EDENSTONE HOLDINGS LIMITED

Annual report and consolidated financial statements
for the year ended 30 April 2023

Registered number 04484817

Contents

Strategic report – Edenstone Holdings

In this report the "Group" means Edenstone Holdings Limited and its subsidiaries and the "Company" means Edenstone Holdings Limited.

The directors present their strategic report on the Group for the year ended 30 April 2023.

Principal activity

The principal activities of the Group are house building and land development.

Business review

Key points

- Turnover decreased by 12% to £80.5m (2022: £91.2m)
- 331 total sale completions in the year ended 30 April 2023 (2022: 299)
- Gross margin decreased to 15.7% (2022: 20.2%)
- Acquired new sites in the year totalling £55m Gross Development Value ("GDV")
- Landbank of £190m at 30 April 2023 (2022: £200m)

Housebuilding

Another solid set of numbers was delivered in the year ended 30 April 2023 with turnover at £80.5m (2022: £91m) producing a gross profit of £12.7m. Turnover for the year ended 30 April 2023 included land sales of £nil (2022: £9.2m). Operating profit for the year was £7m (2022: £13.3m including a one-off land profit of £3.1m) and ROCE was 36%, a performance which compares very favourably with similar housebuilding businesses.

There is no doubting that the Group's diversified business model has supported the delivery of a strong set of financial numbers, in spite of the extreme economic and political volatility, both internationally and domestically. The Group benefits from operating across a range of residential housing markets, including affordable housing and rental housing, which typically strengthen when economic conditions tighten, as well as catering for a broad range of buyers in the owner-occupier marketplace, from first-time buyers through to downsizers.

In the UK, the turbulence in financial markets in the wake of the September '22 Mini Budget, early in the short-lived Truss premiership, provided a jolt to reservation rates which had been running at historically high levels.

Fortunately, footfall, reservations, exchanges and completions all returned to more normal levels in the first four months of 2023 taking us through to year end.

On the supply side, the continuing impact of the Ukraine war on energy costs filtered through to higher input costs. Spiralling inflation put pressure on sub-contractors and wage inflation added to the mix – all of which had a negative effect on margins. However, as the year comes to a close, our cost inflation has returned to much more normal levels as competition in our supply chain increases.

On the upside, the challenging conditions played to two of our core strengths:-

- an absolute commitment to highly focussed risk management, which meant we were not taken by surprise, and
- short chains of command which allow us to react quickly to changed conditions.

These strengths, coupled with a strong cash position and low levels of debt, meant we had a strong risk management strategy in place.

At a macro-level, the UK housing market is rarely out of the news but much of the media coverage tends towards the sensational – with "runaway" or "collapsing" prices being the constant subject of speculation. On the ground, we believe the market fundamentals remain strong. Demand significantly outstrips supply and, the UK is still nowhere near meeting the required annual targets for new housing starts. The overheated rental market and the high net immigration figures suggest nothing is likely to change soon.

Land supply has, of course, been highly competitive in recent years but a cooler market means more opportunities. Our growing reputation for flexibility and imagination in the way we put land deals together, and the pace at which we can do them because of our in-house development team capability, will stand us in good stead.

One element which is difficult to combat is the increased delays in securing planning permissions. Tighter regulations, the lack of sufficient local authority resources, coupled with the removal of housing targets, are clearly primary causes of this issue. We are taking steps to mitigate the situation, although it remains one of the challenges for the Group.

During the financial year, the company completed 331 homes, compared with 299 in the year ended April 2022.

As with prior years, the diversity of our product mix meant we were able to cater for a broad market segment – from first time buyers to up-scalers, from those looking for a luxury statement home to downsizers and, of course, across the range, for investors too.

In addition, our PRS deal with Lloyds Bank backed Eden Living also helped smooth some of the bumps in the private market. This bulk sale approach, together with our partnership working to deliver affordable homes with social landlords, is a key element of our risk management strategy and should serve us particularly well as we move into a much tighter market.

Our wider social commitment is delivered through the Edenstone Foundation which receives a proportion of the proceeds from every home sold by the company, with staff also raising funds in aid of the Foundation. Beneficiaries included The Proton Foundation and their Flourish programme, delivering mental health & well-being support and training into junior schools across our area of operation; completion of a project to bring safe water to Kpoguede community in Togo with international children's charity, Compassion and a number of significant DIY SOS-type school projects to improve outdoor play areas.

As we move into the new financial year, we remain inherently cautious about the market and prudent in our planning. We have, however committed to a number of steps which we believe, for relatively modest expenditure, will help to keep us moving forward.

We continue to focus on our zero carbon strategy and this will form a key part of our Group strategy going forward. As part of our strategy we are developing a partnership with energy giant, Octopus, which will see us offering purchasers "zero carbon homes with zero energy bills" for at least five years. This will enable us to accelerate our ability to deliver more sustainable housing and, at the same time, to provide customers with an almost irresistible offer in a world of high energy prices and wider financial volatility.

KPIs

The Group's key financial and other performance indicators during the year were as follows:

	2023	2022
Total house sale completions	331	299
Turnover - £'m	£80.5	£91.2
Operating profit - £'000	£6,955	£13,328
Private forward sales - £'m*	24.8	20.3
Total forward sales - £'m*	35.8	53
ROCE%**	36%	69%

**Forward sales are those reserved or legally exchanged as at 30 April 2023.*

***ROCE is calculated as earnings before interest and tax as a percentage of average capital employed.*

Section 172 Statement

The Board considers the requirements of key stakeholders with a focus on the development of long-term relationships in all areas of the business. As part of their s172 statement, the directors have considered the following key stakeholders:

Stakeholder	***Why they are important and how we engage with them***	***How we consider them in our decision making***
Shareholders	Our shareholders are fully represented on the board and enable the growth of the business. Performance information and business updates are presented and discussed during regular Board meetings throughout the year.	Effective decision making allows the business to achieve its long-term strategy and short-term objectives, generating value for all shareholders. As all shareholders are represented on the Board, the shareholders are involved in all key decisions made by the Group. We provide reports and operational information to the shareholders on a regular basis.
Customers	Our customers are of vital importance to the Group. They are the end user of the houses and developments we are proud to build and we place a great deal of importance on engaging with our customers from initial enquiry to completion and beyond.	We consider changing customer requirements when making decisions such as where to locate our developments, house styles, community facilities etc.
Communities	One of the things that sets the Group apart from other homebuilders, is the community facilities we provide alongside new homes. We are keen to ensure that residents benefit from the additional amenities at the earliest opportunity. Our developments are built with features including feature walking and fitness trails, Community Hubs and allotments. The Community Hub at Parc Ceirw and St Mary's will also boast an indoor gym.	We consult regularly with the communities in which our developments are situated. We consider the needs of the community when planning the amenities that we install at each development. We take pride in the facilities we provide and work hard to ensure that they represent genuine value for the communities they serve.

Stakeholder	*Why they are important and how we engage with them*	*How we consider them in our decision making*
Employees	Our employees are vital in enabling us to achieve our objectives. We pride ourselves on our positive and collaborative working culture.	We hold regular meetings with our employees to update them on current business developments and future plans. Any changes are communicated openly and discussion and feedback around key decisions is actively encouraged.
Suppliers and subcontractors	We have an extensive supply chain of over 250 contractors, trades people and professional services teams, many of whom have worked with us for decades, trust us and are very loyal to our business. We value that greatly.	We are in contact with our suppliers and subcontractors regularly to discuss the latest developments and any operational requirements. We monitor payments to ensure we are settling payments in line with our agreements.
Lenders	Our lenders provide funding for the Group which allows for future growth and development.	We provide regular reports and operational information to our lenders to ensure they are informed of the relevant aspects of our business.

Sustainability

The Group is committed to ensuring the homes and communities it creates are sustainable. Having previously built a zero carbon home, we are investing heavily in zero carbon construction and living, as part of our commitment to the environment. Our aim is that by 2025 every home we build and every community we create will be powered by renewable energy, creating zero carbon new homes across every development.

Our in house master-planners work to ensure we enrich the landscape of the sites we build on. At the heart of this is our "back to nature" policy, with our communities featuring a range of biodiverse areas including wetland habitats, wildflower meadows and other open spaces where residents of our homes can enjoy spending time.

Principal risks and uncertainties

Risk is a natural constituent of any business and the management of risk is a key operating component of the Group. The Group has identified and put in place strategies to mitigate the principal risks and uncertainties faced by the business.

The directors consider that the most significant risks and uncertainties for the Group relate to conditions in the UK economy and the subsequent impact on the housing market. Other risks include delays in the planning system in the UK and the availability of development finance.

The Group is closely monitoring and managing the disruption to its supply chain as a result of current economic conditions. Several materials used in the Group's construction processes have been impacted by constrained availability, extended lead times or higher than normal cost inflation. The Group's strong forward sales pipeline provides the visibility to enable the early procurement of the required building materials and thus mitigating the effects of the supply chain disruption. The Group's mix of private, affordable and private rental sector forward sales provides mitigation against the risk of rising interest rates.
The Company's revolving credit facility is committed to 31 December 2023. Subsequently, the company has put in place a five year £30m revolving credit facility with Heritable Bank which expires in January 2029. The directors monitor and manage cashflows in detail to ensure that sufficient capacity is available in the Company's credit facility to finance the Company's growth plans.

The Group is very active in the land market to ensure that sufficient land is acquired to satisfy the growth objectives. Authorisation of land acquisitions is required by the Board, supported by rigorous acquisition appraisals for all potential land purchases. The Group has also increased its pipeline of Partnerships work which gives us increased confidence on our ability to deliver our medium-term plans and provides a diversification which reduces exposure to market risk.

Approved by the Board on 26th January 2024 and signed on its behalf by:

MJ Taylor
Director

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2023.

Principal activity

The principal activity of the Group is the development and sale of residential properties.

Results, dividends and future developments

The results for the year ended 30 April 2023 are set out in the consolidated profit and loss account on page 13. The results for the period and future developments have been discussed in the Strategic Report on pages 1 to 5.

A dividend of £3,000,000 (*2022: £924,000*) was paid during the year.

Directors

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

JS Taylor
MJ Taylor
SJ Rodden
MJH Holden – Resigned on 27/09/2023
S Shah – Appointed on 27/09/2023

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish the company's auditor is aware of such information.

Streamlined Energy and Carbon Reporting:

The Group's principal business activity is the construction of newbuild dwellings. In order to operate in an environmentally responsible manner, the business is continually considering the wider impact of its activities on the environment and looking at ways to improve and reduce its carbon footprint. The Group invests in reducing the carbon footprint of all homes we sell and see this as a key strategic objective.

Edenstone Group is a company that strives to push the boundaries of quality design and importantly sustainable design. We have tested a number of zero carbon technologies across our developments over the past few years and are now gearing up to take our zero carbon strategy to the next level. With an ambition of constructing zero carbon developments, we have formed a partnership with Octopus Energy to deliver zero-carbon homes to our customers with no energy bills guaranteed by Octopus for five years.

Development Location & Site Layouts

- All of our sites are situated in sustainable locations which offer easy access to local facilities on foot or by bicycle or public transport, where possible we will encourage and promote connection to active Travel Networks.

- Where appropriate our developments will offer a mix of uses and a variety of house sizes and types to ensure they appeal to a wide range of people. Where possible an element of Care or retirement housing will be provided for.
- We are not promoting residential development on areas at risk from flooding. Any land which is at risk from flooding on our sites will be identified for alternative uses, such as parks, wildlife areas and open spaces.
- Sustainable Urban Drainage Systems (SUDS) are incorporated into layout design from inception.
- All properties will have gigabit (gb) ready Broadband and we are currently experimenting with a number of different intelligent heating and electric systems for our houses.
- Green infrastructure across all our developments will drive the scheme design and will be an integral part of the community, providing links within the development and making them accessible from existing surrounding communities.
- Community Food Production areas (allotments or orchards) feature in the majority of our proposals.

Building Layouts & Fabrics

- We will ensure the internal designs of our homes will ensure their efficiency.
- Our homes will also be designed to demand less energy first and foremost. We will be going beyond Part L Building Regulations to build highly insulated homes which will need much less energy to be comfortable and warm and will incorporate thermal mass that helps moderate overheating on hot days but absorbing the warmth to keep rooms cool.
- All homes to be net Zero Carbon (whereby a home's Carbon Credit [energy that is supplied by the home to the grid] is greater than its Carbon Deficit [energy demanded by the home from the grid]) by 2025.
- We are currently rolling out new kitchens across our ranges which are entirely made from recycled materials.

Sustainable Travel and EV Charging

- In appropriate locations, support the introduction of bike hire within a site.
- All designs ensure that a site is well connection by pedestrian and cycle paths to ensure our residents can access local facilities by sustainable means.

In addition, we have reviewed our operational procedures and put in place the following to reduce our carbon footprint both of our office-based and construction site-based activities;

- Upgrading our company car fleet to be majority electric or plug-in hybrid vehicles. We have installed electric charging points at our Head Office and at the majority of our sites to further encourage the use of electric vehicles.
- Retrofitting of our offices to include energy saving devices such as LED lighting
- Set up of a drawing sharing platform to reduce the need to print
- Remote working facilities are set up to allow for reduced travel and utilisation of online meeting facilities.

Energy and carbon reporting for 2023

UK Energy use (kwH)	2,034,732
Associated Greenhouse gas emissions (tonnes CO2 equivalent)	453
Intensity Ratio: Emissions (Tonnes) per 100 sq ft completed homes	0.138

UK Energy use includes the following:

Activity	Source of Information
Electric use	Total kwH used from electricity bills
Natural gas use	Total kwH used from gas bills
Fuel used	Litres of fuel purchased from fuel receipts

By order of the board

MJ Taylor
Director

Building 102
Wales One Business Park
Magor
Monmouthshire
NP26 3DG

26th January 2024

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

Independent auditor's report to the members of Edenstone Holdings Limited

Opinion
We have audited the financial statements of Edenstone Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2023 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

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

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud. In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

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

Azets Audit Services

Andrew Howells (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

Date: 29 January 2024

Chartered Accountants
Statutory Auditor

Ty Derw, Lime Tree Court
Cardiff Gate Business Park
Cardiff
United Kingdom

CF23 8AB

Consolidated profit and loss account
for the year ended 30 April 2023

	Note	2023	2022
		£000	£000
Turnover	2	80,503	91,197
Cost of sales		(67,855)	(72,797)
Gross profit		12,648	18,400
Administrative expenses		(6,020)	(5,193)
Other operating income	3	327	121
Operating profit	3 - 5	6,955	13,328
Interest receivable and similar income	6	22	-
Interest payable and similar expenses	7	(36)	(16)
Profit before taxation		6,941	13,312
Tax on profit	8	(1,226)	(2,487)
Profit and total comprehensive income for the financial year		5,715	10,825

The results shown above relate wholly to continuing operations.

The notes form part of the financial statements.

Consolidated balance sheet
As at 30 April 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
Fixed assets					
Tangible assets	*10*		662		724
Investments	*11*		52		52
			714		776
Current assets					
Stock	*12*	32,476		22,209	
Debtors	*13*	14,086		13,057	
Cash at bank and in hand		5,686		13,194	
		52,248		48,460	
Creditors: amounts falling due within one year	*14*	(29,314)		(14,773)	
Net current assets			22,934		33,687
Total assets less current liabilities			23,648		34,463
Creditors: amounts falling due after more than one year	*15*		(380)		(13,987)
Provision for liabilities: Deferred tax liability	*17*		(77)		-
Net assets			23,191		20,476
Capital and reserves					
Called up share capital	*18*		1,001		1,001
Share premium			1,004		1,004
Profit and loss account			21,186		18,471
Shareholders' funds			23,191		20,476

The notes form part of the financial statements.

These financial statements were approved by the board of directors on 26 January 2024 and were signed on its behalf by:

SJ Rodden
Director

Registered company number: 04484817

Company balance sheet
As at 30 April 2023

	Note		2023		2022
		£000	£000	£000	£000
Fixed assets					
Investments	*11*		20,748		20,748
Current assets					
Debtors	*13*	31		4,098	
Cash at bank and in hand		-		1	
		31		4,099	
Creditors: amounts falling due within one year	*14*	(995)		(2,063)	
Net current assets/ (liabilities)			(964)		2,036
Total assets less current liabilities			19,784		22,784
Creditors: amounts falling due after more than one year	*15*		-		-
Provisions for liabilities					
Deferred tax liability	*17*		-		-
Net assets			19,784		22,784
Capital and reserves					
Called up share capital	*18*		1,001		1,001
Share premium			1,004		1,004
Profit and loss account			17,779		20,779
Shareholders' funds			19,784		22,784

The notes form part of the financial statements.

These financial statements were approved by the board of directors on 26 January 2024 and were signed on its behalf by:

SJ Rodden
Director

Registered company number: 04484817

Consolidated statement of changes in equity
for the year ended 30 April 2023

	Called up share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at 1 May 2021	1,000	1,000	8,570	10,570
Profit for the financial year, being total Comprehensive income for the year	-	-	10,825	10,825
Issue of share capital	1	4	-	5
Dividends paid	-	-	(924)	(924)
Balance at 30 April 2022 and 1 May 2022	1,001	1,004	18,471	20,476
Profit for the financial year, being total comprehensive income for the year			5,715	5,715
Dividends paid	-	-	(3,000)	(3,000)
Balance at 30 April 2023	**1,001**	**1,004**	**21,186**	**23,191**

Company statement of changes in equity
for the year ended 30 April 2023

	Called up share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at 1 May 2021	1,000	1,000	16,693	18,693
Profit for the financial year, being total comprehensive income for the year	-	-	5,010	5,010
Issue of share capital	1	4	-	5
Dividends paid	-	-	(924)	(924)
Balance at 30 April 2022 and 1 May 2022	1,001	1,004	20,779	22,784
Profit for the financial year, being total comprehensive income for the year	-	-	-	-
Dividends paid	-	-	(3,000)	(3,000)
Balance at 30 April 2023	**1,001**	**1,004**	**17,779**	**19,784**

Consolidated cash flow statement

for the year ended 30 April 2023

	2023 £000	2022 £000
Cash flows from operating activities		
Profit/ for the year	5,715	10,825
Adjustments for:		
Depreciation	226	30
Interest payable and similar expenses	36	16
Interest receivable and similar income	(22)	-
Loss on disposal of tangible fixed assets	4	-
Taxation	1,226	2,487
	7,185	13,358
(Increase) in stock	(10,267)	17,381
(Increase) in debtors	(1,134)	(8,381)
(Decrease) in creditors	(422)	(346)
Tax paid	(860)	(65)
Net cash inflow from operating activities	(5,498)	21,947
Cash flows from investing activities		
Purchase of tangible fixed assets	(13)	(50)
Interest received	22	-
Proceeds from sale of investments	-	45
Net cash outflow from investing activities	9	(5)
Cash flows from financing activities		
Interest paid	(36)	(16)
Drawdown of bank and development finance loans	23,093	24,937
Repayment of bank and development finance loans	(21,919)	(32,893)
Repayment of loan notes	-	(868)
Repayment of other loans	(157)	(58)
Dividends paid	(3,000)	(924)
Proceeds from issue of share capital	-	5
Net cash outflow from financing activities	(2,019)	(9,817)
Net (decrease)/increase in cash in the year	(7,508)	12,125
Cash at beginning of year	13,194	1,069
Cash at end of year	5,686	13,194

The notes form part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Edenstone Holdings Ltd (the "Company") is a private company limited by shares and incorporated, domiciled and registered in the UK (Wales).

These group and parent company 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"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- Certain 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 accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

As at 30 April 2023, the group had net current assets of £22,934,000 *(2022: £33,687,000)*, including cash of £5,686,000 *(2022: £13,194.000)*, net assets of £23,191,000 *(2022: £20,476,000)* and reported a profit for the year then ended of £5,715,000 *(2022:£10,825,000)*. The directors have prepared the financial statements on a going concern basis which they consider to be appropriate for the following reasons.

The Group's revolving credit facility was committed to 31 December 2023 Subsequently, the company has put in place a five year £30m revolving credit facility with Heritable Bank which expires in January 2029. The directors monitor and manage the cashflows in detail to ensure sufficient capacity is available in the Company's credit facility to finance the Company's growth plans.

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of the current economic environment on the operations and its financial resources, the Group and Company will have sufficient funds to meet its liabilities as they fall due for that period.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes *(continued)*

1 Accounting policies *(continued)*

Measurement convention

The financial statements have been prepared in accordance with the historical cost convention, except financial liabilities classified at fair value through profit or loss are stated at fair value.

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. 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 interest for a similar debt instrument.

Interest-bearing borrowings

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.

Stocks

Stocks and work in progress are stated at the lower of cost and estimated selling price (less costs to complete and sell). Cost comprises land, site development and construction costs and finance costs.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Finance leases

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the Group's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover

Turnover comprises the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of the group's activities. The group operates a range of legal and contractual structures within its housebuilding and partnerships divisions and these structures are tailored to the land deal and the parties to the contract. Our recognition of revenue reflects the underlying nature of these contracts.

On the sale of private housing, revenue is recognised once unconditional exchange of contracts for the sale of the property takes place and the property is build complete. Where a private development site includes the provision of affordable housing under Section 106 of the Town and Country Planning Act 1990 (as amended), pricing is established in advance and therefore revenue is recognised by reference to the stage of completion, based on regular certification of the works.

For projects with Registered Social Landlords ("RSLs") as partners, revenue is recognised by reference to the percentage of completion based on costs incurred and costs to complete.

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 the costs to sell. Differences between net proceeds received on re-sale and fair value are recorded as a reduction or an increase in cost of sales.

Interest payable

Finance costs that are directly attributable to the development of residential housing are capitalised within work in progress and expensed within cost of sales on the sale of each property included in the residential development. Other finance costs are expensed as they accrue.

Government Grants

Grants relating to revenue are recognised under the accrual method. Grants related to income are recognised on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. Such income is presented as part of profit and loss within other income or credited to the cost category of the cost to which the grant relates. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset.

Taxation

Tax on the profit or loss for the year 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 year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

1 Accounting policies *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 April 2023. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	6 years
Plant & Machinery	-	5 years
Office equipment	-	3 years

Investments

Investments in subsidiary undertakings in the parent company balance sheet are stated at cost less any provision for impairment.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

2 Turnover – Segmental information

Turnover arises entirely within the UK and relates entirely to the principal activity of the group.

3 Expenses and auditor's remuneration

	2023 £000	2022 £000
Included within profit/ loss are the following:		
Auditors' remuneration:		
- audit of these financial statements	9	8
- audit of financial statements of subsidiaries pursuant to legislation	43	38
- other services relating to taxation	7	6
Depreciation of owned tangible fixed assets	226	30
Hire of other assets – rentals payable under operating leases	456	486
Other operating income – rental income and sale of incidental extras packages	(327)	(121)

Notes *(continued)*

4 Remuneration of directors

	2023 £000	2022 £000
Directors' emoluments	**576**	586

The emoluments of the highest paid director were £239,000 (*2022: £244,000*). The directors are considered to be the only key management personnel of the group.

5 Staff numbers and costs

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

	Number of employees	
	2023	2022
Management	**13**	11
Administration	**54**	44
Operations	**102**	93
	169	148

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	**6,534**	7,041
Social security costs	**898**	792
Other pension costs	**128**	116
	7,560	7,949

6 Interest receivable and similar income

	2023 £000	2022 £000
Interest receivable on bank deposits	**22**	-
	22	-

7 Interest payable and similar expenses

	2023 £000	2022 £000
Interest payable on finance lease liabilities	**28**	16
Other interest payable	**8**	
	36	16

Notes *(continued)*

8 Taxation

Total tax recognised in the profit and loss account

	2023 £000	2022 £000
Current tax		
Current tax on income for the period	1,072	782
Adjustments in respect of prior periods	(42)	(71)
Total current tax charge	1,030	711
Deferred tax		
Origination and reversal of timing differences	196	2,268
Change in tax rate	-	(563)
Adjustments in respect of prior periods	-	71
Total deferred tax	196	1,776
Total tax	1,226	2,487

Reconciliation of effective tax rate

	2023 £000	2022 £000
Profit for the year	5,715	10,825
Total tax charge	1,226	2,487
Profit excluding taxation	6,941	13,312
Tax using the UK corporation tax rate of 19.5% (2022: 19%)	1,353	2,529
Fixed timing differences	(8)	(27)
Expenses not deductible for tax purpose	6	-
Recognition of losses previously not recognised	(164)	-
Change in deferred tax rate	39	(15)
Total tax charge included in profit and loss account	1,226	2,487

At 30 April 2023 the group had tax losses of £nil (*2022: £633,000*) in relation to which a deferred tax asset was recognised; see note 17. In the current year the company has utilised these losses.

At 30 April 2023 the group had further tax losses available for set off against future profits of approximately £1.3m (2022: £2.2m). No deferred tax asset has been recognised in respect of these tax losses carried forward at 30 April 2023 due to uncertainty regarding their recoverability,

Factors that may affect future tax charges

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. These changes have a consequential effect on the company's tax charge as the rate has elevated to 25% from 01 April 2023.

Notes *(continued)*

9 Profit for the financial year of the company

The profit for the financial year dealt with in the financial statements of the parent company is as follows:

	2023 £000	2022 £000
Profit for the financial year	-	5,010

In accordance with the provisions of Section 408 of the Companies Act 2006 the company has not published a separate profit and loss account.

10 Tangible fixed assets

Group	Leasehold improvements £000	Office equipment £000	Plant & Machinery £000	Total £000
Cost				
At beginning of year	76	103	854	1,033
Additions	-	-	168	168
Disposals	(4)	-	-	(4)
At end of year	72	103	1,022	1,197
Depreciation				
At beginning of year	50	71	188	309
Charge for the year	14	21	191	226
Released on disposal	-		-	-
At end of year	64	92	379	535
Net book value				
At 30 April 2023	**8**	**11**	**643**	**662**
At 30 April 2022	26	32	666	724

The net carrying amount of assets held under finance leases included in plant and machinery is £552,000 (2022: £541,000).

11 Fixed asset investments

Group

	Other investments £000
Cost & net book value	
At beginning of year	52
Additions	-
Disposals	-
At end of year	52

Notes *(continued)*

11 Fixed asset investments *(continued)*

Company

	Shares in group undertakings £000	Other investments £000	Total £000
Net book value			
At beginning of year	20,696	52	20,748
Additions	-	-	-
Disposals	-	-	-
At end of year	**20,696**	**52**	**20,748**

Other investments, for both the company and the group, are made up of shared equity arrangements in residential dwellings.

The company has an investment in the following subsidiary undertakings, all of which are incorporated in Great Britain and registered in England and Wales:

Subsidiary undertakings	Principal activity	Class and percentage of shares held
Edenstone Limited	Property development	100% ordinary
Edenstone Homes Limited (indirect)	Property development	100% ordinary
Ashgrove Partnership Homes Limited	Property development	100% ordinary
Edenstone Projects Limited	Property development	100% ordinary
Edenstone Developments Limited	Property development	100% ordinary
Edenstone Property Development Limited	Property development	100% ordinary
Ashgrove Groundworks Limited	Property development	100% ordinary
Edenstone Property Ventures Limited	Property development	100% ordinary

All of the above subsidiary undertakings have their registered office at Building 102, Wales One Business Park, Magor, NP26 3DG.

12 Stocks

	Group	
	2023 £000	2022 £000
Land, site development and construction costs	**32,476**	22,209

Changes in stock recognised as cost of sales in the year amounted to £67,855,000 *(2022: £72,845,000)*.

The total carrying amount of stocks pledged as security for liabilities amounted to £20,225,000 *(2022: £25,126,000)*. Stocks include capitalised finance costs of £2,425,000 *(2022: £1,784,000)*. Total borrowing costs released from stock during the year was £2,533,000 (2022: £3,179,000).

Notes *(continued)*

13 Debtors

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade debtors	8,300	12,277		-
Amounts owed by group undertakings	-	-	-	4,084
Other debtors	5,515	534	17	-
Prepayments and accrued income	74	127	-	-
Deferred tax asset (see note 17)	-	119	-	-
VAT receivable	183			
Corporation Tax	14	-	14	14
	14,086	13,057	31	4,098

14 Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade creditors	10,824	10,332	-	-
Bank and development finance loans (see note 16)	14,747			
Amounts owed to group undertakings	-	-	995	2,027
Corporation tax	1,087	902	-	-
Other taxes	339			
Other creditors and accruals	2,181	3,434	-	36
Finance lease liabilities	136	105	-	-
	29,314	14,773	995	2,063

The future minimum lease payments are as follows.

	2023	2022
	£000	£000
Not later than one year	162	128
Later than one year and not later than five years	409	453
	571	581
Less: finance charges	(55)	(62)
Carrying amount of liability	516	519

The finance leases primarily relate to plant and machinery leased from a specialist leasing company. The average lease terms are 4 to 5 years. At the end of the lease terms the company has the option to purchase the assets at the scrap value of the machinery.

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Bank and development finance loans (see note 16)	**-**	13,573	-	-
Finance lease liabilities (see note 14)	**380**	414	-	-
			-	-
	380	13,987	-	-

16 Interest-bearing loans and borrowings

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

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Creditors falling due within one year				
Secured bank and development finance loans	**14,747**	-	-	-
Creditors falling due after more than one year				
Secured bank and development finance loans	-	13,573	-	-

Loans are analysed as falling due

	Group		Company	
	2023	2022	**2022**	2022
	£000	£000	**£000**	£000
In one year or less, or on demand	**14,747**	-	-	-
Between one and two years		13,573	-	-
Between two and five years	-	-	-	-
After more than five years	-	-	-	-
		13,573	-	-

Bank and development finance loans comprises a revolving credit facility with Marshal European Investment Co 1 Sarl. The loan is secured against the assets of the project to which they relate. The facility is used for funding the acquisition and development of housing sites and repaid as those sites are sold through.

The revolving credit facility was a five year facility which ended on 5 January 2024 and disclosed as such. It was replaced by a five year £30m credit facility from Heritable Bank who have taken similar levels of security over the sites that are being funded.

Notes *(continued)*

16. Interest-bearing loans and borrowings *(continued)*

Net Debt

The below is an analysis of changes in net debt from the beginning to the end of the current reporting period:

	Borrowings due within one year £000	Borrowings due after one year £000	Subtotal £000	Cash and cash equivalents £000	Net debt £000
Net debt analysis					
Balance at 1 May 2022	13,573	-	13,573	(13,194)	379
Cash flows	1,174	-	1,174	7,508	8,682
Balance at 30 April 2023	14,747	-	14,747	(5,686)	9,061

17 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	**Assets 2023 £000**	**2022 £000**	**Liabilities 2023 £000**	2022 £000	**Net 2023 £000**	2022 £000
Unused tax losses	-	157	-	-	-	157
Loan fair value adjustments	-	-	-	-	-	-
Short term timing differences	-	62	(78)	1	(78)	63
Fixed asset timing differences	-	(18)	1	(83)	1	(101)
Other	-	-	-	-	-	-
Tax assets / (liabilities)	-	201	(77)	(82)	(77)	119

18 Share capital

	2023 £000	2022 £000
Allotted, called up and fully paid		
800,000 *(2022: 800,000)* Ordinary shares of £1 each	800	800
200,000 (*2022: 200,000*) A Ordinary shares of £1 each	200	200
52,632 (*2022: 52,632*) B Shares of £0.01 each	1	1
	1,001	1,001

The holders of ordinary shares and A 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.

B shares do not carry any voting rights. The right to a distribution is dependent upon certain conditions as depicted within the articles of association.

Notes *(continued)*

19 Operating leases

Non-cancellable operating lease rentals are payable by the group as follows:

	2023		2022	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Less than one year	**122**	**229**	45	291
Between one and five years	**384**	**183**	152	286
More than five years	**-**	**-**	-	-
	506	**412**	198	577

20 Related party disclosures

During the year, Eden Living Properties Limited acquired properties from Edenstone Homes Limited for a consideration of £30,723,000. The balance outstanding at 30 April 2023 was £4,742,000. Stuart Rodden is a director of Eden Living Properties Limited.

During the year, Green Borough Holdings Limited acquired 3 plots from Edenstone Homes Limited for a consideration of £826,000. The balance outstanding at 30 April 2023 was £nil. Green Borough Holdings Limited is controlled and owned by Martin Taylor, a director of Edenstone Homes Limited.

21 Financial Commitment

As at 30 April 2023, Edenstone Holdings Limited had outstanding charges to Marshal European Co secured against all shares owned by Edenstone Holdings Limited in Edenstone Limited and its related rights. This was satisfied on 5 January 2024.

On 05 January 2024, Heritable Development Finance Limited registered a fixed and floating charge over all the property, shares, intangibles and undertaking of the company.

22 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management considers the key sources of estimation uncertainty relate to:

Margin recognition and stock valuation

In order to determine the profit that the Group recognises on its developments, the Group has to allocate site-wide land and development costs between the homes built on the development. It also has to estimate costs to complete on the development and make estimates relating to future selling prices on those developments and homes. In making these assessments there is a degree of inherent uncertainty. The Group has developed internal controls to assess and review carrying values and costs to complete, and the appropriateness of estimates made.

23 Ultimate controlling party

The directors consider there to be no ultimate controlling party.