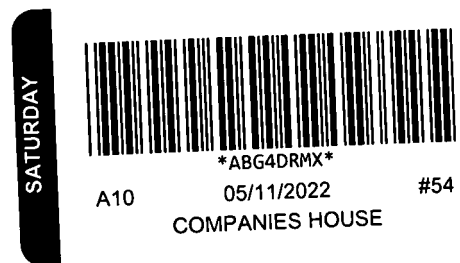


Annual Report and Financial Statements

2022

Year to 31 March 2022



MILTON HOMES LIMITED

Company Registration No. 06037454

MILTON HOMES LIMITED

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MILTON HOMES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

IH Ezekiel
JDS Harrison
PG Milner

Registered office

168 Shoreditch High Street
London
E1 6HU

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

MILTON HOMES LIMITED

STRATEGIC REPORT

The Directors present the Strategic report and the Directors' report, together with the financial statements and auditor's report of Milton Homes Limited (the "Company") for the year ended 31 March 2022.

Principal activities

The principal activity of the Company is to provide finance to its subsidiaries. The Company's subsidiaries, Living Plus Limited, Milton Homes Properties Limited and Retirement Plus Property Plans Limited, are authorised by The Financial Conduct Authority ("FCA") as home reversion plan providers and Retirement Plus Limited is authorised as an arranger and administrator of home reversion plans. Whilst the Group is not currently entering into new business, it plans to maintain a significant long-term exposure to the UK residential property market as a provider of both traditional and innovative home reversion plans.

Results for the financial year

The financial statements show results for the Company for the year as follows:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Income	-	-
Loss before tax	(3,261)	(3,506)
Tax charge for the year	-	-
Loss for the year, attributable to equity shareholders	(3,261)	(3,506)

Business review and future developments

The company intends to continue to manage its existing business. There is no intention at the current time to enter into any new business.

Changes in ownership and lending

On 10 March 2022, Max Barney Investments Limited acquired 100% of the share capital of Milton Homes Limited.

On 3 September 2021, the deep discounted bonds of £11,000,000 were transferred to the HPB Pension Trust from the City of London Group plc. On 10 March 2022, the deep discounted bonds were repaid and settled in full, and an unsecured subordinated loan facility of £8,260,000 was made to the Company by Max Barney Limited.

MILTON HOMES LIMITED

STRATEGIC REPORT (continued)

Section 172 Statement

This section of the Strategic Report describes how the directors have had regard to the matters set out in section 172 (1) and form the Directors' statements required under section 414CZA of the Companies Act 2006.

The Directors have acted in a way they consider to be good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so have regarded, amongst other matters, to:

- a. the likely consequences of any decision in the long term;

Directors should maintain oversight of a Company's performance and ensure that management is acting in accordance with the strategy and plans agreed by a board, and its delegated authorities

The Board undertakes meetings in which the performance against budget and strategic plans of the business are considered. The strategic goals are also discussed at monthly management meetings which are attended by Directors and the wider management team. In making decisions concerning the ongoing operation of the business, the board and the management team has regard to a variety of matters including the interests of its owners, the consequences of its decisions and the long-term reputation of the business.

- b. the interests of the Company's employees;

Employees are central to the long-term success of a Company, as such, a board should consider their interests, and, to assist in doing so, have means of engaging with and understanding their views

The Company does not have any employees.

- c. the need to foster the Company's business relationships with suppliers, customers and others;

Fostering business relationships with key stakeholders, such as customers, suppliers and the FCA is also important to a Company's success. A board should have visibility of these relationships so that it is able to take stakeholder considerations into account when making decisions

The Directors oversee any client complaints or FCA breaches on a monthly basis and sooner if required. Beyond the management meetings there are regular team meetings, to ensure that our service level to clients remains at the highest level.

- d. the impact of the Company's operations on the community and the environment;

In their decision-making, directors need to have regard to the impact of a Company's operations on the community and environment

Every effort is made to consider the environmental impact of decisions taken, although due to the nature of its activities the Company's direct environmental impact is limited.

MILTON HOMES LIMITED
STRATEGIC REPORT (continued)

Section 172 Statement (continued)

- e. the desirability of the Company maintaining a reputation for high standards of business conduct;

Culture, values and standards underpin how a Company creates and sustains value over the longer term and are key elements of how it maintains a reputation for high standards of business conduct

The Board sets out the values and standards required of all employees in the staff handbook. All employees sign to confirm that they have read and understood the content of the handbook.

Through continuing review and performance monitoring, management is able to identify employees whose behaviour and work output falls short of the required standards and this is reported at management meetings.

Staff are employed by a subsidiary entity, but work across the group.

- f. the need to act fairly as between members of the Company;

The Directors have the responsibility to act fairly between members of the Company.

The Company is wholly owned by one shareholder.

Financial risk management objectives and policies

The Board sets the overall risk appetite and philosophy of the Company. The Board establishes the parameters for risk appetite through setting strategic direction contributing to and ultimately approving annual business plans for the Company, and regularly reviewing and monitoring performance in relation to risk through half-yearly and ad hoc reports from the monthly Executive Committee meetings.

Risk appetite is defined in both qualitative and quantitative terms and is regularly assessed. It is an expression of the maximum level of residual risk that the Company is prepared to accept in order to deliver its business objectives.

Through its activities and those of its subsidiary company, the Company is exposed to a number of financial risks including interest rate risk, credit risk, and liquidity risk.

Interest rate risk

Interest rate risk is the risk of adverse changes (effectively increases) in market interest rates and arises primarily from the mismatch between interest charges on unsecured debt obligations.

Credit risk

Credit risk is the risk that the Company will incur losses as a result of the failure of customers and counterparties to meet their obligations and arises from holdings of financial assets. The Company's principal financial assets are cash and cash equivalents and the loans receivable from the parent undertaking.

MILTON HOMES LIMITED
STRATEGIC REPORT (continued)

Financial risk management objectives and policies (continued)


The Company is not subject to material levels of credit risk as cash is managed on an intercompany group basis.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its cash obligations, including funding of its subsidiary company, as they fall due.

The Company seeks to maintain a mixture of facilities that ensure that it has sufficient available funds to satisfy daily requirements and financing of the subsidiary company's future equity release plan originations.

Approved by the Board of Directors and signed by order of the Board


Paul Milner (Jul 28, 2022 15:17 GMT+1)

PG Milner
Director
28 July 2022

MILTON HOMES LIMITED

DIRECTORS' REPORT

Some information is not shown in the Directors' report because it is shown in the Strategic report instead.

Directors

The Directors who served the company during the year and up to the date of this report were as follows:

IH Ezekiel (appointed 10 March 2022)
JDS Harrison
MH Goldstein (resigned 10 March 2022)
PG Milner (appointed 3 September 2021)

In terms of section 234 of the Companies Act 2006, the Directors of the Company have been granted Qualifying Third Party Indemnity Provisions by the Company, which remain in force as at the date of approving the Strategic report and the Directors' report.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 March 2022 (2021: £nil).

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements.

Disabled persons

It is the Company's policy to give full consideration to suitable applications for employment of disabled persons. Disabled employees are eligible to participate in all career development opportunities available to staff. Opportunities also exist for employees of the Company who become disabled to continue in their employment or to be retrained for other positions in the Company.

Employee involvement

The Company is committed to involving all employees in the performance and development of the Company. Its approach to employee development offers continual challenges in the job, learning opportunities and personal development.

The Company encourages all its employees to participate fully in the business through open dialogue. Employees receive news of the Company through frequent email notices, internal notices and Board statements. The Company maintains a strong communications network and employees are encouraged, through its open-door policy, to discuss with management matters of interest to the employee and subjects affecting day-to-day operations of the Company.

Ethical Standards

The Directors and the Company are committed to high ethical standards in all their dealings. The group company, Retirement Plus Limited, as an FCA authorised arranger and administrator of home reversion plans is reliant upon its ability to build a long-term relationship of trust and high-quality service with elderly homeowners, and also with all our trusted suppliers.

MILTON HOMES LIMITED

DIRECTORS' REPORT (continued)

Statement of Directors' responsibilities

The directors are responsible for preparing the strategic report, 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 year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 accounting estimates that are reasonable and prudent;
- state whether UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with these requirements.

Going concern statement

Having made appropriate enquiries and reviewing the Company's forecast cashflows, in particular regarding the ability of the Company to meet its liabilities as and when they fall due, the Directors are satisfied that the Company has adequate resources to continue its operations for the foreseeable future. Cash flows and liquidity are monitored on a Group basis, and the going concern of the Group is underpinned by the investment property and equity release plan portfolio held by the Group and the cash flows generated from the disposals of the investment property and equity release plan assets. The financing agreement with Partnership Life Assurance Company Limited provides cashflow stability, as interest is rolled up into the loan, and the loan and accrued interest is repayable on the disposal of each residential property. During the year the business did see a rise in the number of property reversions and sales as the market reopened following the easing of the COVID-19 restrictions. The Directors believe the national spread of the portfolio and the limited number of higher value properties is a positive feature of the portfolio in these circumstances, with a positive cash flow arising from these sales. Given this, as well as the cashflow stability from the financing agreement, the Directors continue to adopt the going concern basis in preparing the financial statements.

MILTON HOMES LIMITED
DIRECTORS' REPORT (continued)

Qualifying third party indemnity provisions for the benefit of Directors

Under the Companies (Audit, Investigations and Community Enterprise) Act 2004 (which amends the Companies Act 2006), companies are under an obligation to disclose any indemnities which are in force in favour of their directors. The current Articles of Association of the Company contain an indemnity in favour of the Directors of the Company which indemnifies them in respect of any liability incurred by them in defending any proceedings (whether civil or criminal) in which judgment is given in their favour and costs that they might incur in the execution of their duties as Directors. Copies of the relevant extract from the Articles of Association are available for inspection at the registered office of the Company during normal business hours.

Auditor


In the case of each of the persons who is a Director at the time when the Strategic report and the Directors' report are approved, the following apply:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that a Director might reasonably be expected to have taken to be aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board


Paul Milner (Jul 28, 2022 15:17 GMT+1)

PG Milner
Director
28 July 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILTON HOMES LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Milton Homes Limited ("the Company") for the year ended 31 March 2022 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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 Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILTON HOMES LIMITED (continued)

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.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, 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:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which would be contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with the Companies Act 2006 and relevant accounting standards. We considered compliance with laws and regulations and the risk of fraud that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- we discussed among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for management bias in the valuation of investment property. Furthermore, we communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of directors and management; and

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILTON HOMES LIMITED (continued)

- in addressing the risk of management override of controls, testing of journal postings made during the year which met a specified criteria.


Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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 our engagement letter dated 10 June 2022. 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.

DocuSigned by:

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Orla Reilly (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

28 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

MILTON HOMES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2022

	Notes	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Administrative expenses		<u>(46)</u>	<u>(150)</u>
Operating loss	3	(46)	(150)
Finance expense	5	<u>(3,215)</u>	<u>(3,356)</u>
Loss before tax		(3,261)	(3,506)
Tax charge for the year	6	<u>-</u>	<u>-</u>
Total comprehensive loss for the financial year, attributable to equity shareholders		<u>(3,261)</u>	<u>(3,506)</u>

All activities arise from continuing activities. The Company has no other comprehensive income other than the losses above, for the year ended 31 March 2022 (2021: £nil).

MILTON HOMES LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2022

	Share capital £'000	Share premium reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2020	42,092	133	(44,970)	(2,745)
Total comprehensive loss for the year	-	-	(3,506)	(3,506)
At 31 March 2021	42,092	133	(48,476)	(6,251)
At 1 April 2021	42,092	133	(48,476)	(6,251)
Total comprehensive loss for the year	-	-	(3,261)	(3,261)
At 31 March 2022	42,092	133	(51,737)	(9,512)


MILTON HOMES LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

Company Registration No. 06037454 (England and Wales)

	Notes	31 March 2022 £'000	31 March 2021 £'000
ASSETS			
Non-current assets			
Investment in subsidiary undertakings	7	70,779	70,779
		70,779	70,779
Current assets			
Trade and other receivables	8	106	101
Cash and cash equivalents		48	11
		154	112
Total assets		70,933	70,891
LIABILITIES			
Current liabilities			
Trade and other payables	9	(20,729)	(19,380)
Interest-bearing loans and borrowings	10	(52,761)	(48,806)
		(73,490)	(68,186)
Non-current liabilities			
Interest-bearing loans and borrowings	10	(6,955)	(8,956)
		(6,955)	(8,956)
Total liabilities		(80,445)	(77,142)
Total net liabilities		(9,512)	(6,251)
EQUITY			
Share capital	12	42,092	42,092
Share premium reserve	13	133	133
Retained earnings	13	(51,737)	(48,476)
Total equity		(9,512)	(6,251)

These financial statements were approved by the Board of Directors and authorised for issue on 28 July 2022.

Signed on behalf of the Board of Directors


Paul Milner (Jul 28, 2022 15:17 GMT+1)

PG Milner
Director

MILTON HOMES LIMITED
CASH FLOW STATEMENT
for the year ended 31 March 2022

	Notes	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Operating activities			
Loss for the year	15	(3,261)	(3,506)
Finance expense		3,215	3,356
Net cash outflow before changes in working capital		(46)	(150)
Increase in trade and other receivables		(5)	(2)
Decrease in trade and other payables		(65)	(39)
Net cash outflow from operating activities		(116)	(191)
Financing activities			
Repayment of deep discounted bonds		(9,457)	(1,000)
New debt drawn down from subsidiary undertakings		1,350	1,150
New debt drawn down from other loans		8,260	-
Net cash inflow from financing activities		153	150
Net increase/(decrease) in cash and cash equivalents		37	(41)
Cash and cash equivalents at beginning of the year		11	52
Cash and cash equivalents at end of the year		48	11

The finance expense of £3,215k incurred in the financial year ended 31 March 2022 (2021: £3,356k) is in relation to the accrued loan interests payable to the subsidiary undertakings, which is unpaid as at 31 March 2022.

MILTON HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2022

1. Accounting policies

Milton Homes Limited (the "Company") is a private company limited by shares. The company is registered and incorporated in England and Wales under the Companies Act 2006. The registered office is 168 Shoreditch High Street, London, E1 6HU.

The Company's financial statements are prepared in accordance with UK adopted international accounting standards and applicable law.

The principal accounting policies set out below have been applied consistently to all years presented in these financial statements.

The financial statements are prepared in Sterling and all values are rounded to the nearest pounds thousands except where otherwise indicated.

Changes in accounting policies

New standards, interpretations and amendments effective for periods beginning on or after 1 January 2022 and which are applicable to the Company's accounting policies are:

- Annual improvements to IFRSs (2018-2020 cycle): IFRS 1, IFRS 9, Illustrative examples accompanying IFRS 16 and IAS 41.

New standards and standards issued but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the company has decided not to adopt early. The most significant of these are:

- Amendments to IAS 1 – Classification of liabilities as current or non current
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 8 – Definition of accounting estimates
- Amendment to IFRS 17 – Initial application of IFRS 17 and IFRS 9 – Comparative information.

MILTON HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

1. Accounting policies (continued)

Going concern

Having made appropriate enquiries and reviewing the Company's forecast cashflows, in particular regarding the ability of the Company to meet its liabilities as and when they fall due, the Directors are satisfied that the Company has adequate resources to continue its operations for the foreseeable future. Cash flows and liquidity are monitored on a Group basis, and the going concern of the Group is underpinned by the investment property and equity release plan portfolio held by the Group and the cash flows generated from the disposals of the investment property and equity release plan assets. The financing agreement with Partnership Life Assurance Company Limited provides cashflow stability, as interest is rolled up into the loan, and the loan and accrued interest is repayable on the disposal of each residential property.

The company is monitoring the impact the of the Russian invasion of Ukraine on its business. The impact, if any, is difficult to predict.

During the year the business did see a rise in the number of property reversions and sales as the market reopened following the easing of the COVID-19 restrictions. The Directors believe the national spread of the portfolio and the limited number of higher value properties is a positive feature of the portfolio in these circumstances, with a positive cash flow arising from these sales. Given this, as well as the cashflow stability from the financing agreement, the Directors continue to adopt the going concern basis in preparing the financial statements.

Investments in subsidiary undertakings

Investments in subsidiaries are at stated at cost less any provision for impairment in value. The carrying value is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Trade and other receivables

Trade receivables are held solely for the collection and payment of contractual cash flows, and continue to be held at amortised cost at the lower of their invoiced value and recoverable amount. The Directors consider that there are no material differences between the carrying values and the fair values at each year end.

Impairment of other receivables

Impairment provisions for receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

MILTON HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

1. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits, and are subjected to insignificant risk of changes in value. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other payables

Trade and other payables are stated at cost.

Current tax

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit, as reported in the statement of comprehensive income, because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax liabilities against current tax assets and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Interest-bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses on the repurchase, settlement or cancellation of liabilities are recognised in the statement of comprehensive income as finance income and finance expense, respectively.

MILTON HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

1. Accounting policies (continued)

Intra-group balances

Intra-group loans and similar balances between group companies are held at amortised cost. An assessment is made regularly to determine whether any provision for expected credit losses is required. The Company has applied the simplified approach to recognise lifetime expected credit losses on these intra group balances. The expected credit loss is considered to be equal to the excess of the Company's balance with a group company in excess of a group company's fair value. It was determined that, having regard to the terms of each loan, no provisions were required.

Financial instruments

Apart from the property plans, the Company's principal financial instruments comprise cash, the Partnership loan, shareholder loans, deferred purchase consideration, trade and other receivables, and trade and other payables. Cash and cash equivalents are considered to be cash at bank and cash in hand. The main purpose of these instruments is to finance the acquisition of investment property and to meet operating, administrative and finance costs. It is the Company's policy that no speculative trading in financial instruments shall be undertaken. The Directors consider that there are no material differences between the carrying values and fair values of the Company's financial assets and liabilities at each year end.

2. Critical accounting judgements and key sources of estimation and uncertainty

In the process of applying the Company's accounting policies as described in note 1, management have not identified any judgements or estimations that have a significant effect on the amounts recognised in the financial statements.

3. Operating loss

The Company operating loss is stated after charging:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Auditors' remuneration:		
- audit fees	6	10

4. Information regarding directors and employees

The directors have not received any emoluments for their services from the Company during the year (2021: £nil). The directors' emoluments of £142,600 (2021: £114,488) have been borne by a group undertaking. There were no other employees (2021: nil).

MILTON HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

5. Finance expense

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Interest payable on loans to group companies	2,667	2,450
Shareholders' loan interest on DDBs	501	906
Interest payable on other loans	47	-
	<u>3,215</u>	<u>3,356</u>

6. Taxation

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
<u>Analysis of tax charge for the year</u>		
Deferred tax charge	-	-
Tax charge for the year	<u>-</u>	<u>-</u>

The effective rate of corporation tax for the previous year is the same as the standard rate in the United Kingdom (19%) as applied to the Group's pre-tax loss for the reasons analysed below:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
<u>Reconciliation of total tax charge</u>		
Loss on ordinary activities before tax	<u>(3,261)</u>	<u>(3,506)</u>
Loss for the year multiplied by the standard rate of corporation tax in the United Kingdom (19%) (2021: 19%)	(620)	(666)
<u>Factors affecting the tax credit for the year:</u>		
Group relief	610	533
Taxation losses carried forward	10	133
	<u>-</u>	<u>-</u>

Deferred tax

Deferred tax assets are recognised for tax losses carried forward and other temporary differences to the extent that realisation of the related tax benefit through future taxable profits is probable. The Company had a unrecognised deferred tax asset in 2022 of £3,000,000 (2021: £2,300,000), calculated using a tax rate of 25% (2021: 19%).

The current rate of corporation tax is 19%.

MILTON HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

6. Taxation (continued)

Factors that may affect future tax charges

The 2021 Budget announced a further increase to the main rate of corporation tax to 25% from 1 April 2023. The Finance Bill 2021 was substantively enacted on 24 May 2021.

7. Investment in subsidiary undertakings

	£'000
<u>Cost</u>	
At 1 April 2021 and 31 March 2022	80,227
<u>Provision</u>	
At 1 April 2021	(9,448)
At 31 March 2022	(9,448)
<u>Carrying amount</u>	
At 31 March 2022	70,779
At 31 March 2021	70,779

Provision

The Company holds 100% of the issued ordinary share capital and controls 100% of the voting rights of the unlisted subsidiary companies, Milton Homes Properties Limited, Living Plus Limited, Living Plus Assets Limited, and Retirement Plus Limited, all with their registered office at 168 Shoreditch High Street, London, E1 6HU. The impairment is determined by the net assets of subsidiaries as at the current year ended 31 March 2022.

8. Trade and other receivables

	31 March 2022 £'000	31 March 2021 £'000
Amounts due from group companies	106	101

MILTON HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

9. Trade and other payables

	31 March 2022 £'000	31 March 2021 £'000
Trade payables	-	29
Amounts due to group companies	20,254	18,920
Accrued interest on loans from group companies	468	404
Accruals and deferred income	7	27
	<u>20,729</u>	<u>19,380</u>

Under IAS 7, current loans and borrowings due to group companies have moved by £1,334,000 from £18,920,000 to £20,254,000 due to advances of £1,350,000 from the subsidiary company Milton Homes Properties Limited, and for other working capital commitments of £16,000.

10. Interest-bearing loans and borrowings

	31 March 2022 £'000	31 March 2021 £'000
<u>Current</u>		
Group company borrowings	51,408	48,806
Other loans	1,353	-
	<u>52,761</u>	<u>48,806</u>
	31 March 2022 £'000	31 March 2021 £'000
<u>Non-current</u>		
Shareholder loans	-	8,956
Other loans	6,955	-
	<u>6,955</u>	<u>8,956</u>

Shareholder loans - Deep Discounted Bonds

DV4 Limited provided to Milton Homes Limited deep discounted bonds of £11,000,000 under a subordinated loan agreement on 11 February 2015. The deep discounted bonds have an interest element of 10% accruing to reach the maturity value upon the repayment date of 31 December 2030. These were transferred to City of London Group plc ('COLG') during the period to 31 March 2018. On 3 September 2021, the deep discounted bonds were transferred to the HPB Pension Trust.

Under IAS 7, non-current loans and borrowings owed to COLG moved by £9,046,000 from £8,956,000 to £nil due to repayments made of £1,200,000, transfer of liability to the HPB Pension Trust of £7,846,000, offset by interest charges of £90,000 in the year.

MILTON HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

10. Interest-bearing loans and borrowings (continued)

Under IAS 7, non-current loans and borrowings owed to the HPB Pension Trust moved by £8,257,000 to £nil due to repayments

Other loans

Max Barney Limited, a company related to Milton Homes Limited through common ownership, provided to Milton Homes Limited a loan of £8,260,000 on 10 March 2022. The loans are unsecured and bear interest at 10% per annum. The loan has an interest element accruing of 10% to reach the maturity value upon the repayment date of 9 March 2027.

Group company borrowings

The Company has various subordinated loan facilities provided by subsidiary companies. The loans are unsecured and bear interest at LIBOR plus 1% per annum and at a fixed rate of 10% per annum. At 31 March 2022 the loans outstanding were £51,408,000 (2021: £48,806,000).

Under IAS 7, current group company borrowings moved by £2,453,000 from £48,806,000 to £51,408,000 due to interest charges of £2,451,000 and payments made by group companies of £2,000 during the year.

11. Financial instruments

Apart from the property plans, the Company's principal financial instruments comprise cash, shareholder loans, trade and other receivables, and trade and other payables. Cash and cash equivalents are considered to be cash at bank and cash in hand. The main purpose of these instruments is to finance the acquisition of investment property and to meet operating, administrative and finance costs. It is the Company's policy that no speculative trading in financial instruments shall be undertaken.

Classification and measurement

A single classification and measurement model is to be used for financial assets, which is dependent on the entity's business model for managing financial assets and the contractual cash flow characteristics of those financial assets. Financial assets fall into one of three principal classification categories: (i) amortised cost, (ii) fair value through profit and loss or (iii) fair value through other comprehensive income. Equity investments are measured at fair value with gains and losses recognised in profit or loss unless an irrevocable election is made to recognise gains or losses in other comprehensive income.

The financial assets and liabilities of the Company and the basis of measurement are set out below.

Loans and trade receivables are held solely for the collection of contractual cash flows, being interest, fees and repayments of principal. These assets continue to be held at amortised cost.

Financial liabilities are held solely for the collection and payment of contractual cash flows, being payments of principal and interest where applicable. These continue to be held at amortised cost.

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, capital management risk and market risk. There is no currency risk as all financial instruments are held in Sterling. The Financial and Risk Review includes an explanation of the Company's

MILTON HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

11. Financial instruments (continued)

objectives and policies with regard to financial instruments and the management of risk. There is no credit risk as intercompany loans are not demanded.

Commitments and contingencies

The table below summarises the maturity profile of the Company's financial liabilities and commitments at 31 March 2021 and 31 March 2022 based on contractual undiscounted payments:

	Interest rate (%)	Within 1 year £'000	1-5 years £'000	More than 5 years £'000	Total £'000
<u>31 March 2021</u>					
Shareholder DDBs loans	10	-	-	8,956	8,956
	Interest rate (%)	Within 1 year £'000	1-5 years £'000	More than 5 years £'000	Total £'000
<u>31 March 2022</u>					
Other loans	10	1,353	6,955	-	8,308

There is no impact of changes in interest rates to profit before tax and equity.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its cash obligations. The Company obtains financing from the Milton Homes Limited subsidiary company Milton Homes Properties Limited to fund overheads and the financing requirements of its other subsidiary companies. There is no risk to capital at the year end as property sales are frequent.

Credit risk

The Company's exposure to credit risk on cash and cash equivalents and loans, arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. There is no risk at the year end.

Capital management

The primary objective of the Company's capital management is to ensure that it has sufficient funding capacity for itself. The Company's capital is deemed to be its equity.

Fair values of financial assets and financial liabilities

The Directors consider that there are no material differences between the carrying values and the fair values of financial assets and liabilities at each year end.

MILTON HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

12. Share capital

	31 March 2022 £'000	31 March 2021 £'000
<i>Authorised</i>		
100,000,000 (2021: 100,000,000) ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
	31 March 2022 £'000	31 March 2021 £'000
<i>Allotted, Issued & fully paid</i>		
29,954,615 'A' Shares at £1	29,955	29,955
12,137,708 'A' Shares issued at £1	<u>12,137</u>	<u>12,137</u>
	<u>42,092</u>	<u>42,092</u>

13. Reserves

<i>Company</i>	Share premium reserve £'000	Retained earnings £'000	Total £'000
At 1 April 2021	133	(48,476)	(48,343)
Loss for the year	-	(3,261)	(3,261)
At 31 March 2022	<u>133</u>	<u>(51,737)</u>	<u>(51,604)</u>

Reserves are defined as follows:

Share premium reserve represents amounts subscribed for issued share capital in excess of nominal value. The capital reserve comprises the difference between the fair value and nominal amount of non-interest bearing loans made available by the ultimate parent company.

Retained earnings are the cumulative net gains and losses recognised in the consolidated statement of comprehensive income.

MILTON HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

14. Related party transactions

DV4 Limited (previous 100% parent company) provided to Milton Homes Limited deep discounted bonds of £11,000,000, under a subordinated loan agreement effective from 11 February 2015. The loans have an interest element of 10% accruing to reach the maturity value upon the repayment date of 31 December 2030. These were transferred to City of London Group plc (100% parent company) during the period to 31 March 2018. On 3 September 2021 City of London Group plc (previous 100% parent company) transferred the deep discounted bonds to the HPB Pension Trust. These deep discounted bonds were repaid on 10 March 2022. As at 31 March 2022 the loan was recorded at £nil payable to City of London Group plc (2021: £8,956,495) and £nil payable to the HPB Pension Trust (2021: £nil).

On 20 September 2011, an unsecured subordinated loan facility was provided to Milton Homes Limited by Retirement Plus Limited (a subsidiary undertaking). This facility bears interest at LIBOR plus 1% which is rolled up into the loan and is expected to be repaid after more than one year. The interest charge in the year to 31 March 2022 was £321,788 (2021: £326,441). The gross outstanding balance payable to Retirement Plus Limited (including accrued interest) at 31 March 2022 was £26,945,041 (2021: £26,623,253).

On 20 September 2011, an unsecured subordinated loan facility was provided to Milton Homes Limited by Living Plus Limited (a subsidiary undertaking). This facility bears interest at 10% per annum which is rolled up into the loan and is expected to be repaid after more than one year. At 31 March 2022 the loan balance (including accrued interest) payable to Living Plus Limited was £5,428,497 (2021: £4,917,952).

On 20 September 2011, an unsecured subordinated loan facility was provided to Milton Homes Limited by Living Plus Assets Limited (a subsidiary undertaking). This facility bears interest at 10% per annum which is rolled up into the loan and is expected to be repaid after more than one year. At 31 March 2022, the outstanding loan balance (including accrued interest) payable to Living Plus Assets Limited was £19,503,185 (2021: £17,668,927).

On 10 March 2022, an unsecured subordinated loan of £8,260,000 was provided to Milton Homes Limited by Max Barney Limited, a company related through common ownership. The loan has an interest element of 10% accruing to reach the maturity value upon the repayment date of 9 March 2022. As at 31 March 2022 the loan was recorded at £8,307,523 (2021: £nil) payable to Max Barney Limited.

MILTON HOMES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2022

15. Notes to the cashflow statement

For the purpose of the cashflow statement, cash and cash equivalents comprise the following:

	31 March 2022 £'000	31 March 2021 £'000
Cash at bank and in hand	<u>48</u>	<u>11</u>

Changes in liabilities from financing activities:

	Non-current borrowings £	Total £
At 31 March 2020	9,050	9,050
Non cash interest	906	906
Repayments of DDBs	(1,000)	(1,000)
At 31 March 2021	8,956	8,956
Non cash interest	501	501
Repayments of DDBs	(9,457)	(9,457)
Receipt of other loan	6,955	6,955
At 31 March 2022	<u>6,955</u>	<u>6,955</u>

16. Ultimate parent undertaking and controlling party

At 31 March 2022, the immediate and ultimate parent undertaking and controlling party was Max Barney Investments Limited, a company registered in England and Wales. Max Barney Investments Limited acquired 100% of the share capital of the company during the year.

Copies of the financial statements of Max Barney Investments Limited are available from Companies House.

17. Post balance sheet events

There are no post balance sheet events.