

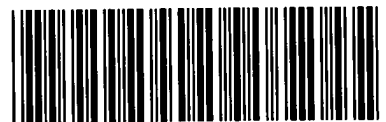
Elan Homes SEQ Limited

Annual report and financial statements

Registered number 05394485

Period ended 29 December 2019

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Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	3
Independent auditor's report to the members of Elan Homes SEQ Limited	4
Profit and Loss Account and Other Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes	9

Directors' report

Principal Activity

The company's principal activity during the period was the administering and collection of an existing portfolio of second charge shared equity loans

On 31 January 2018 the company changed its year end from 31 October to the end of December. As a result these financial statements are drawn up for the 52 weeks to 29 December 2019 and the comparatives are for the 14 months to 30 December 2018.

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

The company's retained profit for the period was £98,000 (*14 months to 30 December 2018: £8,000*) and the net assets as at 29 December 2019 were £613,000 (*30 December 2018: £515,000*).

COVID19

The COVID19 outbreak and the temporary lockdown within the UK has adversely affected the business but at present this is only seen as being a timing delay in the collection of balances due under second charge shared equity loans.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

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

A Bravington

P Halliwell

J Kendrick

R Rafferty

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

Exemption from the requirement to prepare a Strategic Report

The Company has met the requirement in the Companies Act 2006 to obtain the exemption provided, based on its size, from the presentation of a Strategic Report.

Political contributions

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

Disclosure of information to auditor

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

Directors' report *(continued)*

Auditor

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

By order of the board



A Bravington
Secretary
30 September 2020

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

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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



KPMG LLP
8 Princes Parade
Liverpool
L3 1QH
United Kingdom

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

Opinion

We have audited the financial statements of Elan Homes SEQ Limited ("the company") for the period ended 29 December 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 December 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

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

Directors' report

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

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

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

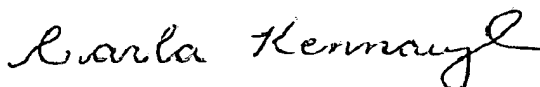
Auditor's responsibilities

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

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

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

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



Carla Kennaugh (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

30 September 2020

Profit and Loss Account

for the 52 weeks to 29 December 2019

	Note	52 weeks to 29 December 2019 £000	14 months to 30 December 2018 £000
Turnover	2	-	-
Cost of Sales		-	-
		<hr/>	<hr/>
Gross Profit		-	-
Other operating income		119	10
		<hr/>	<hr/>
Operating profit	3-5	119	10
Interest receivable	6	1	-
		<hr/>	<hr/>
Profit before taxation		120	10
Tax on profit on ordinary activities	7	(22)	(2)
		<hr/>	<hr/>
Profit for the financial period		98	8
		<hr/>	<hr/>

Other Comprehensive Income

for the 52 weeks to 29 December 2019

	Note	52 weeks to 29 December 2019 £000	14 months to 30 December 2018 £000
Profit for the period		98	8
Other comprehensive income for the period, net of income tax		-	-
		<hr/>	<hr/>
Total comprehensive income for the period		98	8
		<hr/>	<hr/>

The notes on pages 9 to 15 form part of these financial statements.

Balance Sheet
at 29 December 2019

	Note	29 December 2019 £000	30 December 2018 £000
Current Assets:			
Debtors: amounts falling due within year	8	212	-
Debtors: amounts falling due after one year	8	401	582
		<hr/>	<hr/>
		613	582
Creditors: amounts falling due within one year	9	-	(67)
		<hr/>	<hr/>
Net Assets		613	515
		<hr/>	<hr/>
Capital and Reserves			
Called up share capital	10	-	-
Profit and loss account		613	515
		<hr/>	<hr/>
Shareholder's funds		613	515
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 30 September 2020 and were signed on its behalf by:



J Kendrick
Director



A Bravington
Director

Company registered number: 05394485

The notes on pages 9 to 15 form part of these financial statements.

Statement of Changes in Equity

	Called up share capital £000	Profit and Loss Account £000	Total Equity £000
Balance at 1 November 2017	-	507	507
Total comprehensive income for the period			
Profit or loss	-	8	8
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	8	8
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity			
Total contributions by and distributions to owners	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 30 December 2018	-	515	515
Total comprehensive income for the period			
Profit or loss	-	98	98
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	98	98
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity			
Total contributions by and distributions to owners	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 29 December 2019	-	613	613
	<hr/>	<hr/>	<hr/>

The notes on pages 9 to 15 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

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

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

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

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

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

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

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

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except shared equity loans which are held within debtors falling due after one year at fair value.

1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate. In reaching this decision the directors have considered latest forecasts, covenant calculations and contractual agreements as well as taking into account the impact of the ongoing uncertainty regarding COVID19.

The directors have prepared cash flow forecasts for a period of 15 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

Amounts receivable from debtors are stated at fair value and there have been no recovery issues against balances due that have been identified in the period since 29 December 2019 to the date of these financial statements.

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

Notes (continued)

1 Accounting policies (continued)

1.3 Classification of financial instruments issued by the Company

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

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

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

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

1.4 Basic financial instruments

Trade and other creditors

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

1.5 Other financial instruments

Financial instruments not considered to be basic financial instruments (other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

1.6 Turnover

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

1.7 Other operating income

Other operating income represents realised and unrealised gains on assets recognised at fair value.

1.8 Taxation

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

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

Notes (continued)

1 Accounting policies (continued)

1.8 Taxation (continued)

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

1.9 Provisions

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

1.10 Accounting estimates and judgements

Management consider the following to be major sources of estimation that have been made in these financial statements:

Recoverability of other debtors relating to shared equity loans

Included in other debtors are balances due under shared equity loans secured by way of second legal charges over the properties acquired by customers in previous periods. The loans have repayment dates on the earlier of the onward sale of each property and the 10th anniversary. To determine the value of the debtor to be recognised at each year end the company undertakes a review of investment risk in respect of the properties themselves, current and local market conditions, historic credit risk and performance by location and property type, age of the debt as well as any other known information. Other debtor balances recognised in respect of shared equity loans are £401,000 as at 29 December 2019 (30 December 2018: £582,000) following an impairment review which resulted in a reduction in the carrying value of £91,000 which has been expensed in the profit and loss account for the 52 weeks ended 29 December 2019 (14 months ended 30 December 2018: impairment loss of £167,000).

Judgements

In the course of preparing the financial statements, no major judgements have been made in the process of applying the Group's accounting policies, other than those involving estimation, as set out above, that have had a significant effect on the amounts recognised in the financial statements.

2 Turnover

The company did not have any turnover during the period (14 months to 30 December 2018: none).

3 Expenses and auditor's remuneration

Audit fees of £250 were borne by Elan Homes Limited, a fellow group undertaking (14 months to 30 December 2018: £250).

4 Staff numbers and costs

The company does not employ any staff (14 months to 30 December 2018: none).

5 Directors' remuneration

The directors were not remunerated for providing services to the Company.

Notes (continued)

6 Interest receivable

	52 weeks to 29 December 2019 £000	14 months to 30 December 2018 £000
Total other interest payable and similar charges	<u>1</u>	<u>-</u>

7 Taxation

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

	52 weeks to 29 December 2019 £000	14 months to 30 December 2018 £000
Current tax		
Current tax on income for the period	22	2
Adjustments in respect of prior periods	-	-
	<u>22</u>	<u>2</u>
Deferred tax		
Change in tax rate	-	-
	<u>-</u>	<u>-</u>
Total deferred tax	-	-
Total tax	<u>22</u>	<u>2</u>

	£000	£000	52 weeks to 29 December 2019 £000	£000	14 months to 30 December 2018 £000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	22	-	22	2	-	2
Recognised in other comprehensive income	-	-	-	-	-	-
Recognised directly in equity	-	-	-	-	-	-
	<u>22</u>	<u>-</u>	<u>22</u>	<u>2</u>	<u>-</u>	<u>2</u>
Total tax	<u>22</u>	<u>-</u>	<u>22</u>	<u>2</u>	<u>-</u>	<u>2</u>

Notes (continued)

7 Taxation (continued)

Analysis of current tax recognised in profit and loss

	52 weeks to 29 December 2019 £000	14 months to 30 December 2018 £000
UK corporation tax	22	2
	<hr/>	<hr/>
Total current tax recognised in profit and loss	22	2
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of effective tax rate

	52 weeks to 29 December 2019 £000	14 months to 30 December 2018 £000
Profit for the period	98	8
Total tax expense	22	2
	<hr/>	<hr/>
Profit excluding taxation	120	10
	<hr/> <hr/>	<hr/> <hr/>
Tax using the UK corporation tax rate of 19% (14 months to 30 December 2018: 19%)	22	2
Expenses not deductible for tax purposes	-	-
	<hr/>	<hr/>
Total tax expense included in profit or loss	22	2
	<hr/> <hr/>	<hr/> <hr/>

8 Debtors

	29 December 2019 £000	30 December 2018 £000
Amounts owed by group undertakings	212	-
Other debtors	401	582
	<hr/>	<hr/>
	613	582
	<hr/> <hr/>	<hr/> <hr/>
Debtors falling due within one year	212	-
Debtors falling due after one year	401	582
	<hr/>	<hr/>
	613	582
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Creditors: amounts falling due within one year

	29 December 2019 £000	30 December 2018 £000
Amounts owed to group undertakings	-	67
	<u> </u>	<u> </u>

10 Capital and reserves

Share capital

	29 December 2019 £	30 December 2018 £
Allotted, called up and fully paid 1 ordinary share of £1 each	1	1
	<u> </u>	<u> </u>
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	1	1
	<u> </u>	<u> </u>
	1	1
	<u> </u>	<u> </u>

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

Dividends

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

11 Contingent Liabilities

The company has entered into a cross guarantee and debenture covering some but not all, of the bank and loan note borrowings of other companies in the Group amounting to £26,000,000 (30 December 2018: £8,000,000). Elan Homes SEQ Limited considers this cross guarantee to be an insurance arrangement.

12 Financial instruments

Carrying amount of financial instruments

The carrying value of amounts of the financial assets and liabilities include:

	29 December 2019 £000	30 December 2018 £000
<i>Assets measured at fair value through profit or loss</i>		
Other debtors	401	582
	<u> </u>	<u> </u>

Notes (continued)

13 Financial instruments (continued)

Financial instruments measured at fair value

Other debtors include shared equity loans where the Group has provided a 10 year or 25 year loan for a proportion of the sales price, and retains a second charge over the residential property sold. The fair value of shared equity loans is determined using market assumptions for the likely period to redemption, movements in UK house prices and the default risk of the debtors.

The fair value of the shared equity loans has reduced in the year as a result of an impairment charge of £91,000 (*14 months ended 30 December 2018: £167,000*). The remainder of the movement in shared equity loans in the period is attributable to loan redemptions. There has been no change in the assumptions used to determine the fair value compared to the prior period.

The shared equity loans are subject to movements in fair value prior to redemption including changes in the market value of each residential property and the default risk. The directors believe that the market exposure is minimal based on long-term house price inflation and that the exposure for default risk is adequately factored into the determined fair value of the debts.

14 Post Balance Sheet Events

On 23 March 2020 the UK was placed in a lockdown which resulted in the Company temporarily closing its activities for a period of 9 weeks. The impact on the basis of preparation as well as the carrying value of assets and liabilities has been considered and incorporated in the production of the financial statements for the 52 weeks ended 29 December 2019 with no post balance sheet event adjustments required.

15 Ultimate Parent Company and Ultimate Controlling Parties

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

The ultimate controlling parties are RS Boparan and BK Boparan.