Linden and Dorchester Portsmouth Limited

Annual report and Financial statements
for the year ended 30 June 2021
Registered Number: 04084134

Linden and Dorchester Portsmouth Limited

Contents

Linden and Dorchester Portsmouth Limited

Officers and professional advisors

Directors

I Amdur
D Maddox
G Silver
P Silver
M Flood
D McLaughlin

Company Secretary

Vistry Secretary Limited

Registered Office

11 Tower View
Kings Hill
West Malling
Kent
England
ME19 4UY

Independent Auditors

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

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Linden and Dorchester Portsmouth Limited

Strategic report for the year ended 30 June 2021

The directors present their strategic report for Linden and Dorchester Portsmouth Limited ("the Company"), for the year ended 30 June 2021.

Review of business

The Company's principal activity is the holding of available for sale shared equity properties.

Principal risks, uncertainties and key performance indicators

The business and the execution of the Company's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties affecting the company are considered to relate to the strength and volatility of the UK housing market. This includes changes to the UK housing market and the economic cycle affecting consumer confidence and the availability of mortgage finance. The directors monitor Government and Industry data on housing prices, sales volumes and construction commencement data thus enabling anticipation of market changes and facility to adjust build programmes, sales releases and purchaser incentives accordingly. Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

General

The Company's loss for the financial year was £15,000 (2020: profit £17,000), which has been deducted from reserves.

On behalf of the board

D Maddox
Director
19 November 2021

Linden and Dorchester Portsmouth Limited

Directors' report for the year ended 30 June 2021

The directors present their report and audited financial statements of Linden and Dorchester Portsmouth Limited (" the Company"), registered number 04084134 for the year ended 30 June 2021.

Future developments

The company plans to sell its holdings in its available for sale financial assets as set out in the strategic report. Unless any further sites are acquired, the Company will then cease to trade.

Brexit

The United Kingdom's separation from the European Union on 31 January 2020 has had no material impact on the Company.

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 accordance 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 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.

Dividends

The directors do not recommend the payment of a dividend (2020: £nil).

Financial risk management

The Company's operations expose it to a variety of financial risks, including the effects of credit risk, liquidity risk, cash flow risk and interest rate risk. The potential impact of these financial risks is monitored by directors during board meetings.

Where appropriate, credit checks are made prior to the acceptance of a new customer and these are reviewed on a periodic basis together with ongoing checks in respect of existing customers. Reviews of the debtors' ledger are carried out with the finance and sales teams and action initiated, as appropriate, to collect any overdue amounts, thus optimising the company's liquidity position.

The rates of interest earned or paid on the cash balances and loans and overdrafts are monitored on an ongoing basis with regular reviews of the banking arrangements. Deposits, loans and overdrafts are made with reference to these facilities, in conjunction with projections of future cash requirements.

Directors

The present directors of the Company are set out on page 1, all of whom served throughout the year and up to the date of signing the financial statements, except:

A Hammond resigned as a director of the company on 31 July 2020.

J Chalmers resigned as a director of the company on 21 October 2020.

M Flood and D McLaughlin were appointed as director of the company on 15 June 2021.

Directors (continued)

M Palmer resigned as Company Secretary on 25 June 2021 and was replaced by Vistry Secretary Limited on the same date.

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 Company believes that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the shareholders.

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 International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies act 2006. 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 IFRS in conformity with the requirements of the Companies Act 2006 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware: and
- they have taken all the steps that they ought to have been taken as a director in order to make themselves 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 Section 418 of the Companies Act 2006.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

The directors' report was approved by the board of directors on 19 November 2021 and signed on its behalf by:

D Maddox
Director

Independent auditors' report to the members of Linden and Dorchester Portsmouth Limited

Report on the audit of the financial statements

Opinion

In our opinion, Linden and Dorchester Portsmouth Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 30 June 2021; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year 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

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

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

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

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

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 year ended 30 June 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 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.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation and other legislation specific to the industry in which the entity operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate revenue or expenses and management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

R. Vik

Radek Vik (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
19 November 2021

Linden and Dorchester Portsmouth Limited

Income statement for the year ended 30 June 2021

	Note	2021 £'000	2020 £'000
Cost of sales		**(16)**	–
Gross (loss)/result		**(16)**	–
Other income		**–**	6
Administrative expenses		**(5)**	(5)
Operating (loss)/profit		**(21)**	1
Finance income		**2**	20
(Loss)/profit before taxation	3	**(19)**	21
Tax on (Loss)/profit	5	**4**	(4)
(Loss)/profit for the year		**(15)**	17

There are no recognised gains and losses other than those shown in the income statement above.

There is no material difference between the results shown in the income statement above and their historical cost equivalents for the financial year stated above.

All results are derived from continuing operations.

Linden and Dorchester Portsmouth Limited

Statement of comprehensive income for the year ended 30 June 2021

	2021	2020
	£'000	£'000
(Loss)/profit for the year	(15)	17
Total comprehensive (Expense)/income for the year	(15)	17

Linden and Dorchester Portsmouth Limited

Balance Sheet as at 30 June 2021

	Note	2021 £'000	2020 £'000
Assets			
Non-current assets			
Available for sale financial assets	4	**221**	285
Total non-current assets		**221**	285
Current assets			
Trade and other receivables	6	**1**	–
Cash and cash equivalents	7	**106**	67
Total current assets		**107**	67
Total assets		**328**	352
Liabilities			
Current Liabilities			
Borrowings	9	**(1,960)**	(1,960)
Corporation tax liabilities	5	**–**	(4)
Trade and other payables	8	**(13)**	(18)
Total current liabilities		**(1,973)**	(1,982)
Net current liabilities		**(1,866)**	(1,915)
Total liabilities		**(1,973)**	(1,982)
Net liabilities		**(1,645)**	(1,630)
Equity			
Share capital	11	**–**	–
Share premium	11	**3,525**	3,525
Accumulated losses		**(5,170)**	(5,155)
Total equity		**(1,645)**	(1,630)

The notes on pages 14 to 21 are an integral part of these financial statements.

The financial statements on pages 9 to 21 were approved and authorised by the Board of directors on 19 November 2021 and signed on its behalf by:

D Maddox
Director
Company registered number: 04084134

Linden and Dorchester Portsmouth Limited

Statement of changes in equity for the year ended 30 June 2021

	Share capital £'000	Share premium £'000	Accumulated losses £'000	Total equity £'000
As at 1 July 2019	–	3,525	(5,172)	(1,647)
Total comprehensive income and profit for the year	–	–	17	17
As at 30 June 2020	–	3,525	(5,155)	(1,630)
Total comprehensive expense and loss for the year	–	–	(15)	(15)
As at 30 June 2021	**–**	**3,525**	**(5,170)**	**(1,645)**

Linden and Dorchester Portsmouth Limited

Statement of cash flows for the year ended 30 June 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities continuing operations			
Operating (loss)/profit		**(21)**	1
Adjustments for:			
Loss/(profit) on disposal of available for sale financial assets	4	**16**	(6)
Net cash used in operations before changes in working capital		**(5)**	(5)
Increase in trade and other receivables	6	**(1)**	–
(Decrease)/increase in trade and other payables	8	**(5)**	7
Net (cash used)/ generated from operations		**(11)**	2
Net cash (cash used)/generated from operating activities		**(11)**	2
Cash flows from investing activities			
Proceeds from sale of available for sale financial assets		**50**	22
Net cash generated from investing activities		**50**	22
Net increase in cash and cash equivalents		**39**	24
Cash and cash equivalents at the beginning of the year		**67**	43
Cash and cash equivalents at the end of the year		**106**	67

1. Accounting Policies

General Information

Linden and Dorchester Portsmouth Limited ('the Company') is a Company incorporated and domiciled in United Kingdom (Registered number: 04084134). The address of the registered office is 11 Tower View, Kings Hill, West Malling, Kent, United Kingdom, ME19 4UY.

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

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention. The Company has consistently applied all accounting standards in accordance with the requirements of the Companies Act 2006.

New standards, amendments and interpretations

New standards, amendments and interpretations that became mandatory for the first time for the financial year beginning 1 July 2020 are listed below.

- 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.

The adoption of the above had no impact on the financial statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting period and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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 Company believes that preparing the financial statements on the going concern basis is appropriate due to the continued support of the shareholders.

1. Accounting Policies (continued)

Critical accounting estimates and judgments

The preparation of the 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 judgements about the carrying value of assets and liabilities which 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 revision and future periods if the revision affects both current and future periods. There are no critical judgements in applying the entity's accounting policy.

Finance income and cost

Interest income and expense is recognised on a time proportion basis using the effective interest method.

Dividend policy

Final dividend distribution to the Company's directors is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Current tax

Current income tax is based on the taxable profit for the year. Taxable profit differs from profit before taxation recorded in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted, or substantively enacted, by the balance sheet date.

The Company surrenders tax losses and other allowances by consortium relief to its members. The Company receives no reimbursement for these tax losses.

Share Equity

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months of the balance sheet date. On initial recognition, the asset is recognised at fair value plus transaction costs. Available for sale financial assets are measured at subsequent reporting dates at fair value subject to the exemption in paragraph 46 of IAS39. Gains and losses arising from changes in fair value are recognised directly in equity, until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the year.

The available for sale assets 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 Group, 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 year. 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

1. Accounting Policies (continued)

Share Equity (continued)

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 by comparing the original equity amount against the carrying fair value of the property. An impairment is recognised where the carrying fair value is lower than the original amount.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses 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 days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on historical payment profiles, adjusted to reflect the current and forward-looking information.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts are also included as they are an integral part of the Company's cash management.

Bank deposits with an original term of more than three months are classified as short-term deposits where the cash can be withdrawn on demand and the penalty for early withdrawal is not significant.

Bank and other borrowing

Interest bearing bank loans and overdrafts and other loans are originally recognised at fair value net of transaction costs incurred. Such borrowings are subsequently stated at amortised cost with the difference between initial fair value and redemption value recognised in the income statement over the period to redemption.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest rate method.

Re-financing costs associated with new borrowing arrangements are included within the borrowing amount and amortised over the period of the loan.

Trade payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs using the effective rate. Amounts owed to joint venture partners are stated at their nominal value including accrued interest.

Linden and Dorchester Portsmouth Limited

Notes to the financial statements for the year ended 30 June 2021 (Continued)

2. Employees and directors

There were no employees during the year (2020: nil). The directors did not receive any remuneration for their services during the year (2020: £nil).

3. (Loss)/profit before taxation

The following items have been included in arriving at the loss on ordinary activities before taxation:

Services provided by the Company's auditors

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

	2021	2020
	£'000	£'000
Fees payable to the Company's auditors for the audit of the financial statements	**5**	5

4. *Available for sale financial asset*

	2021	2020
	£'000	£'000
At 1 July	285	281
Disposals	(66)	(16)
Unwind of discount on shared equity receivables	2	20
At 30 June	221	285

The available for sale assets 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 year. 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 by comparing the original equity amount against the carrying fair value of the property. An impairment is recognised where the carrying fair value is lower than the original amount.

During the year, the Company's investment in shared equity receivables decreased by £64,000 (2020: increased by £4,000). £2,000 (2020: £20,000) 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. Disposals of £66,000 (2020: £16,000) took place during the year, generating a loss of £16,000 (2020: profit of £6,000) recognised in cost of sales (2020: other income). The shared equity receivables are secured by a charge over the related property.

Disposals in the year of £66,000 (2020: £16,000) relates to the repayment of shared equity receivables.

5. Tax on (loss)/profit

	2021 £'000	2020 £'000
Current tax on (loss)/profit for the year	(4)	–
Adjustment in respect of prior years:		
Current tax	–	4
Tax (credit)/expense	(4)	4

The total income tax credit for the year of £4,000 (2020: £4,000 expense) is the same as (2020: same as) the blended standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
(Loss)/profit before taxation	(19)	21
(Loss)/profit before income tax multiplied by the blended standard rate in the UK of 19% (2020: 19%)	(4)	4
Unrecognised deferred tax asset	–	–
Adjustments in respect of prior years	–	–
Income tax (credit)/expense	(4)	4

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 there was no deferred tax and therefore it has not been necessary to consider the impact of this proposed rate change.

	2021 £'000	2020 £'000
Corporation tax payable	–	4

6. Trade and other receivables

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Recoverable value-added tax	1	–
	1	–

7. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash and cash equivalents	106	67

8. Trade and other payables

	2021 £'000	2020 £'000
Amounts owed in less than one year:		
Amounts owed to related parties	–	6
Accrued liabilities and deferred income	13	12
	13	18

Accruals and deferred income include £nil (2020: £nil) deferred income. There were no contract liabilities as at 30 June 2021 (2020: £nil).

9. Borrowings

	2021	2020
	£'000	£'000
Unsecured – Loan notes (i)	**1,960**	1,960

(i) The unsecured loan notes are made up as follows:

(a) £1,309,900 (2020: £1,309,900) of loan issued from Linden Limited. The loan stock incurs no interest.

(b) £649,900 (2020: £649,900) of loan issued from Dorchester (Pompey) Limited. The loan stock incurs no interest.

Both loans are repayable on demand.

10. Financial Instruments

The business and the execution of the Company's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties affecting the Company are considered to relate to the strength and volatility of the UK housing market. This includes changes to the UK housing market and the economic cycle affecting consumer confidence and the availability of mortgage finance. The directors monitor Government and Industry data on housing prices, sales volumes and construction commencement data thus enabling anticipation of market changes and facility to adjust build programmes, sales releases and purchaser incentives accordingly.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

Financial risk factors

(a) Market risk

(i) Foreign exchange risk

All material activities of the Company take place within the UK and consequently there is little direct exchange risk.

(ii) Price risk

The Company is affected by the level of UK house prices. These are in turn affected by factors such as mortgage availability, employment levels, interest rates, consumer confidence.

(iii) Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest rate risk arises from movement in cash and cash equivalents and long-term amounts borrowings and or owed to joint venture partners. Borrowings and or amounts owed to joint venture partners issued at variable rates expose the Company to cash flow interest rate risk.

10. Financial instruments (continued)

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits and borrowings with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Company has a credit risk exposure to the providers of its banking facilities. These are primarily provided by Bank of Scotland and management does not expect any material losses from non-performance of any counter parties, including in respect of receivables not yet due.

(c) Liquidity risk

In accordance with IFRS 9 'Financial instruments: recognition and measurement', the Company has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No such embedded derivatives have been identified.

Fair value of financial instruments

The Company's financial instruments comprise of cash and cash equivalents, trade and other receivables excluding prepayments, financial liabilities – borrowings, amounts owed to joint venture partners, trade and other payables excluding deferred income, VAT and social security taxes. There is no difference between the book value and the fair value of the Company's financial assets and financial liabilities.

11. Share capital

	Number of Shares	**Share Premium £'000**
Allotted and fully paid ordinary shares of £1		
At 1 July 2020	210	**3,525**
Movement during the year	–	**-**
At 30 June 2021	210	**3,525**

Number of shares refers to £1 ordinary shares, which are issued and fully paid. There are no shares issued but not fully paid.

12. Related party transactions

At the end of the year, there was £1,309,900 (2020: £1,309,900) loan payable due to Linden Limited and Dorchester (Pompey) Limited, £649,900 (2020: £649,900).

13. Guarantees and contingent liabilities

Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The directors make proper provision in the financial statements when they believe a liability exists. Whilst the outcome of disputes and arbitration is never certain, the directors believe that the resolution of all existing actions will not have a material adverse effect on the Company's financial position.

14. Post balance sheet events

No matters have arisen since the year end that requires disclosure in the financial statements.

15. Controlling party

Linden and Dorchester Portsmouth Limited is jointly owned by Linden Limited and Dorchester (Pompey) Limited with both companies sharing equal control.

The immediate parent undertaking of Linden Limited is Vistry Linden Limited, a company incorporated in England and Wales and the ultimate parent undertaking is Vistry Group plc, a company incorporated in England and Wales.