued support for the house building industry from initiatives such as Help to Buy;
- The availability of new land opportunities to support the growth of the business;
- The delays that are being experienced across the industry in gaining planning decisions prior to land purchases as well as the completion of section agreements to enable site works to commence;
- The availability of subcontractors and skilled trades; and
- The retention of staff and the ability to attract high calibre employees in order to deliver our strategy.

None of the above are considered to be a significant threat at present to the performance of the business.

Key Performance Indicators

The key performance indicators for the company for the 14 months ended 30 December 2018 were:

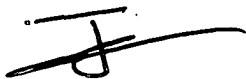
- Units sales – 162 legal completions (*12 months to 31 October 2017: 122*)
- Average price – the average price was £303,000 (*12 months to 31 October 2017: £286,000*)
- Gross profit margin – the gross margin was 26.8% (*12 months to 31 October 2017: 35.3%*)
- Operating margin – the operating margin was 13.3% (*12 months to 31 October 2017: 22.5%*)

Development of the business and position at the end of the period

During the period the company recorded a turnover of £49.3m (*12 months to 31 October 2017: £34.9m*) and an operating profit of £6.6m (*12 months to 31 October 2017: £7.8m*). Help to Buy continues to have a positive impact on the house building industry generating 48 completions for the company in the period (*12 months to 31 October 2017: 33*) and this trend is expected to continue in its current format until 5 April 2020 and in its revised format for first time buyers only thereafter. During the period the company acquired a number of new sites to complement the existing sites for the delivery of legal completions in 2019 and beyond. The company continues to search for new land opportunities to build houses within the target areas of the North West and North Wales

The company's profit for the period was £4.9m (*12 months to 31 October 2017: £6.2m*) and the net assets as at 31 December 2018 were £13.9m (*31 October 2017: £19.0m*).

By order of the board



J Kendrick
Director
1 April 2019

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

Directors' report

Proposed dividend

On 23 May 2018 an interim dividend of £10,000,000 was declared which was paid on 31 May 2018.

The directors do not recommend the payment of a final dividend.

Directors

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

A Bravington

P Halliwell

J Kendrick

R Rafferty – appointed on 31 January 2018

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

Political contributions

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

Disclosure of information to auditor

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

Other information

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

Auditor

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

By order of the board



A Bravington
Secretary
1 April 2019

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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



KPMG LLP
8 Princes Parade
Liverpool
L3 1QH
United Kingdom

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

Opinion

We have audited the financial statements of Elan Homes Limited ("the company") for the period ended 30 December 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

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

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

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

Going concern (*continued*)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

The purpose of our audit work and to whom we owe our responsibilities

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



Will Baker (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH
3 April 2019

Profit and Loss Account

for the 14 months to 30 December 2018

	Note	14 months to 30 December 2018 £000	12 months to 31 October 2017 £000
Turnover	2	49,314	34,855
Cost of Sales		(36,096)	(22,547)
Gross Profit		13,218	12,308
Sales overheads		(1,176)	(709)
Administrative expenses		(5,472)	(3,751)
Operating profit	3-5	6,570	7,848
Interest receivable	6	1	1
Interest payable and similar charges	7	(547)	(260)
Profit on ordinary activities before taxation		6,024	7,589
Tax on profit on ordinary activities	8	(1,150)	(1,412)
Profit for the period		4,874	6,177

Other Comprehensive Income

for the 14 months to 30 December 2018

	Note	14 months to 30 December 2018 £000	12 months to 31 October 2017 £000
Profit for the period		4,874	6,177
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income for the period		4,874	6,177

The notes on pages 10 to 19 form part of these financial statements.

Balance Sheet
at 30 December 2018

	Note	30 December 2018 £000	31 October 2017 £000
Current Assets:			
Stocks	9	22,776	24,245
Debtors: amounts falling due within one year	10	18,815	446
Debtors: amounts falling due after one year	10	47	-
Cash at bank and in hand	11	1,517	6,002
		<u>43,155</u>	<u>30,693</u>
Creditors: Amounts falling due within one year	12	(29,298)	(11,710)
		<u>13,857</u>	<u>18,983</u>
Net Assets		13,857	18,983
Capital and Reserves			
Called up share capital	16	1,000	1,000
Profit and loss account		12,857	17,983
		<u>13,857</u>	<u>18,983</u>
Shareholder's funds		13,857	18,983

These financial statements were approved by the board of directors on 1 April 2019 and were signed on its behalf by:



J Kendrick
Director



A Bravington
Director

Company registered number: 3215914

The notes on pages 10 to 19 form part of these financial statements.

Statement of Changes in Equity

	Called up share capital £000	Profit and Loss Account £000	Total Equity £000
Balance at 1 November 2016	1,000	11,806	12,806
Total comprehensive income for the period			
Profit or loss	-	6,177	6,177
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	6,177	6,177
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity			
Total contributions by and distributions to owners	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 October 2017	1,000	17,983	18,983
Total comprehensive income for the period			
Profit or loss	-	4,874	4,874
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	4,874	4,874
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity			
Dividend paid	-	(10,000)	(10,000)
	<hr/>	<hr/>	<hr/>
Balance at 30 December 2018	<u>1,000</u>	<u>12,857</u>	<u>13,857</u>

The notes on pages 10 to 19 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Elan Homes Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The directors of the Company’s believe that the Company has adequate financial resources and is well placed to manage its business risks successfully and continue in operational existence for at least the next 12 months from the date of these financial statements. As a result the financial statements of the Company have been prepared on a going concern basis. The financial statements of Amber Residential Properties Limited can be obtained from 2nd Floor, Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ.

1.3 Classification of financial instruments issued by the Company

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

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

Notes (continued)

1 Accounting policies (continued)

1.3 Classification of financial instruments issued by the Company (continued)

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

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

1.4 Basic financial instruments

Trade and other debtors / creditors

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

Interest-bearing borrowings classified as basic financial instruments

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

1.5 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Land stock is recorded at cost and the carrying amount is reviewed regularly by the directors for any evidence of impairment, taking into account factors such as opportunity for development and status of planning permissions. Similarly, work in progress is recorded at cost and its recoverability is reviewed regularly throughout the year with reference to the current market sales prices that are expected to be received and forecast costs to complete.

1.6 Turnover

Turnover represents amounts (excluding value added tax) derived from the sale of residential properties and land which is recognised on the day in which completion takes place. Turnover excludes value added tax.

1.7 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred taxation is not provided on timing differences arising from the revaluation of fixed assets in the financial statements. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future renewal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

1.8 Provisions

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Notes (continued)

1 Accounting policies (continued)

1.9 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

2 Turnover

	14 months to 30 December 2018 £000	12 months to 31 October 2017 £000
By activity		
Sale of residential properties	49,041	34,855
Sale of land and property assets	273	-
	<hr/> 49,314	<hr/> 34,855
	<hr/> <hr/>	<hr/> <hr/>
By geographical market		
United Kingdom	49,314	34,855
	<hr/> <hr/>	<hr/> <hr/>

3 Expenses and auditor's remuneration

	14 months to 30 December 2018 £000	12 months to 31 October 2017 £000
Included in profit / (loss) are the following:		
<i>Auditor's remuneration:</i>		
Audit of these financial statements	20	11
Other services	56	-
	<hr/> 76	<hr/> 11
	<hr/> <hr/>	<hr/> <hr/>

4 Staff numbers and costs

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

	14 months to 30 December 2018 No.	12 months to 31 October 2017 No.
Directors	4	4
Administration	37	42
Sales	9	11
Construction	27	26
	<hr/> 77	<hr/> 83
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	14 months to 30 December 2018 £000	12 months to 31 October 2017 £000
Wages and salaries	4,570	4,630
Social security costs	497	458
Contributions to defined contribution plans	170	140
	<u>5,237</u>	<u>5,228</u>

5 Directors' remuneration

	14 months to 30 December 2018 £000	12 months to 31 October 2017 £000
Directors remuneration	764	483
Company contributions to money purchase pensions plans	23	31
	<u>787</u>	<u>514</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director in the 14 months to 30 December 2018 was £307,000 (12 month to 31 October 2017: £195,000), and company pensions contributions of £9,000 (12 month to 31 October 2017: £14,000) were made to a money purchase scheme on his behalf.

	14 months to 30 December 2018 No.	12 months to 31 October 2017 No.
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	3
	<u>3</u>	<u>3</u>

6 Interest receivable

	14 months to 30 December 2018 £000	12 months to 31 October 2017 £000
Total other interest payable and similar charges	1	1
	<u>1</u>	<u>1</u>

7 Interest payable

	14 months to 30 December 2018 £000	12 months to 31 October 2017 £000
Interest payable on bank loans and overdrafts	547	260
	<u>547</u>	<u>260</u>

Notes (continued)

8 Taxation

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

	14 months to 30 December 2018 £000	12 months to 31 October 2017 £000
Current tax		
Current tax on income for the period	1,193	1,412
Adjustments in respect of prior periods	4	-
	<hr/>	<hr/>
Total current tax	1,197	1,412
Deferred tax (see note 14)		
Origination and reversal of timing differences	(47)	-
Change in tax rate	-	-
	<hr/>	<hr/>
Total deferred tax	(47)	-
	<hr/>	<hr/>
Total tax	1,150	1,412
	<hr/> <hr/>	<hr/> <hr/>

	£000	£000	14 months to 30 December 2018 £000	£000	£000	12 months to 31 October 2017 £000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	1,197	(47)	1,150	1,412	-	1,412
Recognised in other comprehensive income	-	-	-	-	-	-
Recognised directly in equity	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total tax	1,197	(47)	1,150	1,412	-	1,412
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Analysis of current tax recognised in profit and loss

	14 months to 30 December 2018 £000	12 months to 31 October 2017 £000
UK corporation tax	1,150	1,412
	<hr/>	<hr/>
Total current tax recognised in profit and loss	1,150	1,412
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

8 Taxation (continued)

Reconciliation of effective tax rate

	14 months to 30 December 2018 £000	12 months to 31 October 2017 £000
Profit for the period	4,878	6,177
Total tax expense	1,146	1,412
	<hr/>	<hr/>
Profit excluding taxation	6,024	7,589
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (12 months to 31 October 2017: 19.42%)	1,145	1,474
Expenses not deductible for tax purposes	44	(62)
Timing differences not recognised in the computation	(47)	-
Adjustments in respect of a prior period	4	-
	<hr/>	<hr/>
Total tax expense included in profit or loss	1,146	1,412
	<hr/>	<hr/>

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. Further reductions to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

9 Stocks

	30 December 2018 £000	31 October 2017 £000
Work in progress	22,776	24,245
Part exchange properties	-	-
	<hr/>	<hr/>
	22,776	24,245
	<hr/>	<hr/>

Notes (continued)

10 Debtors

	30 December	31 October
	2018	2017
	£000	£000
Amounts owed by group undertakings	17,909	-
Other debtors	377	289
Deferred tax asset (see note 14)	47	-
Prepayments	529	157
	<hr/>	<hr/>
	18,862	446
	<hr/>	<hr/>
Debtors: amounts falling due within one year	18,815	446
Debtors: amounts falling due after one year	47	-
	<hr/>	<hr/>
	18,862	446
	<hr/>	<hr/>

11 Cash and cash equivalents / bank overdrafts

	30 December	31 October
	2018	2017
	£000	£000
Cash at bank and in hand	1,517	6,002
	<hr/>	<hr/>

12 Creditors: amounts falling due within one year

	30 December	31 October
	2018	2017
	£000	£000
Bank loans and overdrafts (see note 13)	8,000	200
Payments received on account	181	263
Trade creditors	1,938	3,077
Amounts owed to group undertakings	10,462	494
Taxation and social security	196	164
Corporation tax	286	1,165
Accruals and deferred income	8,190	6,252
Interest payable	45	95
	<hr/>	<hr/>
	29,298	11,710
	<hr/>	<hr/>

Notes (continued)

13 Interest-bearing loans and borrowings

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

				30 December 2018 £000	31 October 2017 £000
Secured bank loans				8,000	200
<hr/>					
Terms and debt repayment schedule:					
	Currency	Year of maturity	Repayment schedule	30 December 2018 £000	31 October 2017 £000
Secured bank loans	Sterling	2022	On expiry on 31 October 2022	8,000	200
				<hr/>	<hr/>

Bank loans are shown as being repayable within one year as repayments are dependent upon the timing of plot sales, however, the facilities also enable the loans to be redrawn in respect of work in progress balances in the period up to the expiry of the facility on 31 October 2022. This loan is secured by way of a legal charge over the land and buildings owned.

Interest is paid at commercial rates linked to LIBOR.

14 Deferred tax assets and liabilities

	30 December 2018 £000	31 October 2017 £000
Assets		
Accelerated capital allowances	(25)	-
Other timing differences	(22)	-
	<hr/>	<hr/>
	(47)	-
	<hr/>	<hr/>
Liabilities		
Fixed asset timing differences	-	-
	<hr/>	<hr/>
Net deferred tax (assets) / liabilities	(47)	-
	<hr/>	<hr/>

15 Employee benefits

The Company operates a number of defined contribution pension plans. The total expense relating to these plans in the 14 months ended 30 December 2018 was £170,000 (12 months to 31 October 2017: £140,000).

Notes (continued)

16 Capital and reserves

Share capital

	30 December	31 October
	2018	2017
	£000	£000
Allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	1,000	1,000
	<u> </u>	<u> </u>
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	1,000	1,000
	<u> </u>	<u> </u>
	1,000	1,000
	<u> </u>	<u> </u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

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

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	30 December	31 October
	2018	2017
	£000	£000
Less than one year	109	169
Between one and five years	80	138
	<u> </u>	<u> </u>
	189	307
	<u> </u>	<u> </u>

During the 14 months ended 30 December 2018 £303,000 was recognised as an expense in the profit and loss account in respect of operating leases (12 months to 31 October 2017: £295,000).

18 Contingent Liabilities

The company has entered into a cross guarantee and debenture covering some but not all, of the bank and loan note borrowings of other companies in the Group amounting to £8,000,000 (31 October 2017: £800,000). Elan Homes Limited considers this cross guarantee to be an insurance arrangement.

Notes (continued)

19 Related Parties

Amber REI Holdings Limited

Amber REI Holdings Limited is related to the company by a common director and common ultimate ownership.

During the 14 months ended 30 December 2018 the company has recharged costs of £37,687 to Amber REI Holdings Limited. There were no such transactions in the year ended 31 October 2017.

During the 14 months ended 30 December 2018 Amber REI Holdings Limited has recharged to the company costs of £1,459. There were no such transactions in the year ended 31 October 2017.

As at 30 December 2018 Amber REI Holdings Limited owed the company £nil (31 October 2017: £nil).

20 Ultimate Parent Company and Ultimate Controlling Parties

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

The ultimate controlling parties are RS Boparan and BK Boparan.