Registered number: 05160167

AUDLEY COURT LIMITED

Annual report and financial statements

For the year ended 31 December 2020

Company Information

Directors	M N Sanderson	
	P D Morgan	
	K A Shaw	(resigned 30 April 2021)
	J W Nettleton	
	J M Austen	(resigned 30 June 2021)
	N W J Edwards	
	M E C Gilbard	
	L C Rickman-Orpen	(appointed on 01 February 2020)
	G L Burton	(appointed on 02 November 2020)

Registered number 05160167

Registered office
65 High Street
Egham
Surrey
TW20 9EY

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Contents

Group Strategic Report For the year ended 31 December 2020

Introduction

The Directors present their strategic report on the Group and Parent Company for the year ended 31 December 2020.

Business review

The Group's principal activity during the year is that of the development and management (including the provision of domiciliary care) of retirement villages.

Performance of the business during the financial year

The Group's loss after tax for the financial year is £7,941,000 (2019 – loss of £19,310,000) and its net assets at 31 December 2020 were £100,106,000 (2019 - £108,047,000).

Future developments

The Group will continue to look for opportunities to acquire land to develop Audley and Mayfield retirement villages. The Group completed development of its villages at Coopers Hill and Chalfont in 2020 and will sell the units already completed across its portfolio, as well as provide the exceptional service and care facilities at each village.

2020 Review

The impact of the coronavirus pandemic and associated government lockdowns challenged the country as a whole and whilst Audley was not immune, it was very resilient. Periods of complete lockdown required us to close our clubs, bistros and restaurants although we continued to serve food directly to our owners in their own homes across our villages. Total revenue reported was £69.4m slightly down from £71.5m in 2019. Development revenue in 2020 also decreased slightly to £46.9m, down from £49.2m.

Managing covid
Throughout a uniquely challenging year, Audley Group brought its scale, experience and culture to bear in keeping owners safe and active throughout the Covid-19 pandemic. We closed our facilities to external customers in February and owners shortly thereafter. Our team members worked in shifts to provide home cooked food for owners and created an online programme of physical and mental activities. We also turned our commercial food supply network into a retail operation to provide grocery staples through the Audley Pantry and when required, we went shopping for our owners. Above all else though, our Care business maintained an impressively high level of service and critical support to all our owners and customers in the community in the most trying of circumstances.

Resilience
Our business, like our customers, was resilient and we took a hands-on approach to supporting our owners. Our internal platform, 'Together at Home', was created to remind owners that support was available. Channels included a new owner app, Audley Stories – a digital hub of inspiration – and an owner-facing YouTube channel full of chef demonstrations, exercise tutorials and updates from the leadership team.

Owner experience
Our Audley annual owners' survey (conducted at the end of 2020) proved how effective our communications were, with 94% saying they were kept informed throughout the pandemic and 91% stated they felt Audley responded quickly to the situation. Audley Care were not inspected throughout the year due to Covid-19 so we retained our 'Good' ratings. Customers also recognised the support provided by carers during this challenging period. 94% rated the service as excellent or good, and 93% were likely to recommend Audley Care. The CQC virtual assessment looked at safe care and treatment, staffing arrangements, protection from abuse, assurance processes, monitoring and risk management.

Focus on health and wellbeing
Our approach to mental wellbeing remains an ongoing focus, and is supplemented by the work we are doing to enhance customers' physical capabilities. In that respect, we have the significant operational benefit of having communal spaces, well trained and highly motivated team members to help deliver on our mission – live better for longer. To be successful in that end, we will need to leverage our scale, experience and understanding of our customers, together with in-room and wearable technology. It will be no mean feat, but that is the challenge that we have set ourselves.

Key performance indicators:

The Group regards its key performance indicators as the number of completions in the year, number of club members, the total revenue, revenue split, gross margin and employee engagement. The following KPI's are further reflected in the 2020 review above and in the social value, employees and business relationships below.

Financial indicators:

	2020 £'000	2019 £'000
Total revenue	69,378	71,464
Development revenue	46,544	48,890
Operations revenue	22,834	22,574
Gross margin	16,252	12,486
Non-financial indicators:		
Percentage of team members proud to work at Audley	95%	97%
Number of completions	82	90
Number of club members at the end of the year	847	1,076

Capital risk management

The Group's primary capital management objective is to ensure the Group's ability to continue as a going concern for the foreseeable future. The Group's capital comprises equity and capital contributions from its shareholders, cash and cash equivalents and borrowings.

The Group's capital structure is managed through its budget and business plan and is monitored via weekly cash flow forecasts and monthly management accounts.

Financial risk management

The Group's principal financial instruments at 31 December 2020 comprise bank loans and cash. The main purpose of these financial instruments is to provide finance for the Group's development and operation of retirement villages at appropriate risk levels. The Group has other financial instruments that arise directly from its operations, including trade and other receivables, and trade and other payables.

The Group considers the main risks arising from its financial instruments to be credit risk, price risk, liquidity risk and interest rate risk. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Group's finance department. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

Credit risk

Credit risks arise from the possibility that customers might not be able to settle their obligations as agreed. On the reservation of a property, the Group takes a reservation fee and retains ownership of the property until legal completion, thus minimising risk.

The deferred management charge is accrued throughout the period the property is owned by the resident and is settled upon resale of the property; the deferred management charge is secured on the property. The primary risk is that care customers do not settle their obligations as agreed. To manage this risk the Group periodically assesses the financial reliability of customers, considering their financial position, experience and other factors. The Group is not reliant on any major customer to continue as a going concern. The Group's cash is held with reputable banking institutions and in client accounts with solicitors and therefore credit risk is considered low.

Price risk

The Group is exposed to commodity price risk (as pertaining to raw materials for construction) as a result of its operations. The Group manages this using fixed-price construction contracts where possible. The Group has no exposure to equity securities price risk as it holds no listed equity investments.

The Group is exposed to house price market movements and the selling price of apartments may vary in line with these movements.

Liquidity risk

Liquidity risk is the risk that the Group would not be able to settle or meet its obligations on time or at a reasonable price.

The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions. Management monitors the Group's net liquidity position through rolling forecasts based on expected cash flows.

During the year the Group completed a restatement and amendment of the revolving credit facility. The facility is £105.0m and subdivided into separate tranches for ongoing developments, completed stock, the Watford site and working capital. Interest is based on three-month LIBOR plus 3.75% for the development tranche or LIBOR plus 4.5% for all the other tranches. The loan is secured against the investment property, stock and work in progress of the Group. Following the disposal of a subsidiary post year end (refer to note 34), the Group repaid £14.4m and the loan facility reduced by a further £10.0m to £95.0m.

Interest rate risk

The Group has both interest-bearing assets and interest-bearing liabilities. Interest-bearing assets include cash balances and interest-bearing liabilities relate to bank loans. Interest-bearing liabilities are primarily in relation to the bank facility under which we are exposed to movements in LIBOR.

Section 172 statement

Under section 172 (1) of the Companies Act 2006, the director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole , and in doing so have regard (amongst other matters) to:

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

The following disclosure describes how the directors have had regard to the matters set out in section 172 (1)(a) to (F) and forms the Director's statement under section 414CZA of the Companies Act 2006.

The Directors consider, both individually and collectively, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders the matters set out in section 172 (1)(a) to (F) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2020.

The long term: as a Company owning property assets which also includes a risk-controlled development pipeline the Board is always conscious of the long term and this is encompassed in our business model. The Board is also mindful of the long-term trends which will have a significant impact on the markets we operate in and these long-term trends are factored into our long-term strategies and indeed can provide their own opportunities. These opportunities and the Boards own extensive experience steers the long-term strategic direction.

Delivering social value

In 2020, the social value that Audley delivers to its surrounding communities, its property owners and its team members came to the fore. Audley's multi-faceted Environmental, Social and Governance (ESG) strategy is to embed a culture of sustainability, underpinned by data, regular monitoring and a set of ambitious targets. We use recognised external benchmarks to measure sustainability performance across our villages and centralised operations. Since 2018, Audley has participated in the Global Real Estate Sustainability Benchmark (GRESB), the global ESG benchmark for real assets. During 2020 the Audley's score showed a significant 35% improvement from 57 to 77. The Group was awarded 4 out of 5 stars in recognition of its maturing approach to ESG and strong focus on improving performance. We have identified four pillars as part of our sustainability strategy, which we put at the centre of our culture to ensure that we continue to create significant positive social impact in everything we do.

Commitment to employees

To maintain a driven and contented workforce.
- In 2020 we invested in fully trained mental health champions across the business, to promote mental health awareness
- Our Diversity, Equality & Inclusion (DE&I) Committee was established in 2020, encompassing team members from all areas of the organisation, that will lead our future strategy for DE&I
- We invest in training and career development through the Audley Academy, which experienced a c.50% increase in enrolments during 2020
- Transparency in reporting on gender pay gap continued, showing that the mean hourly rate for women is 31.95% lower than men's, and women's median hourly rate is 6.63% lower than men's. This reflects an improvement of 0.8% and 5.4% respectively on 2019

Commitment for a sustainable society

To develop and operate villages to support a positive social impact, enhanced by strong synergies with like-minded stakeholders.
- In 2020, Audley carers provided essential services in the form of almost 350,000 home visits to local community care customers, ranging from companionship to end of life care
- Village teams shared supplies of PPE with local care homes and advertised local independent businesses through our newsletters and the Audley Village app
- We launched the Audley Foundation to create a strategic framework for the Group's fundraising activities

Management of our environmental impact

To ensure commitment to thoughtful environmental resource management, Audley is fostering a culture which embraces sustainability as a genuine core value.
- We are committed to responsibly managing the environmental impacts of our developments and operations, including the use of natural resources and an overall reduction in waste
- In 2020, we committed to becoming carbon neutral by 2030 and to be net zero carbon by 2040
- The first phase focuses on eliminating operational carbon from Audley's own purchased electricity and gas by 2030
- The second phase will include our owners' energy consumption and embodied carbon across our developments

Ethics and governance

To adhere to ethical and responsible rules of conduct defined by risk management which support the relationship of trust established with all its stakeholders.
- We recognise that we have a responsibility to take a robust approach to slavery and human trafficking throughout our entire business. We are absolutely committed to preventing them in our business activities and our supply chains.
- Audley has a clear whistle blowing policy to encourage our team members to raise any concerns.

Diversity, equality and inclusion

We are committed to diversity and inclusion in the workplace, because it creates opportunities for all employees to use their knowledge, skills and abilities and it benefits our organisation to have a range of views, skills and experience. Audley Group is proud to be an equal opportunities employer.

The Group places a high priority on ensuring that its employment policies respect the individual, and offers training, career and personal development opportunities regardless of racial or ethnic origin, gender, race, religion, nationality, disability, sexual orientation, or marital status. We welcome applicants from all backgrounds and have an accessible interview process to allow for inclusion. Appointments are made on merit, skills and expertise but with due regard to the benefits of diversity. Full and fair consideration is given to the employment of all individuals and reasonable adjustments are made to accommodate the disabilities of employees, whether those disabilities arose before or during their employment with the Group. Every employee of Audley Group is valued and treated as an individual.

Employees

Audley Group is the successful business it is today because of our people. This year, more than ever, it is the incredible work done by our team that has kept our owners and customers feeling safe and supported. And in turn, keeping that team safe and supported has meant listening and communicating more than ever before.

Weekly Directors' updates have been sent to the Audley team via email, (2019: quarterly), while regular videos from Board members have lent a more personal touch to the communication. Our internal channel, the A-team has been active, and people have been encouraged to share their experiences and their highs and lows throughout the year.

Consulting employees has also been vital. Each year, we conduct an employee engagement survey to understand how employees feel about their workplace and identify areas for improvement. The results were extremely positive – 95% of our people are proud to work for Audley Group.

Our annual staff conference and awards was virtual in 2020 due to COVID, but nonetheless provided an opportunity to update the team on the business success and host a series of virtual workshops to discuss marketing, construction and commercial goals and obtain input from across the teams. Once again we were then able to recognise members of the team that have gone above and beyond at the company awards evening.

Other employee engagement initiatives have included:
- A record number of training courses run through the Audley Academy
- A new DE&I Board has been created
- The Audley Foundation launch to channel the Group's fundraising activities
- A virtual roadshow by the in-house Audley Academy to all staff showcasing the opportunities for training and development
- Regional operational village management meetings (bimonthly)
- Care branch manager meetings (bimonthly)
- A daily '10 at 10': An update from the village general manager at 10 am at each operational village

Business relationships and suppliers

The Board gives due consideration to its key stakeholder groups as it ensures that the activities of the Group align with its strategic plan, as well as the Group's culture and values. In assessing its activities, the Board aims to act fairly, transparently and in the long-term interests of the Group over the long term, and assesses the impact of activities on the Group's business relationships. In the last 6 months of the financial year, 87% of invoices were paid within 60 days of invoice date, with 37% being paid within 30 days. On average, invoices have been paid within 60 days.

Related parties

During the financial year, the Company had transactions with its parent and fellow subsidiary companies. Details of related party transactions are given in note 31.

This report was approved by the board and signed on its behalf.

G L Burton

Director

Date: 26 August 2021

Directors' Report For the year ended 31 December 2020

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Directors' Responsibilities Statement

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 elected to prepare

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 the Group 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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 group and company will continue in business.

The directors 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Principal activities

The Group's principal activity during the year is that of the development and management (including the provision of domiciliary care) of retirement villages.

Results and dividends

The loss for the year, after taxation, amounted to £7,941,000 (2019 – loss of £19,310,000). The Director's do not recommend the payment of a dividend (2019 - £nil).

Indemnity provision

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force during the financial period and is currently in force at the date of approval of the financial statements. The company also purchased and maintained throughout the financial year, via Audley Group Limited, its ultimate parent company, Directors' and Officers' liability insurance in respect of itself and its directors.

Directors

The directors who served during the year were and up to the date of signing the financial statements were:

M N Sanderson	
P D Morgan	
K A Shaw	(resigned 30 April 2021)
J W Nettleton	
J M Austen	(resigned 30 June 2021)
N W J Edwards	
M E C Gilbard	
L C Rickman-Orpen	(appointed on 01 February 2020)
G L Burton	(appointed on 02 November 2020)

Matters covered in the strategic report

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's Strategic Report, the information required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes certain information that would have been included in the business review and details of principal risks and uncertainties.

Disclosure of information to auditors

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 group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Going concern

The Directors' consideration of the factors affecting the Company's going concern assessment are detailed in note 2.3 of the Financial Statements. Given the uncertainty impacting the Group and the impact on the Company, the Directors have concluded that this indicates there is a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern in the disclosure of the basis of preparation to the financial statements.

No adjustments have been made to the financial statements that would result if the Group were unable to continue as a going concern.

Post balance sheet events

Please see note 34 for events after the balance sheet date.

Auditors

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

This report was approved by the board and signed on its behalf.

G L Burton
Director
Date: 26 August 2021

Independent auditors' report to the members of Audley Court Limited

Report on the audit of the financial statements

Opinion

In our opinion, Audley Court Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2020 and of the Group's loss and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position, and the Company Statement of Financial Position as at 31 December 2020; the Consolidated Statement of Comprehensive Income, Consolidated statement of cash flows, Consolidated Statement of Changes in Equity and the Company 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)

Independence

We remained independent of the Group 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.3 to the financial statements concerning the Group's and the Company's ability to continue as a going concern.

The Directors of the Company's intermediate parent Audley Group Limited have concluded that there is a material uncertainty which may cast significant doubt on the ability of the Audley Group Limited Group (the 'AGL Group') to continue as a going concern.

In forming their conclusions in respect of the going concern of the Audley Court Limited Group and the Company the Directors have relied on confirmation from Audley Group Limited that it intends to support the Company and its subsidiaries for a period of at least 12 months from the date of approval of the financial statements. The material uncertainties that exist in respect of the Audley Group Limited Group's going concern indicate that, in the event that the Group and the Company was required to call on the support of the intermediate parent company, such support may not be available.

In addition, as disclosed in note 24, the Company is a guarantor to the Group's £95m debt facility and therefore in assessing the going concern of the Company it has been necessary to consider the obligations of the parent company under that debt.

The AGL Group has a £95m debt facility including amortising and revolving credit tranches that is secured on the net assets of the Company and its subsidiaries. The Company is a subsidiary of Audley Group Limited. The Group is also a joint guarantor to debt facilities held by AGL Group's joint venture, RELF Audley Retirement Living LLP and held by Audley Nightingale Lane Limited, in which the AGL Group holds a 4% equity interest which is secured on the property assets of those entities. These borrowings contain covenants that require specific financial ratios to be maintained. The Directors have performed a detailed review of the current and projected financial position of the Group which involved preparing two forecast scenarios: A Base case and a Severe but plausible 'downside' case. Under that 'downside' case:

- The AGL Group's available cash is fully utilised by August 2022 and failure to achieve sufficient mitigating actions or secure additional funding for the AGL Group would mean that the AGL Group will be unable to repay its liabilities as they fall due from this date;
- The AGL Group would breach the loan-to-value covenant on one specific tranche of the facility. The failure to obtain a waiver would mean there is a risk that the lender could demand repayment of the loan and consequently the AGL Group would be unable to meet its liabilities as they fall due; and
- The forecast valuation decline on the land at the Cobham site acts to reduce the headroom under loan-to-value covenant (attached to the land tranche element of the overall loan) and results in a breach of the covenant. The failure to obtain a waiver would mean there is a risk that the lender could demand repayment of the loan and consequently the AGL Group would be unable to meet its liabilities as they fall due.
- The forecast valuation decline on the unsold stock held by Audley Nightingale Lane Limited reduces the headroom under loan-to-value covenant and would result in a breach of covenant. In addition, under the Severe but plausible downside case, Audley Nightingale Lane Limited and Audley Group Developments 1 Limited do not meet the minimum number of exchanged property sales defined in the loan agreement and this would result in a breach of covenant. Failure to obtain a waiver would mean there is a risk that the lender could demand repayment of the loan and consequently the AGL Group would be unable to meet its liabilities as they fall due.

These uncertainties resulted in the Directors concluding that there is a material uncertainty which may cast significant doubt on the AGL Group's ability to continue as a going concern. Consequently, the AGL Group may be unable to provide support to the Group and the Company, should such support be required. These conditions, along with the other matters explained in note 2.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a 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.

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 31 December 2020 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 Group and the Company and their 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 Directors' Responsibilities Statement, 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 Group's and 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 Group or 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 Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with tax regulations, the Data Protection Act 2018, health and safety regulations, building and construction regulations and Care Quality Commission regulations, 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 journals, specifically to increase revenue, and management bias in accounting estimates and judgemental areas of the financial statements specifically related to the valuation of investment property and carrying value of stock in respect of the Group financial statements, and the carrying value of investments in subsidiaries in respect of the Company's financial statements. Audit procedures performed by the engagement team included:

- Identifying and testing unusual journal entries posted with unusual account combinations and journal entries where the descriptions are indicative of transactions with related parties, where any such journal entries were identified;
- Challenging assumptions and judgements made by the Directors in their significant accounting estimates, specifically related to the valuation of investment property, carrying value of goodwill, recoverability of preference share receivables and carrying value of stock in respect of the Group financial statements, and the carrying value of investments in subsidiaries in respect of the Company's financial statements;
- Testing the tax provisions of the Group and Company;
- Reviewing relevant meeting minutes, including Board minutes and management's summary of known and potential legal claims;
- Enquiries with the Board and with management, about compliance with laws and regulations, including consideration of any known or suspected fraud or instances of non-compliance with laws and regulations; and
- Reviewing CQC reports for instances of non-compliance

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

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 Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Ian Benham

Ian Benham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 August 2021

Consolidated Statement of Comprehensive Income For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Turnover	4	69,378	71,464
Cost of sales		(53,126)	(58,978)
Gross profit		16,252	12,486
Administrative expenses		(25,327)	(19,242)
Gain / (loss) on revaluation of investment properties	5	4,286	(1,402)
Other operating income	6	4,092	-
Operating loss		(697)	(8,158)
Operating loss before exceptional items and gain / (loss) on revaluation of invetment properties		(8,749)	(6,687)
Gain/(loss) on revaluation of investment properties	5	4,286	(1,402)
Exceptional items	7	3,766	(69)
Operating loss		(697)	(8,158)
Interest receivable and similar income	11	3	20
Interest payable and expenses	12	(5,300)	(5,595)
Loss before taxation		(5,994)	(13,733)
Tax on loss	13	(1,946)	(5,577)
Loss for the financial year		(7,941)	(19,310)
Total comprehensive expense for the year		(7,941)	(19,310)
Loss for the year attributable to:			
Owners of the parent Company		(7,941)	(19,102)
Non-controlling interests		-	(208)
		(7,941)	(19,310)
Total comprehensive expense for the year attributable to:			
Owners of the parent Company		(7,941)	(19,102)
Non-controlling interests		-	(208)
		(7,941)	(19,310)

The notes on pages 15 to 30 form part of these financial statements

Audley Court Limited

Registered number: 05160167

Consolidated Statement of Financial Position As at 31 December 2020

	Note		2020 £'000		2019 £'000
Fixed assets					
Tangible assets	16		1,735		1,545
Investment property	18		114,804		106,450
			116,539		107,995
Current assets					
Stocks	19	144,096		158,130	
Debtors: amounts falling due after one year	20	18,927		14,940	
Debtors: amounts falling due within one year	20	7,092		7,296	
Cash at bank and in hand	21	11,703		18,152	
		181,818		198,518	
Creditors: amounts falling due within one year	22	(101,742)		(106,140)	
Net current assets			80,075		92,378
Total assets less current liabilities			196,615		200,373
Creditors: amounts falling due after more than one year	23		(91,196)		(88,660)
Provisions for liabilities					
Deferred tax	26	(5,312)		(3,666)	
			(5,312)		(3,666)
Net assets			100,107		108,047
Capital and reserves					
Called up share capital	27		120,221		120,221
Share premium account	28		39,990		39,990
Capital contribution reserve	28		2,328		2,328
Profit and loss account	28		(62,432)		(54,492)
Total Equity			100,107		108,047

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

G L Burton
Director
Date: 26 August 2021

The notes on pages 15 to 30 form part of these financial statements

Audley Court Limited

Registered number: 05160167

Company Statement of Financial Position As at 31 December 2020

	Note		2020 £'000		2019 £'000
Fixed assets					
Tangible assets	16		755		845
Investments	17		2,558		2,558
			3,313		3,403
Current assets					
Stocks	19	10		69	
Debtors: amounts falling due within one year	20	274,923		295,641	
Cash at bank and in hand	21	9,809		7,456	
		284,742		303,166	
Creditors: amounts falling due within one year	22	(157,922)		(148,428)	
Net current assets			126,820		154,738
Total assets less current liabilities			130,133		158,141
Creditors: amounts falling due after more than one year	23		(91,196)		(88,660)
Net assets			38,937		69,481
Capital and reserves					
Called up share capital	27		120,221		120,221
Share premium account	28		39,990		39,990
Capital contribution reserve	28		2,328		2,328
Profit and loss account brought forward	28	(93,058)		(66,534)	
Loss for the year	14	(30,544)		(26,524)	
Profit and loss account carried forward			(123,602)		(93,058)
Total Equity			38,937		69,481

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

G L Burton
Director
Date: 26 August 2021

The notes on pages 15 to 30 form part of these financial statements

Consolidated Statement of Changes in Equity For the year ended 31 December 2020

	Called up share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Profit and loss account £'000	Equity attributable to owners of parent company £'000	Non - Controlling interest £'000	Total equity £'000
At 1 January 2019	120,221	39,990	2,328	(35,286)	127,253	104	127,357
Comprehensive expense for the year							
Loss for the year	-	-	-	(19,102)	(19,102)	(208)	(19,310)
Total comprehensive expense for the year	-	-	-	(19,102)	(19,102)	(208)	(19,310)
Disposal of Non-Controlling Interest	-	-	-	(104)	(104)	104	-
At 31 December 2019	120,221	39,990	2,328	(54,492)	108,047	-	108,047
Comprehensive expense for the year							
Loss for the year	-	-	-	(7,940)	(7,940)	-	(7,940)
Total comprehensive expense for the year	-	-	-	(7,940)	(7,940)	-	(7,940)
At 31 December 2020	120,221	39,990	2,328	(62,432)	100,107	-	100,107

The notes on pages 15 to 30 form part of these financial statements

Company Statement of Changes in Equity For the year ended 31 December 2020

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	120,221	39,990	2,328	(66,534)	96,005
Comprehensive income for the year					
Loss for the year	-	-	-	(26,524)	(26,524)
Total comprehensive expense for the year	-	-	-	(26,524)	(26,524)
At 31 December 2019	120,221	39,990	2,328	(93,058)	69,481
Comprehensive income for the year					
Loss for the year	-	-	-	(30,544)	(30,544)
Total comprehensive expense for the year	-	-	-	(30,544)	(30,544)
At 31 December 2020	120,221	39,990	2,328	(123,602)	38,937

The notes on pages 15 to 30 form part of these financial statements

Consolidated statement of cash flows For the year ended 31 December 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
Loss for the financial year	(5,994)	(13,733)
Adjustments for:		
Depreciation of tangible assets	824	553
Interest paid	5,300	5,595
Interest received	(3)	(20)
Decrease/(Increase) in stocks	14,034	(35,041)
(Increase)/Decrease in debtors	(4,033)	2,221
(Decrease)/Increase in creditors	(4,398)	8,264
(Gain)/loss on revaluation of investment properties	(4,285)	1,402
Profit on disposal of subsidiary	(84)	(1,807)
Net cash from operating activities	1,361	(32,566)
Cash flows from investing activities		
Additions to investment properties	(4,068)	(917)
Additions to tangible assets	(1,014)	(1,386)
Sale of subsidiary	-	36,177
Interest received	3	20
Net cash from investing activities	(5,079)	33,894
Cash flows from financing activities		
Proceeds from bank borrowings	15,167	49,000
Repayment of bank borrowings	(13,429)	(36,519)
Issue costs of new bank borrowings	(223)	(625)
Interest paid	(4,247)	(4,832)
Net cash from financing activities	(2,732)	7,024
Net (decrease)/increase in cash and cash equivalents	(6,449)	8,352
Cash and cash equivalents at beginning of year	18,152	9,800
Cash and cash equivalents at the end of year	11,702	18,152
Cash and cash equivalents at the end of year comprise:	11,703	18,152
Cash at bank and in hand	11,703	18,152

1. General information

The Company's principal activity during the financial tear was that of the development and management of retirement villages, including the provision of domiciliary care. The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 65 High Street, Egham, Surrey, TW20 9EY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the financial statements, includes the Company's cash flow.
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. A subsidiary is an entity where the Company has control over the investee. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. The results of the subsidiary undertakings acquired or disposed of during the financial period and included from, or up to, the effective date of acquisition or disposal. Uniform accounting policies have been adopted across the Group.

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

2.3 Going concern

Introduction

The Directors of the Company's intermediate parent Audley Group Limited have concluded that there is a material uncertainty which may cast significant doubt on the ability of the Audley Group Limited Group (the "AGL Group") to continue as a going concern.

In forming their conclusions in respect of the going concern of the Group and the Company, the Directors have relied on confirmation from Audley Group Limited that it intends to support the Company and its subsidiaries for a period of at least 12 months from the date of approval of the financial statements. The material uncertainty that exists in respect of the Group's going concern indicates that, in the event that the Group and the Company was required to call on the support of the intermediate parent company, such support may not be available.

In addition, the Company is a guarantor to the Group's £95m debt facility and therefore in assessing the going concern of the Company it has been necessary to consider the obligations of the parent company under that debt.

To ascertain whether it was appropriate to prepare the financial statements on a going concern basis, the Directors of the AGL Group have performed a robust assessment of the principal risks facing the AGL Group, including those risks that would threaten the AGL Group's business model, future performance and liquidity. The principal risks facing the AGL Group and how the Group addresses such risks are described in the Principal Risk Review section of the Strategic Report on pages 36 to 39 of the Audley Group Limited's financial statements.

As the Directors have to make the going concern assessment over at least a 12 month period from the date of signing the financial statements, the scenario modelling has been undertaken over the period to 31 December 2022.

The assessment involved the preparation of two forecast scenarios: a 'Base case' and a Severe but plausible 'downside' case. In response to unprecedented levels of uncertainty in the market, caused by the coronavirus pandemic, the Severe but plausible downside case considers a more significant impact on the core drivers of performance than previously might have been assumed. The AGL Group's experience of the trading environment since the first lockdown in March 2020 has been less severe than the 'downside' scenario assumes.

2. Accounting policies (continued)

2.3 Going concern (continued)

Financing overview

As explained in note 22 of the Group financial statements, the Group has a £95m debt facility including amortising and revolving credit tranches that is secured on the net assets of Audley Court Limited and its subsidiaries. Audley Court Limited is a subsidiary of Audley Group Limited. The AGL Group is also a joint guarantor to debt facilities held by its joint venture, RELF Audley Retirement Living LLP, and by Audley Nightingale Lane Limited, in which the AGL Group holds a 4% equity interest which is secured on the property assets of those entities. These borrowings contain covenants that require specific financial ratios to be maintained and tested on a quarterly basis. At the date of approval of these financial statements the AGL Group had complied with all applicable borrowing covenants. The AGL Group had cash and cash equivalents of £14.8m at 31 December 2020 (2019: £20.6m).

At 31 December 2020, the AGL Group's joint venture, RELF Audley Retirement Living LLP and Audley Nightingale Lane Limited, in which the AGL Group has an investment, had £238.3m of secured facilities, of which the AGL Group's proportionate share was £43.8m. These relate to loans secured against the property assets of these entities being the villages under development, completed villages and unsold stock at the joint venture sites at Stanbridge Earls, Sunningdale, Cobham, Scarcroft and Clapham. In addition, subsequent to the year end, the AGL Group's new joint venture with Blackrock secured a £40.5m (Group's share £10.1m) facility for the financing of the development at Mayfield Watford. The Mayfield Watford site is owned by Audley Group Developments 1 Limited which also holds the debt facility. The AGL Group is a joint guarantor to these facilities in proportion to its shareholding in the respective entities that own the assets. The facilities contain a number of financial covenants that are generally tested quarterly in March, June, September and December. At the date of approval of these financial statements, the RELF Audley Retirement Living LLP joint venture and Audley Nightingale Lane Limited complied with all applicable borrowing covenants.

Scenario assumptions and outcomes

The Base case was based on the 2021 Board approved budget with sales volumes and prices updated for the actual performance of the AGL Group in the first half of 2021. The forecast assumes equity funding injected into the joint venture in line with the contractual terms of the shareholder agreement and the underlying debt arrangements. Over the going concern period to 31 December 2022 the Severe but plausible downside case included the following key considerations: owned unit sales are 28% fewer (33% over the 12 month period to 31 August 2022) than what is assumed in the Base case scenario and a 15% fall in the fair value of inventory and consequently in the selling prices from currently achieved levels. The Severe but plausible downside case does not include the impact of the mitigating actions identified by management as outlined below.

Under the Severe but plausible scenario the AGL Group's available cash is fully utilised by August 2022 and requires cash mitigating actions to maintain liquidity thereafter.

Under the Severe but plausible downside case, the reduction in the valuation of the Group's unsold stock would reduce the headroom under the loan-to-value covenant on a specific tranche of the facility and would result in a breach of one of the covenants. In these circumstances, and in the absence of a waiver from the lenders or the AGL Group delivering a cash cure, the lenders could demand repayment of these facilities. If the loans were not repaid, the lenders could enforce their security interests over the secured properties. The covenant was set based on the 2019 stock valuations at the time the facility was revised and the valuation obtained at 31 December 2020 would not cause a covenant breach as it was above the 2019 valuation. The Directors have a reasonable expectation that it is unlikely that the lenders would call for a valuation during the going concern period.

Under the Severe but plausible downside case, the forecast valuation decline on the land at the Cobham site reduces the headroom under loan-to-value covenant (attached to the land tranche element of the overall loan) and would result in a breach of covenant. In these circumstances the potential consequences would be the same as those summarised in the paragraph above for the main AGL Group facility. The Directors have a reasonable expectation that it is unlikely that the lenders would call for a valuation during the going concern period.

Under the Severe but plausible downside case, the forecast valuation decline on the unsold stock held by Audley Nightingale Lane Limited reduces the headroom under loan-to-value covenant and would result in a breach of covenant. In addition, under the Severe but plausible downside case, Audley Nightingale Lane Limited and Audley Group Developments 1 Limited do not meet the minimum number of exchanged property sales defined in the loan agreement and this would result in a breach of covenant. In these circumstances the potential consequences would be the same as those summarised in the paragraph above for the main AGL Group facility. The Directors have a reasonable expectation that it is unlikely that the lenders would call for a valuation during the going concern period.

Mitigating actions

There are two principal mitigating actions available to the AGL Group. A reduction of discretionary costs or a deferral of costs such as capital expenditure which would improve the liquidity position. In respect of the covenant compliance, the AGL Group continues to have supportive lenders as was demonstrated in August 2021 with an agreed reduction to the proportion of mandatory debt repayments and release of the restricted cash under the AGL Group's banking facility. The Directors have confidence that should they be required, covenant waivers could be obtained.

Conclusion

Based on the scenarios modelled by the AGL Group and given the availability of the mitigating actions to provide sufficient liquidity over the going concern period, the Directors of the AGL Group have considered that it is reasonable to conclude that the AGL Group will continue in operational existence and meet its liabilities as they fall due for at least the next 12 months. As such, the Directors of the Company have considered it reasonable to conclude that the Group and the Company will be able to rely on the support of the AGL Group and fulfil their obligations under the borrowing facilities and have considered that it is reasonable to conclude that the Group and the Company will continue in operational existence and meet its liabilities as they fall due for at least the next 12 months. Therefore, the financial statements have been prepared on a going concern basis.

However, as explained at the beginning of this assessment, the AGL Group is facing levels of uncertainty, principally caused by the Covid-19 pandemic, and the AGL Group's financial modelling is sensitive to material changes in UK house prices and volumes of transactions.

Under the Severe but plausible downside case the AGL Group would require additional funding and there would be a breach of the AGL Group's loan covenants, including those held within joint ventures and investments. The Directors have concluded that attention should be drawn to the following factors, that under the Severe but plausible downside case give rise to a material uncertainty that may cast significant doubt on the AGL Group's ability to continue as a going concern:

2. Accounting policies (continued)

2.3 Going concern (continued)

The AGL Group's available cash is fully utilised by August 2022 and failure to achieve sufficient mitigating actions or secure additional funding for the AGL Group would mean that the AGL Group will be unable to repay its liabilities as they fall due from this date;

The AGL Group would breach the loan-to-value covenant on one specific tranche of the facility. The Directors consider that in the event of a breach there is a reasonable expectation that the lenders would provide a waiver. However, the failure to obtain a waiver would mean there is a risk that the lender could demand repayment of the loan and consequently the AGL Group would be unable to meet its liabilities as they fall due;

The forecast valuation decline on the land at the Cobham site acts to reduce the headroom under loan-to- value covenant (attached to the land tranche element of the overall loan) and results in a breach of the covenant. The Directors consider that in the event of a breach there is a reasonable expectation that the lenders would provide a waiver. However, the failure to obtain a waiver would mean there is a risk that the lender could demand repayment of the loan and consequently the AGL Group would be unable to meet its liabilities as they fall due; and

The forecast valuation decline on the unsold stock held by Audley Nightingale Lane Limited reduces the headroom under loan-to-value covenant and would result in a breach of covenant. In addition, under the Severe but plausible downside case, Audley Nightingale Lane Limited and Audley Group Developments 1 Limited do not meet the minimum number of exchanged property sales defined in the loan agreement and this would result in a breach of covenant. The Directors consider that in the event of a breach there is a reasonable expectation that the lenders would provide a waiver. However, the failure to obtain a waiver would mean there is a risk that the lender could demand repayment of the loan and consequently the AGL Group would be unable to meet its liabilities as they fall due.

Given the uncertainty impacting the AGL Group described above and the impact on the Group and the Company, the Directors have concluded that this indicates there is a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern in the disclosure of the basis of preparation to the financial statements.

No adjustments have been made to the financial statements that would result if the AGL Group were unable to continue as a going concern.

2.4 Investment property

Investment property is initially measured at cost and subsequently carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset.

No depreciation is provided. Changes in fair value are recognised in the consolidated statement of comprehensive income.

Additions to investment properties in the course of development or refurbishment include directly attributable internal and external costs incurred during the period of development until the properties are ready for their intended use.

2.5 Investments

Fixed asset investments are stated at their purchase cost less any provision for impairment.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	-	20% straight line or life of the lease
Motor vehicles	-	33% straight line
Fixtures and fittings	-	10% - 33% straight
Office equipment	-	33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2. Accounting policies (continued)

2.7 Revenue

The Group recognises revenue from the following major sources.
- Property sales
- Estate management fees - comprising management fees, deferred management fees and ground rent
- Development fees
- Care service fees
- Restaurant including food and beverage income

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered net of discounts and value added taxes.

The group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the group's revenue streams have been met, as described below.

Revenue for each stream recognised as follows.

Property sales
Sales of residential units are recognised on legal completion.

Deferred management fees and associated accrued income
Under the terms of the lease agreements owners of the Group's properties pay a deferred management fee to meet the operating expenses of the village. The deferred management fee is calculated as a percentage of the selling price of the property. The fee accrues annually for a set period, based on the terms of individual contracts and is held as accrued income on the Statement of Financial Position. Given the uncertainty over the future selling price the amount recognised is based on the past two-year average realised selling price at each village on a per square foot basis and is reassessed at each year end.

The cash settlement of the accrued income is realised on sale of the property and is secured by a charge against that property.

The timing of when deferred management fees are expected to be realised in cash is estimated based on actuarial data and split between current and non-current assets on this basis. This is currently estimated to be every 10 years.

Management fees
Owners of the Group's properties pay a management fee that is set at the start of each year. The management fee is invoiced monthly in advance and recognised on a straight-line basis over the period to which it relates.

Ground rent
Owners of the Group's properties pay an annual ground rent fee that is defined in the lease agreement. The ground rent is invoiced annually in advance and recognised on a straight-line basis over the period to which it relates.

Care service fees
Care service fees are linked to providing service on a specific day (service date). Revenue from care services is recognised on completion of the service date.

Development fees
The Group earns fees under development management agreements which are typically over a defined service period. The development fees are recognised on a straight-line basis over the period to which the contract relates.

Restaurant including food and beverage
Revenue from the sale of food and beverages is recognised at the point of sale.

Shared ownership
Shared ownership is available on a small number of units held in inventory. All units held in inventory are available for sale without shared ownership. Upon completion of a property sold under shared ownership, the proportion retained is transferred to investment property at cost. The proportion of the properties retained as shared ownership are revalued annually to fair value. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

2.8 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.9 Finance and borrowing costs

Finance and borrowing costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Stocks

Stock comprises residential units under construction and completed units ready for sale and is stated at the lower of cost and net realisable value. Cost comprises land, cost, materials, wages and other construction costs. Net realisable value is defined as estimated selling price less all further costs of development and estimated selling expenses.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

2.13 Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the group.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2. **Accounting policies (continued)**

2.18 Financial instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.
Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

2. Accounting policies (continued)

2.21 Leased assets

At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as 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. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date. 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.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Lease incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments. Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements in accordance with IFRS requires the Directors 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 the Directors believe are reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The Directors consider the key estimates and critical judgements made in the financial statements to be related to:

Valuation of investment property

The fair value of investment properties is based on a valuation model using a cash flow methodology that reflects future income streams included in the village apartment leases. The future income streams are estimated based on current contractual arrangements and ancillary income streams. The initial cost of the investment property is dependent on an equitable allocation of costs to develop the village, split between the shared facilities and the saleable apartments.

The Group has adopted a external valuation from an independent firm of chartered surveyors (CBRE Ltd).

Valuation of stocks and inventories

Stocks are carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and overheads. Valuations of site/phase work in progress are carried out at regular intervals and estimates of the cost to complete a site/phase and estimates of anticipated revenues are required to enable a development profit to be determined. Management is required to employ considerable judgement in estimating the profitability of a site/phase and in assessing any impairment provisions which may be required.

Cost allocation and margin recognition

The costs to develop a site are split between investment property and stock based on the initial GDV of the site which requires estimation by management. This represents a critical estimate by the Directors that impacts the costs to be recognised as cost of sales and those to be allocated to the cost of investment property. The costs associated with the units for sale are reclassified to cost of sales based on the square footage of the sold unit.

Accrued income - Deferred management fees

The Group accrues deferred management charge income based on each village apartment's lease agreement, which includes a provision for the Group to earn a fixed percentage based on the selling price of the apartment that crystallises upon resale of the apartment in the future. Given the contingent timing of the event, the charge is accrued each period based on the average realised selling price at each village on a per square foot basis. Given the contingent timing of the event, the accrued income has been split between amounts due in greater than one year and due in less than one year. This has been estimated, informed by actuarial data, to reflect the timing of expected cash flows.

Deferred tax

The Group has made an assessment of the recoverability of deferred tax assets, where it has been assumed that sufficient taxable profits will be available in future periods, to allow the assets to be recovered.

Carrying value of investments and amounts due from subsidiaries

Investments in subsidiaries and amounts due from subsidiaries are carried at cost and annually reviewed by the Directors for any indication of impairment. An impairment reversal of £1.2m (2019: impairment of £5.5m) has been made in the year for amounts due from subsidiaries where the subsidiary has net liabilities and is therefore deemed not able to repay the balance in full.

4. Turnover

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

	2020 £000	2019 £000
Property Sales	48,544	49,166
Care Income	6,218	6,023
Estate Management Fees	13,866	11,805
Restaurant & Bar	1,109	2,151
Other	1,641	2,319
	69,378	71,464

All turnover arose within the United Kingdom.

5. Gain/(loss) on revaluation of investment properties

	2020 £000	2019 £000
Gain/(loss) on revaluation of investment properties	4,286	(1,402)
	4,286	(1,402)

6. Other operating income

	2020 £000	2019 £000
Corporate structuring activity	84	-
Land transaction	4,008	-
	4,092	-

7. Exceptional items

	2020 £000	2019 £000
Pay in Lieu of notice of key management personnel (included in administrative expenses)	(326)	(332)
Corporate structuring activity (included in other operating income)	84	263
Gain on land acquisition and subsequent disposal (included in other operating income)	4,008	-
	3,766	(69)

During December 2020, two key personnel offered their resignations and were not required to work their notice period. As such the costs of the notice period were considered onerous and provided for in full. Therefore included within accruals are costs of £326,000 (2019: £332,000).

The Group sold its shareholding in Audley Stanbridge Earls Management Limited to Audley Investments No 1 Limited, a 100% subsidiary of Audley Group Limited. Audley Group Limited is the parent company of Audley Court Limited. The sale was at the cost of the investment of £1, for the net liabilities of £84,000 at the date of disposal, resulting in a profit to the Group of £84,000.

In February 2020, a site in Sunningdale, Berkshire, that was exchanged in the Audley Court Limited group, was novated to, and completed in a joint venture (RELF Audley Retirement Living LLP) where Audley Group Limited (the immediate parent company) holds 25% of the share capital. All work in progress up to the date of completion was reimbursed in full to the Audley Court Limited Group by RELF Audley Retirement Living LLP and additional income of £4.0m for work done on acquisition and planning was also paid.

In 2019, the gain of £263,000 for corporate structuring activity relates to a profit of £1.8m on the sale of a subsidiary company, Audley Stanbridge Earls Limited, net of £1.5m fees.

On 23 August 2019 the Group disposed of a wholly owned subsidiary company, Audley Stanbridge Earls Limited. The Group received £36.2m in consideration for the net liabilities of £34.4million of that company at the date of disposal, resulting in a profit to the Group of £1.8m. Audley Stanbridge Earls Limited was purchased by RELF Audley Retirement Living LLP, of which Audley Group Limited (the parent company of Audley Court Limited) has a 25% share.

8. Auditors remuneration

	2020	2019
	£000	£000
Audit of the parent company and the group's consolidated financial statements	25	25
Audit of the subsidiaries	375	231
Total audit services	400	256
Non-audit services - tax compliance	70	70
Non-audit services - tax advisory	102	122
Non-audit services - transaction services	87	176
Total non-audit services	259	368
	659	624

9. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2020	Group 2019
	£000	£000
Wages and salaries	19,349	17,348
Social security costs	1,983	1,611
Pension costs	787	658
	22,119	19,617

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £787,000 (2019: £658,000), of which £130,000 (2019: £73,000) was outstanding at the period end and included within other payables.

The average monthly number of employees, including the directors, during the year was as follows:

	2020	2019
	No.	No.
Estate Management Limited	220	173
Care	345	292
Restaurant	117	114
Central marketing and administration	68	51
Sales and marketing	59	58
	809	688

10. Directors' remuneration

	2020	2019
	£000	£000
Wages and salaries	2,708	2,167
Social security costs	371	335
Pension costs	61	48
Pay in lieu of notice	326	332
	3,466	2,882

The highest paid director received £720,000 (2019: £726,000) in the year, including £9,000 (2019: £11,000) for pension contributions.

Included in the above is an amount of £326,000 that was paid to directors in the year for pay in lieu of notice (2019: £332,000).

11. Interest received and similar income

	2020	2019
	£000	£000
Bank interest receivable	3	20
	3	20

12. Interest payable and similar expenses

	2020	2019
	£000	£000
Bank interest payable	4,091	4,261
Amortisation of loan arrangement costs	1,023	755
Other finance costs	186	579
	5,300	5,595

13. Tax on loss

	2020 £000	2019 £000
Corporation tax		
Current tax on profits for the year	-	-
Total current tax	-	-
Deferred tax		
In respect of revenue losses	301	6,081
In respect of revaluation gains	1,646	(504)
Total deferred tax	1,947	5,577
Taxation on loss on ordinary activities	1,947	5,577

13. Tax on loss (continued)

Factors effecting tax charge for the year

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Loss before tax	(5,994)	(13,733)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(1,139)	(2,609)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	107	(518)
Rate of change on current period deferred tax	-	605
Group relief surrendered and not paid for	381	370
Unrelieved tax losses carried forward	2,598	2,406
Reversal of deferred tax previously recognised	-	5,323
Total tax charge for the year	1,947	5,577

Factors that may affect future tax charges

The standard rate of corporation tax in the UK remained at 19% in 2021. The rate will remain at 19% for the financial year beginning 1 April 2021. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

14. Results of the parent company

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The parent company's loss for the financial year was £30,544,000 (2019: loss of £26,524,000).

15. Analysis of net debt

	At 1 January 2020 £000	Cash flows £000	At 31 December 2020 £000
Cash at bank and in hand	18,152	(6,449)	11,703
Gross debt due after 1 year	(91,481)	(1,738)	(93,219)
	(73,329)	(8,188)	(81,516)

16. Fixed assets

Group

	Short-term leasehold property £000	Motor Vehicles £000	Fixtures and fittings £000	Office equipment £000	Total £000
Cost or valuation					
At 1 January 2020	877	69	175	1,747	2,868
Additions	86	0	106	822	1,014
As at 31 December 2020	963	69	281	2,569	3,882
Accumulated depreciation					
At 1 January 2020	320	56	54	893	1,323
Charge for the year on owned assets	268	8	43	505	824
As at 31 December 2020	588	64	97	1,398	2,147
Net Book Value					
At 31 December 2020	375	5	184	1,171	1,735
At December 2019	557	13	121	854	1,545

Company

	Short-term leasehold property £000	Fixtures and fittings £000	Office equipment £000	Total £000
Cost or valuation				
At 1 January 2020	616	88	1,480	2,184
Additions	-	2	378	380
As at 31 December 2020	616	90	1,858	2,564
Accumulated depreciation				
At 1 January 2020	305	55	979	1,339
Charge for the year on owned assets	106	10	354	470
As at 31 December 2020	411	65	1,333	1,809
Net Book Value				
At 31 December 2020	205	25	525	755
At December 2019	311	33	501	845

17. Investments in subsidiaries

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2020	2,558
At 31 December 2020	2,558

Please see note 33 for a list of subsidiary undertakings of the Company.

18. Investment property

Group

	Freehold investment property £000
Valuation	
At 1 January 2020	106,450
Additions at cost	4,068
Surplus on revaluation	4,286
At 31 December 2020	114,804
Fair Value of central facilities as determined by CBRE	133,521
Shared equity	1,374
Accrued income - non-current	(18,927)
Accrued income - current	(1,164)
	114,804

The investment properties were valued by CBRE Limited (CBRE) at 31 December 2020 and at 31 December 2019, an independent firm of chartered surveyors, on the basis of fair value. The valuation was carried out in accordance with guidance issued by the Royal Institution of Chartered Surveyors. Fair value represents the estimated amount that should be received for selling an investment property in an orderly transaction between market participants at the valuation date. The fair value has been arrived at by a valuation model using either an income capitalisation method or a discounted cashflow method dependent on the cash flows. The future income streams are estimated based on contractual leasehold arrangements (deferred and monthly management fees, administration fees and ground rent) with an allowance made for future sales rates and non-contractual ancillary (restaurant, club and care services) income.

The key inputs to the valuation model included:

Revenue stream	Methodology	Key inputs
Deferred management fees	Discounted cashflow	- house price inflation (HPI) (average 3.0%); - discount rate (8.8% - 11.0%, average 9.6%); - average length of stay (9 years); - exit yield (6.0% - 6.5%, average 6.4%); - estate management and lifecycle costs; - deferred management charges (typically between 1.0% and 2.0% of gross development value).
Operations, including monthly management fees, restaurant & club	Discounted cashflow	- management charges (£780 - £930 per unit per month); - discount rate (8.8% - 11.0%, average 6.4%); - exit yield (6.0% - 6.5%, average 6.4%).
Administration fees	Discounted cashflow	- discount rate (8.8% - 11.0%, average 9.0%): - exit yield (6.0% - 6.5%, average 6.4%); - average length of stay (9 years).
Care services	Discounted cashflow	- discount rate (20%); - exit yield (20.0%).
Ground rent	Income capitalisation	- initial yield (3.5%).

The inter-relationship between significant unobservable inputs and fair value measurement
The estimated fair value would increase/(decrease) if:
- HPI was higher/(lower);
- discount rates are lower/(higher);
- exit yield are lower/(higher);
- average length of stay is lower/(higher);
- expected management charges were higher/(lower);
- expected deferred management charges were higher/(lower);
- estate management and lifecycle costs were lower/(higher); and
- resale fee income and ground rent is higher/(lower).

19. Stocks

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Work in progress	31,628	98,759	10	69
Finished goods and goods for resale	112,401	59,279	-	-
Food and beverage stocks	67	92	-	-
	144,096	158,130	10	69

Included in stocks and inventories is a write-down of £0.7m in respect of two sites (2019: £1.159m) in respect of the Watford property) to net realisable value.
There were no significant differences between replacement cost of stocks and its carrying value.

20. Debtors

Included within debtors is income that has been accrued in relation to the deferred management charges and is split between the amount due in greater than one year and due in less than one year. The Directors have estimated these amounts, informed by actuarial data, to classify the amounts based on the timing of expected cashflows.

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Accrued income falling due after one year				
Between one and two years	721	588	-	-
Between two and five years	6,386	4,614	-	-
Greater than five years	11,820	9,738	-	-
	18,927	14,940	-	-

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Due within one year				
Trade Debtors	2,706	3,666	751	153
Amounts owed by related undertakings	23	-	-	-
Amounts owed by group undertakings	-	-	273,331	290,766
Other debtors	542	538	417	3,635
Prepayments and accrued income	3,821	2,791	424	1,087
Deferred taxation	-	301	-	-
	7,092	7,296	274,923	295,641

Amounts owed by group and related undertakings are unsecured, interest free and repayable on demand.

Amounts owed by related undertakings are due by fellow subsidiary companies of Audley Group Limited and joint venture entities of Audley Group Limited.

21. Cash and cash equivalents

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Cash at bank in hand	8,703	15,152	6,809	4,456
Cash at bank in hand - restricted bank accounts	3,000	3,000	3,000	3,000
	11,703	18,152	9,809	7,456

The cash held in restrictive bank accounts can only be used to pay for lifecycle costs, which in aggregate exceed the deferred management income received.

22. Creditors: amounts falling due within one year

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Due within one year				
Trade creditors	4,067	6,435	936	1,141
Amounts owed to related undertakings	-	3,938	68,493	59,111
Amounts owed to parent undertakings	82,174	82,174	82,174	82,174
Other creditors	2,276	1,874	740	-
Accruals and deferred income	13,226	11,719	5,579	6,002
	101,742	106,140	157,922	148,428

Amounts owed to parent and related undertakings are unsecured, interest free and repayable on demand.

Amounts owed to parent undertakings are due to Audley Group Limited, a company that owns 100% of Audley Court Limited.

Amounts owed to related undertakings are due to fellow subsidiary companies of Audley Group Limited and joint venture entities of Audley Group Limited.

23. Creditors: amounts falling due after more than one year

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Bank loans	93,219	91,481	93,219	91,481
Loan arrangement costs	(2,023)	(2,821)	(2,023)	(2,821)
	91,196	88,660	91,196	88,660

24. Loans

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Amounts falling due 2 - 5 years				
Bank loans	93,219	91,481	93,219	91,481
Loan arrangement costs	(2,023)	(2,821)	(2,023)	(2,821)
	91,196	88,660	91,196	88,660

During the year the Group completed a restatement and amendment of the bank credit facility. The facility is £105.0m and subdivided into separate tranches for ongoing developments, completed stock, the Watford site and working capital. Interest is based on three-month LIBOR plus 3.75% for the development tranche or LIBOR plus 4.5% for all the other tranches. The loan is secured against the investment property, stock and work in progress of the Group. Following the disposal of a subsidiary post year end (refer to note 34), the Group repaid £14.4m and the loan facility reduced by a further £10.0m to £95.0m.

25. Financial Instruments

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Financial Assets measured at amortised cost				
Accrued income due after 1 year	18,927	14,940	-	-
Accrued income due within 1 year	2,541	805	27	-
Trade debtors	2,706	3,666	751	153
Amounts owed by related undertakings	23	-	273,331	290,766
Other debtors	542	538	417	3,635
	24,739	19,949	274,526	294,554
Financial liabilities measured at amortised cost				
Bank loans due after more than 1 year	(91,196)	(88,660)	(91,196)	(88,660)
Trade creditors	(4,067)	(6,435)	(936)	(1,141)
Amounts owed to related undertakings	-	(3,938)	(68,493)	(59,111)
Amounts owed to parent undertakings	(82,174)	(82,174)	(82,174)	(82,174)
Other creditors	(2,276)	(1,874)	(740)	-
Accruals	(10,288)	(9,792)	(5,579)	(6,002)
	(190,001)	(192,873)	(249,118)	(237,088)

26. Deferred Tax

Group	2020 £000
At beginning of year	(3,365)
Charged to profit or loss	(1,946)
At end of year	(5,311)

Disclosed as:

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Deferred tax asset (tax losses)	-	301	-	-
Deferred tax liability (revaluation losses)	(5,312)	(3,666)	-	-
	(5,312)	(3,365)	-	-

At 31 December 2020 the Group had unused tax losses of £71,310,000 (2019: £61,798,000), of which £nil (2019: £960,000) has been recognised as a deferred tax asset. Tax losses of £71,310,000 (2019: £61,798,000) have not been recognised as it is not considered sufficiently certain that these losses can be utilised in future periods.

27. Called up share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
118,926,535 (2019 - 118,926,535) A ordinary shares of £1.00 each	118,927	118,927
1,294,308 (2019 - 1,294,308) B ordinary shares of £1.00 each	1,294	1,294
	120,221	120,221

28. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital contribution reserve

This reserve records the nominal value of shares repurchased by the Company.

Profit and loss account

This reserve records retained earnings and accumulated losses.

29. Capital commitments

At 31 December 2020 the group and company had capital commitments as follows:

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Contracted for but not provided in these financial statements	215	14,578	-	-
	215	14,578	-	-

30. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

Land and buildings	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Not later than 1 year	244	244	244	244
Later than 1 year and not later than 5 years	974	974	974	974
Later than 5 years	3,803	4,047	3,803	4,047
	5,021	5,265	5,021	5,265

Motor vehicles	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Not later than 1 year	72	153	72	153
Later than 1 year and not later than 5 years	8	81	8	81
	80	234	80	234

During the year, the total operating lease expense recorded in the accounts is £398,000 (2019: £359,000).

31. Related party transactions

The Group's ultimate controlling parties are Moorfield Audley Real Estate Fund 'A' Limited Partnership and Moorfield Audley Real Estate Fund 'B' Limited Partnership, both registered in England and Wales.

During the year Moorfield Investment Management Limited charged £784,000 (2019: £1,438,000) for management services, Included in accruals at the year end was £1,415,000 (2019: £1,737,000). Included in trade creditors at year end was £707,000 (2019:£Nil).

During the year Moorfield Group Limited charged £300,000 (2019: £300,000) for Asset Management Fees. Included in trade creditors at year end was £362,000 (2019:£Nil).

There is an agreement between Audley Court Limited and Audley Court Hollins Hall Limited that grants Audley Court Hollins Hall Limited a royalty-free licence to use the trademarks of Audley. Audley Court Hollins Hall is part owned by Nick Sanderson, a Director of Audley Court Limited. During the year no (2019: £nil) amounts were received in respect of the licence agreement and no (2019: £nil) amounts were outstanding from Audley Court Hollins Hall Limited at year end.

Audley Court Limited paid £725,000 on behalf of Audley Stanbridge Earls Limited, a subsidiary of RELF Audley Retirement Living LLP, to cover general operating expenses. RELF Audley Retirement Living LLP is a joint venture of Audley Group Limited, the immediate parent company of Audley Court Limited. Included in trade debtors at year end was £615,000 (2019: £407,000).

Audley Court Limited paid £226,000 on behalf of Audley Sunningdale Park Unit Trust, a subsidiary of RELF Audley Retirement Living LLP, to cover general operating expenses. RELF Audley Retirement Living LLP is a joint venture of Audley Group Limited, the immediate parent company of Audley Court Limited. Included in trade debtors at year end was £76,000 (2019: £Nil).

Audley Court Limited paid £8,000 on behalf of Audley Scarcroft Unit Trust, a subsidiary of RELF Audley Retirement Living LLP, to cover general operating expenses. RELF Audley Retirement Living LLP is a joint venture of Audley Group Limited, the immediate parent company of Audley Court Limited. Included in trade debtors at year end was £8,000 (2019: £Nil).

Audley Court Limited paid £4,000 on behalf of Audley Cobham Unit Trust, a subsidiary of RELF Audley Retirement Living LLP, to cover general operating expenses. RELF Audley Retirement Living LLP is a joint venture of Audley Group Limited, the immediate parent company of Audley Court Limited. Included in trade debtors at year end was £4,000 (2019: £Nil).

32. Ultimate parent undertaking and ultimate controlling parties

The Company's immediate parent undertaking is Audley Group Limited, which is registered in England and Wales.

The Company's ultimate controlling parties Moorfield Audley Real Estate Fund 'A' Limited Partnership and Moorfield Audley Real Estate Fund 'B' Limited Partnership, both registered in England and Wales.

MAREF Topco Ltd is the largest group of undertakings to consolidate these financial statements as at 31 December 2020. The consolidated financial statements are available from Companies House.

33. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Audley Binswood Limited	Ordinary	100%	Village development company
Audley Binswood Management Limited	Ordinary	100%	Management Company
Audley Care Limited	Ordinary	100%	Care Provider
Audley Care White Horse Limited	Ordinary	100%	Care Provider
Audley Chalfont Limited	Ordinary	100%	Village development company
Audley Chalfont Management Limited	Ordinary	100%	Management Company
Audley Clevedon Limited	Ordinary	100%	Village development company
Audley Clevedon Management Limited	Ordinary	100%	Management Company
Audley Coopers Hill Limited	Ordinary	100%	Village development company
Audley Coopers Hill Management Limited	Ordinary	100%	Management Company
Audley Court Management Limited	Ordinary	100%	Management Company
Audley Ellerslie Limited	Ordinary	100%	Village development company
Audley Ellerslie Management Limited	Ordinary	100%	Management Company
Audley Financial Services Limited	Ordinary	100%	Dormant
Audley Flete Limited	Ordinary	100%	Village development company
Audley Flete Management Limited	Ordinary	100%	Management Company
Audley Homewood Limited	Ordinary	100%	Village development company
Audley Inglewood Limited	Ordinary	100%	Village development company
Audley Inglewood Management Limited	Ordinary	100%	Management Company
Audley Group Developments 1 Limited	Ordinary	100%	Village development company
Audley Mote Management Limited	Ordinary	100%	Management Company
Audley Redwood Limited	Ordinary	100%	Village development company
Audley Redwood Management Limited	Ordinary	100%	Management Company
Audley St Elphins Limited	Ordinary	100%	Village development company
Audley St Elphins Management Limited	Ordinary	100%	Management Company
Audley St George's Limited	Ordinary	100%	Village development company
Audley St George's Management Limited	Ordinary	100%	Management Company
Audley Sunningdale Park Limited	Ordinary	100%	Village development company
Audley Dormant Co Limited	Ordinary	100%	Village development company
Audley Willicombe Limited	Ordinary	100%	Village development company
Audley Willicombe Management Limited	Ordinary	100%	Management Company
Mayfield Villages Limited	Ordinary	100%	Village development company
Audley Group Developments 2 Ltd	Ordinary	100%	Village development company
Mayfield Watford Management Limited	Ordinary	100%	Dormant
Mayfield Villages Care Limited	Ordinary	100%	Dormant

Audley Court Limited and all of its subsidiaries listed above are all incorporated in England and Wales and their registered office is 65 High Street, Egham, Surrey, TW20 9EY.

34. Post balance sheet events

Audley Group Developments 1 Limited (AGD1), owner of Mayfield Watford land and work-in-progress, was sold to a joint-venture company on 17 May 2021. The joint venture was formed between Blackrock Real Assets (75% ownership) and Audley Group Limited (25% ownership). Before the transfer happened, the Mote development that existed in AGD1 was sold to Audley Group Developments 2 Limited (a 100% subsidiary of Audley Court Limited). AGD1 was sold to the joint venture for a headline purchase price of £37.8m with a net cash receivable of £27.7m after deducting Audley's share of its equity contribution and shareholder loans from Audley Group Limited. A gain of £2.3m, before selling fees, was recognised by Audley Court Limited on the disposal of AGD1.

Audley Court Limited repaid £14.4m of bank loans upon the sale of AGD1 from the Audley Court Group. Following this repayment, the facility was further reduced by £10.0m to £95.0m.