Elan Homes SEQ Limited

Annual report and financial statements

Registered number 05394485

Period ended 2 January 2022

Contents

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.

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

The company's retained profit for the period was £24,000 *(53 weeks to 3 January 2021: £445,000)* and the net assets as at 2 January 2022 were £1,082,000 (*3 January 2021: £1,058,000*).

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.

Political contributions

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

S172 Statement

The Company has met the requirements in the Companies Act 2006 to obtain the exemption provided, based on its size, from the requirement to prepare a strategic report.

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.

Auditor

KPMG LLP resigned as auditors during the year and were replaced by MHA Moore and Smalley. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and MHA Moore and Smalley will therefore continue in office.

By order of the board

A Bravington
Secretary
28 April 2022

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.

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 2 January 2022 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 2 January 2022 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements (continued)

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, are detailed below:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations;
- Enquiries with management about any known or suspected instances of fraud;
- Auditing the risk of management override of controls, including through the examination of journal entries and other adjustments for appropriateness, including with regard to performance related remuneration;
- Review of board minutes and correspondence with the Finance Conduct Authority throughout the period and since the balance sheet date; and
- Challenging assumptions and judgements made by management in their accounting estimates

Because of the field in which the company operates we identified that compliance with the UK Companies Act and relevant Finance Conduct Authority regulations are the areas most likely to have a material impact on the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

Use of our report

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

Joe Sullivan

Joe Sullivan (Senior Statutory Auditor)
For and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

...29/4/2022

Profit and Loss Account
for the 52 weeks to 2 January 2022

	Note	**52 weeks to 2 January 2022 £000**	53 weeks to 3 January 2021 £000
Turnover	2	**-**	-
Cost of Sales		**-**	-
Gross Profit		**-**	-
Other operating income		**30**	548
Operating profit	3-5	**30**	548
Interest receivable	6	**-**	1
Profit before taxation		**30**	549
Tax on profit on ordinary activities	7	**(6)**	(104)
Profit for the financial period		**24**	445

Other Comprehensive Income
for the 52 weeks to 2 January 2022

	Note	**52 weeks to 2 January 2022 £000**	53 weeks to 3 January 2021 £000
Profit for the period		**24**	445
Other comprehensive income for the period, net of income tax		**-**	-
Total comprehensive income for the period		**24**	445

The Profit and Loss Account and the Other Comprehensive Income have been prepared on the basis that all operations are continuing operations.

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

Balance Sheet
at 2 January 2022

	Note	**2 January 2022 £000**	3 January 2021 £000
Current Assets:			
Debtors: amounts falling due within year	8	**1,026**	816
Debtors: amounts falling due after one year	8	**56**	242
Net Assets		**1,082**	1,058
Capital and Reserves			
Called up share capital	9	**-**	-
Profit and loss account		**1,082**	1,058
Shareholder's funds		**1,082**	1,058

These financial statements were approved by the board of directors on 28 April 2022 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 29 December 2019	-	613	613
Total comprehensive income for the period			
Profit or loss	-	445	445
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	445	445
Transactions with owners, recorded directly in equity			
Total contributions by and distributions to owners	-	-	-
Balance at 3 January 2021	-	1,058	1,058
Total comprehensive income for the period			
Profit or loss	-	24	24
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	24	24
Transactions with owners, recorded directly in equity			
Total contributions by and distributions to owners	-	-	-
Balance at 2 January 2022	-	**1,082**	**1,082**

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 the 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 for shared equity loans which are recorded within other debtors 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 the results recorded in the 52 weeks to 2 January 2022, latest forecasts, covenant calculations and contractual agreements as well as taking into account the ongoing uncertainty regarding the impact of Coronavirus.

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 impact of Coronavirus 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 2 January 2022 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 debtors

Trade and other debtors 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 interest 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 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Taxation (continued)

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

1.9 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 Group 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 £392,000 as at 2 January 2022 (*3 January 2021: £578,000*) following a fair value review which resulted in an increase in the carrying value of £nil which has been credited in the profit and loss account for the 52 weeks ended 2 January 2022 (*53 weeks to 3 January 2021: fair value gain of £247,000*).

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 (*53 weeks to 3 January 2021: none*).

3 Expenses and auditor's remuneration

Included in profit / (loss) are the following:

	52 weeks to 2 January 2022 £000	53 weeks to 3 January 2021 £000
Fair value (gain) on other debtors	-	(247)

4 Staff numbers and costs

The company does not employ any staff (*53 weeks to 3 January 2021: none*).

Notes *(continued)*

5 Directors' remuneration

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

6 Interest receivable

	52 weeks to 2 January 2022 £000	53 weeks to 3 January 2021 £000
Total other interest payable and similar charges	-	-

7 Taxation

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

	52 weeks to 2 January 2022		53 weeks to 3 January 2021	
	£000	**£000**	£000	£000
Current tax				
Current tax on income for the period		6		104
Adjustments in respect of prior periods		-		-
Total current tax		6		104
Deferred tax				
Change in tax rate	-		-	
Total deferred tax		-		-
Total tax		6		104

	52 weeks to 2 January 2022			53 weeks to 3 January 2021		
	£000 Current tax	**£000 Deferred tax**	**£000 Total tax**	£000 Current tax	£000 Deferred tax	£000 Total tax
Recognised in Profit and loss account	6	-	6	104	-	104
Recognised in other comprehensive income	-	-	-	-	-	-
Recognised directly in equity	-	-	-	-	-	-
Total tax	6	-	6	104	-	104

Notes *(continued)*

7 Taxation *(continued)*

Analysis of current tax recognised in profit and loss

	52 weeks to 2 January 2022 £000	53 weeks to 3 January 2021 £000
UK corporation tax	**6**	104
Total current tax recognised in profit and loss	**6**	104

Reconciliation of effective tax rate

	52 weeks to 2 January 2022 £000	53 weeks to 3 January 2021 £000
Profit for the period	**24**	445
Total tax expense	**6**	104
Profit excluding taxation	**30**	549
Tax using the UK corporation tax rate of 19% *(53 weeks to 3 January 2021: 19%)*	**6**	104
Expenses not deductible for tax purposes	**-**	-
Total tax expense included in profit or loss	**6**	104

Factors affecting the tax charge in future years

The UK corporation tax standard rate for the period is 19% *(53 weeks ended 3 January 2021: 19%).* A UK corporation tax rate of 25% (effective 1 April 2023) was substantively enacted on 3 March 2021 increasing the future tax rate accordingly.

Notes *(continued)*

8 Debtors

	2 January 2022 £000	3 January 2021 £000
Amounts owed by group undertakings	**690**	480
Other debtors	**392**	578
	1,082	1,058
Debtors falling due within one year	**1,026**	816
Debtors falling due after one year	**56**	242
	1,082	1,058

9 Capital and reserves

Share capital

	2 January 2022 £	3 January 2021 £
Allotted, called up and fully paid		
1 ordinary share of £1 each	**1**	1
Shares classified as liabilities	**-**	-
Shares classified in shareholders' funds	**1**	1
	1	1

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.

10 Contingent Liabilities

The company has entered into a cross guarantee and debenture covering some but not all, of the bank borrowings of other companies in the Group amounting to £5,000,000 (*3 January 2021*: *£20,000,000*). Elan Homes SEQ Limited considers this cross guarantee to be an insurance arrangement.

Notes *(continued)*

11 Financial instruments

Carrying amount of financial instruments

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

	2 January 2022 £000	3 January 2021 £000
Assets measured at fair value through profit or loss		
Other debtors	**392**	578

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 repayments and a fair value adjustment of £nil (*53 weeks ended 3 January 2021: fair value gain of £247,000*). The remainder of the movement in shared equity loans in the period is attributable to loan redemptions.

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 currently 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.

12 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.