

Registered number: 06362844

Pentland Homes (Holdings) Limited

Annual Report and Financial Statements

For the Year Ended 31 January 2023

Pentland Homes (Holdings) Limited

Company Information

Directors	P N Tory J N Tory P J Rosbrook (appointed 20 September 2022)
Company secretary	P J Rosbrook (appointed 20 September 2022)
Registered number	06362844
Registered office	The Estate Office Canterbury Road, Etchinghill Kent CT18 8FA
Independent auditors	Kreston Reeves LLP Chartered Accountants & Statutory Auditor 37 St Margaret's Street Canterbury Kent CT1 2TU
Bankers	Lloyds Bank Plc 43 Sandgate Road Folkestone Kent CT20 1RZ
Solicitors	Thomson Snell & Passmore Heathervale House 2-4 Vale Avenue Tunbridge Wells Kent TN1 1DJ

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Group Strategic Report
For the Year Ended 31 January 2023

Introduction

The directors present their strategic report for the year ended 31 January 2023.

Business review

The main activity of the business was the building of new housing in the Southeast of England.

The housing market has undoubtedly slowed following the inflationary pressure in the economy. A number of factors have contributed to this including the war in Ukraine and the recovery from the Covid pandemic. The associated increase in interest rates and the removal of the Help to Buy have reduced the numbers of buyers in the market.

The planning system continues to worsen, and this has had an impact on the results of the business. New site starts continue to slip and holding costs have increased with the rise in interest rates.

The business restructuring is now complete costing £2.5m. Underlying group operating profit would have been £1.8m before these exceptional costs.

The business restructuring is now complete with the new management team in place. The company rebranding has been completed and the businesses in the process of implementing COINS, the leading financial system in the housebuilding industry.

There have been signs of improvement in the housing market throughout the summer as buyers get used to the new level of interest rates with sales rates starting to improve on our existing sites.

The delays in the planning system have impacted on our growth plans in the short term. Two larger sites have been acquired in the year in Sittingbourne (115 units) and New Romney (72 units). Both sites have outline permission and will contribute sales completions in 2026.

The group is well positioned for significant growth in the next five years. There is a new experienced management team, a full re-brand and design review has been completed and controls and systems have been tightened via the implementation of the COINs integrated housebuilding system.

The group and associated companies have a land bank of 2,750 units with 453 consented units, 202 of these units are due to commence build in the next 12 months.

	2023	2022	Change	Change
	£'000	£'000	£'000	%
Turnover	51,451	55,377	(3,926)	(7)
Gross Profit	5,629	3,121	2,508	80
Operating profit	(645)	1,395	(2,040)	(146)
Pre - tax profit	(1,239)	994	(2,233)	(225)

	2023	2022	Change	Change
	£'000	£'000	£'000	%
Shareholders' Funds	31,695	33,798	(2,103)	(6)
Cash	4,789	5,519	(730)	(13)
Work in Progress	31,895	37,088	(5,193)	(14)

The balance sheet remains strong with Shareholders funds at £32m.

Retention and development of staff is extremely important to the business. We have completed the rollout of a market leading incentive package that will help us retain and attract the best people in our industry. We are also implementing a management development programme for our middle managers.

Principal risks and uncertainties

At the time of writing there is considerable uncertainty with rising inflation, increase in interest rates and the war in Ukraine hitting consumer confidence and resulting in a slowdown in the housing market. The company builds good quality housing that remains in short supply in the Southeast and we are confident that there will remain a demand for this. There are currently 3 sites in build with 4 new sites due to commence in Summer next year. The new sites benefit from outline planning permissions but are awaiting reserved matters approvals.

Interest Rate Risk

At the time of writing the group has drawn £8m under its £25m Revolving Credit Facility (RCF) with Lloyds Bank. In June 2022 the directors took the decision to enter into an interest rate cap for £10m at a SONIA rate of 4%. The directors are satisfied that this provides adequate protection against future interest rate rises.

Liquidity Risk

The group is well funded with a strong balance sheet with shareholder funds at £32m and an available RCF facility of £25m. This leaves it in a strong position to deal with any downturn in the market and sufficient capital to pursue new land opportunities.

Directors' statement of compliance with duty to promote the success of the Group

Directors have acted and continue to act in the way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term,
- b) the interests of the Group's employees,
- c) the need to foster the Group's business relationships with suppliers, customers and others,
- d) the impact of the Group's operations on the community and the environment,
- e) the desirability of the Group maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the Group.

In doing so, the directors have encouraged good relationships with all of its stakeholders, and in particular:

- with local communities during the planning stages of new developments, holding meetings to encourage contributions from local authorities, parish councils and the public;
- with local charities both directly and through the associated charitable foundation, to contribute to their
- valuable work -- the Group will be building a hospice and will continue its close relationship with it in

future;

- with contractors on sites to ensure that the works have as little impact on local residents as practicable, with favourable responses both from the residents and the Considerate Contractors Scheme inspectors. Quarterly newsletters and information boards are provided for the larger sites;
- with the local environment, maintaining "exceptional environmental policies, procedures and ecology

measures" during pre-commencement, development and after the sites have been occupied, through the various site management companies;

- with customers, as the Group strives for excellence during the purchase process, at the time of occupation and afterwards through its customer care relationships.

Pentland Homes (Holdings) Limited

Group Strategic Report (continued)
For the Year Ended 31 January 2023

The Group is very aware of the valued contribution made by all of its staff and its contractors, and the directors ensure the highest levels of management commitment to encourage health, safety, skill and enthusiasm throughout the workforce.

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

J N Tory

Director

Date: 3 October 2023

**Directors' Report
For the Year Ended 31 January 2023**

The directors present their report and the financial statements for the year ended 31 January 2023.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Group in the year under review was that of the development and sale of residential property.

Results and dividends

The loss for the year, after taxation, amounted to £1,601,925 (2022 - profit £794,557).

The directors recommended a final dividend of £31.92 per share amounting to £500,000, making a total of £500,000 for the year (2022: £1,164,249).

Directors

The directors who served during the year were:

P N Tory
J N Tory
P J Rosbrook (appointed 20 September 2022)
S R Coates (resigned 8 August 2022)

Political contributions

The Group made no political donations in the period.

Directors' Report (continued)
For the Year Ended 31 January 2023

Future developments

The Group has built up a land bank that will provide an increasing number of house sales in the future. Planning permission has been achieved for many existing owned sites, but the directors will consider purchasing new parcels of land for prompt development.

Financial instruments

The Group has the benefit of an interest rate hedge contract to protect against significant interest rate increases.

Research and development activities

The Group continues to investigate alternative methods of construction, for improved build quality and efficiency of construction processes.

Going concern

The activities of the Group and the factors that are likely to affect its future development, financial position and risk management objectives are described in the Strategic Report.

The Group has considerable financial resources and access to further funding, and the directors consider that the Group is in a strong position to manage its business risks and to take advantage of the market conditions in the house building industry, which, despite Brexit and the coronavirus, seem to remain strong in the medium term. Consequently they continue to adopt the going concern basis in preparing the annual report and accounts.

The directors have reviewed the Group's business and consider that there are no liabilities that have not been shown in the balance sheet.

Engagement with suppliers, customers and others

Engagement with suppliers, customers and other other stakeholders is explained in the strategic report.

Matters covered in the Group Strategic Report

Items required under Sch. 7 to be disclosed in the directors' report are set out in the strategic report in accordance with s.414C(11) CA 2006.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Pentland Homes (Holdings) Limited

Directors' Report (continued)
For the Year Ended 31 January 2023

Auditors

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

J N Tory

Director

Date: 3 October 2023

Independent Auditors' Report to the Members of Pentland Homes (Holdings) Limited

Opinion

We have audited the financial statements of Pentland Homes (Holdings) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 January 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 January 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Independent Auditors' Report to the Members of Pentland Homes (Holdings) Limited (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of Pentland Homes (Holdings) Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of work in progress. Audit procedures performed by the company engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations and fraud; and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax and regulatory authorities; and
- Review of internal controls and physical inspection of tangible assets susceptible to fraud or irregularity; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Independent Auditors' Report to the Members of Pentland Homes (Holdings) Limited (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Auditors' 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.

Mark Attwood FCCA (Senior Statutory Auditor)

for and on behalf of

Kreston Reeves LLP

Chartered Accountants

Statutory Auditor

Canterbury

3 October 2023

**Consolidated Statement of Comprehensive Income
For the Year Ended 31 January 2023**

	Note	2023 £	2022 £
Turnover	4	51,451,089	55,377,170
Cost of sales		(45,822,162)	(52,256,435)
Gross profit		5,628,927	3,120,735
Administrative expenses		(3,806,527)	(3,243,242)
Exceptional administrative expenses	14	(2,466,919)	-
Other operating income	5	-	1,517,829
Operating (loss)/profit	6	(644,519)	1,395,322
Interest receivable and similar income	10	60,357	2,669
Interest payable and similar expenses	11	(654,536)	(418,407)
Other finance income		-	14,457
(Loss)/profit before taxation		(1,238,698)	994,041
Tax on (loss)/profit	12	(363,227)	(199,484)
(Loss)/profit for the financial year		(1,601,925)	794,557
Total comprehensive income for the year		(1,601,925)	794,557
(Loss)/profit for the year attributable to:			
Owners of the parent Company		(1,601,925)	794,557
		(1,601,925)	794,557

There were no recognised gains and losses for 2023 or 2022 other than those included in the consolidated statement of comprehensive income.

The notes on pages 18 to 38 form part of these financial statements.

Consolidated Balance Sheet
As at 31 January 2023

	Note	2023 £	As restated 2022 £
Fixed assets			
Intangible assets		16,359	-
Tangible assets	16	1,456,915	1,110,445
		<u>1,473,274</u>	<u>1,110,445</u>
Current assets			
Stocks	18	31,894,754	37,087,577
Debtors: amounts falling due within one year	19	4,788,760	5,920,825
Cash at bank and in hand	20	4,788,115	5,519,389
		<u>41,471,629</u>	<u>48,527,791</u>
Creditors: amounts falling due within one year	21	(10,995,374)	(15,765,670)
Net current assets		<u>30,476,255</u>	<u>32,762,121</u>
Total assets less current liabilities		<u>31,949,529</u>	<u>33,872,566</u>
Provisions for liabilities			
Deferred taxation	24	(181,232)	(75,005)
Other provisions	25	(72,661)	-
		<u>(253,893)</u>	<u>(75,005)</u>
Net assets		<u><u>31,695,636</u></u>	<u><u>33,797,561</u></u>
Capital and reserves			
Called up share capital	26	15,664	15,664
Share premium account		3,309,814	3,309,814
Profit and loss account		28,370,158	30,472,083
Equity attributable to owners of the parent Company		<u><u>31,695,636</u></u>	<u><u>33,797,561</u></u>
		<u><u>31,695,636</u></u>	<u><u>33,797,561</u></u>

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

J N Tory

Director

Date: 3 October 2023

The notes on pages 18 to 38 form part of these financial statements.

Company Balance Sheet
As at 31 January 2023

	Note	2023 £	2022 £
Fixed assets			
Investments	17	15,674	15,674
		<u>15,674</u>	<u>15,674</u>
Current assets			
Debtors: amounts falling due after more than one year	19	2,626,793	5,155,200
Debtors: amounts falling due within one year	19	150	150
Cash at bank and in hand	20	93,915	273,306
		<u>2,720,858</u>	<u>5,428,656</u>
Creditors: amounts falling due within one year	21	(150,696)	-
Net current assets		<u>2,570,162</u>	<u>5,428,656</u>
Total assets less current liabilities		<u>2,585,836</u>	<u>5,444,330</u>
Net assets		<u><u>2,585,836</u></u>	<u><u>5,444,330</u></u>
Capital and reserves			
Called up share capital	26	15,664	15,664
Profit and loss account brought forward		5,428,666	5,593,000
Loss/(profit) for the year		(2,358,494)	999,915
Other changes in the profit and loss account		(500,000)	(1,164,249)
Profit and loss account carried forward		<u>2,570,172</u>	<u>5,428,666</u>
		<u><u>2,585,836</u></u>	<u><u>5,444,330</u></u>

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

J N Tory

Director

Date: 3 October 2023

The notes on pages 18 to 38 form part of these financial statements.

**Consolidated Statement of Changes in Equity
For the Year Ended 31 January 2023**

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 February 2022	15,664	3,309,814	30,472,083	33,797,561	33,797,561
Loss for the year	-	-	(1,601,925)	(1,601,925)	(1,601,925)
Dividends: Equity capital	-	-	(500,000)	(500,000)	(500,000)
At 31 January 2023	15,664	3,309,814	28,370,158	31,695,636	31,695,636

The notes on pages 18 to 38 form part of these financial statements.

**Consolidated Statement of Changes in Equity
For the Year Ended 31 January 2022**

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 February 2021	15,664	3,309,814	30,841,775	34,167,253	34,167,253
Profit for the year	-	-	794,557	794,557	794,557
Dividends: Equity capital	-	-	(1,164,249)	(1,164,249)	(1,164,249)
At 31 January 2022	15,664	3,309,814	30,472,083	33,797,561	33,797,561

The notes on pages 18 to 38 form part of these financial statements.

**Company Statement of Changes in Equity
For the Year Ended 31 January 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 February 2021	15,664	5,593,000	5,608,664
Profit for the year	-	999,915	999,915
Dividends: Equity capital	-	(1,164,249)	(1,164,249)
At 1 February 2022	15,664	5,428,666	5,444,330
Loss for the year	-	(2,358,494)	(2,358,494)
Dividends: Equity capital	-	(500,000)	(500,000)
At 31 January 2023	15,664	2,570,172	2,585,836

The notes on pages 18 to 38 form part of these financial statements.

**Consolidated Statement of Cash Flows
For the Year Ended 31 January 2023**

	2023 £	2022 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(1,238,698)	994,041
Adjustments for:		
Amortisation of intangible assets	861	-
Depreciation of tangible assets	231,086	289,553
Loss on disposal of tangible assets	(78,210)	(64,405)
Interest paid	654,536	418,407
Interest received	(60,357)	(2,669)
Decrease/(increase) in stocks	5,192,823	4,762,626
(Increase)/decrease in debtors	(509,431)	(1,456,579)
Decrease/(increase) in amounts owed by associates	1,384,496	(1,170,000)
Decrease in amounts owed by participating ints	-	225
(Decrease)/increase in creditors	(4,770,296)	2,278,993
Increase in provisions	72,661	2,850,049
Corporation tax received/(paid)	-	(1,048,742)
Net cash generated from operating activities	879,471	7,851,499
Cash flows from investing activities		
Purchase of intangible fixed assets	(17,220)	-
Purchase of tangible fixed assets	(668,910)	(687,317)
Sale of tangible fixed assets	169,564	68,401
Interest received	60,357	2,669
Net cash from investing activities	(456,209)	(616,247)
Cash flows from financing activities		
Repayment of loans	-	(7,000,000)
Dividends paid	(500,000)	(1,164,249)
Interest paid	(654,536)	(418,407)
Net cash used in financing activities	(1,154,536)	(8,582,656)
Net (decrease) in cash and cash equivalents	(731,274)	(1,347,404)
Cash and cash equivalents at beginning of year	5,519,389	6,866,793
Cash and cash equivalents at the end of year	4,788,115	5,519,389
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,788,115	5,519,389
	4,788,115	5,519,389

**Notes to the Financial Statements
For the Year Ended 31 January 2023**

1. General information

Pentland Homes (Holdings) Limited is a limited liability company incorporated in England and Wales with the registration number 06362844. The address of the registered office is The Estate Office, Canterbury Road, Etchinghill, Folkestone, Kent, CT18 8FA.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

In accordance with UK GAAP, the company annually assesses whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of the group to continue as a going concern and meets its obligation as they become due for one year after the date that the financial statements are issued. This evaluation is based on relevant conditions and events that are known or reasonably knowable at this date. If substantial doubt exists, management will also assess whether there are effective plans in place to alleviate these conditions.

Management has performed this evaluation through to the date of signing of the accounts and determined that there are no conditions or events, considered in the aggregate, that raise substantial doubt about the company's ability to continue as a going concern for one year after signing.

**Notes to the Financial Statements
For the Year Ended 31 January 2023**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**Notes to the Financial Statements
For the Year Ended 31 January 2023**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of residential units

In respect of sales of residential units, a contract is established through a formal purchase process that involves the exchange of contracts via solicitors. Revenue from the sale of residential units is recognised at a point in time on legal completion where the group has transferred to the buyer the control of the units.

Contract revenue

The group acts as a main contractor on certain building projects, primarily on behalf of the housing associations where the group must provide social housing units as part of its obligations under the planning consent or has sold the land to the housing association and entered into a construction contract to provide the completed units.

Revenue on construction contracts is recognised over time as the performance obligations are satisfied. The output method is used to measure the progress of the group's performance over the duration of the contract. This is done through valuation surveys conducted by the group and by the customer respectively who then agree the value of work completed. The agreed valuation is used to determine the revenue to be recognised for the period. Where the outcome of a contract on which revenue is recognised over time cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**Notes to the Financial Statements
For the Year Ended 31 January 2023**

2. Accounting policies (continued)

2.7 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.12 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds

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**Notes to the Financial Statements
For the Year Ended 31 January 2023**

2. Accounting policies (continued)

2.13 Current and deferred taxation

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

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

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

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

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

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.15 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Computer software	-	20 %
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**Notes to the Financial Statements
For the Year Ended 31 January 2023**

2. Accounting policies (continued)

2.16 Tangible fixed assets

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

At each reporting date the Group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Depreciation is provided on the following basis:

Freehold property	-	
Long-term leasehold property	-	2%
Plant and machinery	-	25%
Motor vehicles	-	20%
Office equipment	-	25%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.18 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.19 Debtors

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

**Notes to the Financial Statements
For the Year Ended 31 January 2023**

2. Accounting policies (continued)

2.20 Cash and cash equivalents

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

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

2.21 Creditors

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

2.22 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2.23 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.24 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference

**Notes to the Financial Statements
For the Year Ended 31 January 2023**

2. Accounting policies (continued)

between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.25 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification, this is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

**Notes to the Financial Statements
For the Year Ended 31 January 2023**

2. Accounting policies (continued)

2.26 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

The preparation of the financial statements requires the Directors to make judgments, estimates and assumptions that can affect the amounts reported for assets and liabilities, and the results for the year.

The nature of estimation is such that actual outcomes could differ significantly from those estimates.

The following judgments have had the most significant impact on amounts recognised in the financial statements:

i) Valuation of inventories

The group values inventories at the lower of cost and net realisable value. The net realisable value is based on the judgement of the probability that planning consent will be granted for each site. The group believes that based on directors' experience, planning consent will be given. If planning consent was not achieved then a provision may be required against inventories.

In applying the group's accounting policy for the valuation of inventories the directors are required to assess the expected selling price and costs to sell each of the plots or units that constitute the group's work in progress. Cost includes the cost of acquisition of sites, the cost of infrastructure and construction works, and legal and professional fees incurred during development prior to sale. Estimation of selling price is subject to significant inherent uncertainties, in particular the prediction of future trends in the market value of land.

Whilst the directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the future selling price, the estimates will, in all likelihood, differ from actual selling prices achieved in future periods and these differences may, in certain circumstances, be very significant. The critical judgement in respect of receipt of planning consent further increases the level of estimation uncertainty.

ii) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets.

Notes to the Financial Statements
For the Year Ended 31 January 2023

4. Turnover

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

	2023 £	2022 £
Property development and sale	42,096,135	52,355,914
Contract revenue	9,354,954	3,021,256
	<u>51,451,089</u>	<u>55,377,170</u>

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	51,451,089	55,377,170
	<u>51,451,089</u>	<u>55,377,170</u>

5. Other operating income

	2023 £	2022 £
Other operating income	-	1,517,829
	<u>-</u>	<u>1,517,829</u>

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2023 £	2022 £
Other operating lease rentals	42,633	39,798
Restructuring costs	2,466,919	-

7. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors and their associates:

	2023 £	2022 £
Fees payable to the Company's auditors and their associates for the audit of the consolidated and parent Company's financial statements	40,500	11,000

Notes to the Financial Statements
For the Year Ended 31 January 2023

8. Employees

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	5,589,488	2,904,740	1,997,876	-
Social security costs	742,161	506,872	-	-
Cost of defined contribution scheme	50,793	95,528	-	-
	<u>6,382,442</u>	<u>3,507,140</u>	<u>1,997,876</u>	<u>-</u>

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

	Group 2023 No.	Group 2022 No.	Company 2023 No.	Company 2022 No.
Production	29	29	-	-
Administration and support	28	28	3	3
	<u>57</u>	<u>57</u>	<u>3</u>	<u>3</u>

9. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	1,997,876	-
Group contributions to defined contribution pension schemes	21,810	58,204
	<u>2,019,686</u>	<u>58,204</u>

During the year retirement benefits were accruing to 8 directors (2022 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £2,078,840 (2022 - £330,962).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2022 - £NIL).

The value of the Group's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £NIL (2022 - £NIL).

The total accrued pension provision of the highest paid director at 31 January 2023 amounted to £NIL (2022 - £NIL).

The amount of the accrued lump sum in respect of the highest paid director at 31 January 2023 amounted to £NIL (2022 - £NIL).

Notes to the Financial Statements
For the Year Ended 31 January 2023

10. Interest receivable

	2023 £	2022 £
Other interest receivable	60,357	2,669
	<u>60,357</u>	<u>2,669</u>

11. Interest payable and similar expenses

	2023 £	2022 £
Bank interest payable	559,874	418,407
Other loan interest payable	94,662	-
	<u>654,536</u>	<u>418,407</u>

12. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	148,000	173,051
Adjustments in respect of previous periods	109,000	-
	<u>257,000</u>	<u>173,051</u>
Total current tax	<u>257,000</u>	<u>173,051</u>
Deferred tax		
Origination and reversal of timing differences	106,227	26,433
Total deferred tax	<u>106,227</u>	<u>26,433</u>
Tax on (loss)/profit	<u>363,227</u>	<u>199,484</u>

Notes to the Financial Statements
For the Year Ended 31 January 2023

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
(Loss)/profit on ordinary activities before tax	<u>(1,238,698)</u>	<u>994,041</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(235,353)	188,868
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(5,402)	80,478
Capital allowances for year in excess of depreciation	(59,359)	(16,813)
Utilisation of tax losses	141,454	(79,498)
Adjustments to tax charge in respect of prior periods	109,000	-
Short-term timing difference leading to an increase (decrease) in taxation	106,227	26,433
Unrelieved tax losses carried forward	306,660	16
Total tax charge for the year	<u>363,227</u>	<u>199,484</u>

Factors that may affect future tax charges

The main rate of corporation tax increased on 1 April 2023 to 25%, for companies with taxable profits above £250,000. Companies with taxable profits below £50,000 will continue to pay at 19%, and marginal relief will apply between these thresholds. This charge formed part of the Finance Bill 2021, which was substantively enacted on 24 May 2021, and is applicable at the reporting date.

13. Dividends

	2023 £	2022 £
Dividends analysis	500,000	1,164,249
	<u>500,000</u>	<u>1,164,249</u>

14. Exceptional items

	2023 £	2022 £
Restructuring costs	2,466,919	-
	<u>2,466,919</u>	<u>-</u>

Notes to the Financial Statements
For the Year Ended 31 January 2023

15. Intangible assets

Group and Company

	Computer software £
Cost	
Additions	17,220
At 31 January 2023	17,220
Amortisation	
Charge for the year on owned assets	861
At 31 January 2023	861
Net book value	
At 31 January 2023	16,359
At 31 January 2022	-

Notes to the Financial Statements
For the Year Ended 31 January 2023

16. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 February 2022	660,815	541,553	720,651	197,910	2,120,929
Additions	-	121,384	476,883	70,643	668,910
Disposals	-	(59,327)	(348,175)	(2,667)	(410,169)
At 31 January 2023	<u>660,815</u>	<u>603,610</u>	<u>849,359</u>	<u>265,886</u>	<u>2,379,670</u>
Depreciation					
At 1 February 2022	51,032	375,889	434,106	149,457	1,010,484
Charge for the year on owned assets	10,200	95,585	92,056	33,245	231,086
Disposals	-	(46,203)	(269,683)	(2,929)	(318,815)
At 31 January 2023	<u>61,232</u>	<u>425,271</u>	<u>256,479</u>	<u>179,773</u>	<u>922,755</u>
Net book value					
At 31 January 2023	<u>599,583</u>	<u>178,339</u>	<u>592,880</u>	<u>86,113</u>	<u>1,456,915</u>
At 31 January 2022	<u>609,783</u>	<u>165,664</u>	<u>286,545</u>	<u>48,453</u>	<u>1,110,445</u>

17. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 February 2022	<u>15,674</u>
At 31 January 2023	<u>15,674</u>

Notes to the Financial Statements
For the Year Ended 31 January 2023
Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Pentland Homes Limited	The Estate Office Canterbury Road, Etchinghill, Folkestone, Kent, CT18 8FA	Ordinary	100 %
Pentland Kent Limited	Montague Place Quayside, Chatham Maritime, Chatham, Kent, ME4 4QU	Ordinary	90 %

18. Stocks

	Group 2023 £	Group 2022 £
Work in progress	31,894,754	37,087,577
	<u>31,894,754</u>	<u>37,087,577</u>

Notes to the Financial Statements
For the Year Ended 31 January 2023

19. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Amounts owed by group undertakings	-	-	2,626,793	5,155,200
	<u>-</u>	<u>-</u>	<u>2,626,793</u>	<u>5,155,200</u>

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	488,709	2,120,602	-	-
Amounts owed by joint ventures and associated undertakings	110,654	1,495,150	150	150
Other debtors	3,724,257	1,482,170	-	-
Prepayments and accrued income	465,140	822,903	-	-
	<u>4,788,760</u>	<u>5,920,825</u>	<u>150</u>	<u>150</u>

20. Cash and cash equivalents

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	4,788,115	5,519,389	93,915	273,306
	<u>4,788,115</u>	<u>5,519,389</u>	<u>93,915</u>	<u>273,306</u>

21. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	7,000,000	7,000,000	-	-
Trade creditors	867,289	2,707,780	-	-
Other taxation and social security	93,883	3,513,978	-	-
Other creditors	1,958,417	1,853,186	150,696	-
Accruals and deferred income	1,075,785	690,726	-	-
	<u>10,995,374</u>	<u>15,765,670</u>	<u>150,696</u>	<u>-</u>

**Notes to the Financial Statements
For the Year Ended 31 January 2023**

22. Loans

Analysis of the maturity of loans is given below:

	Group 2023 £	Group 2022 £
Amounts falling due within one year		
Bank loans	7,000,000	7,000,000
	7,000,000	7,000,000
	7,000,000	7,000,000

The company's bank, Lloyds Bank PLC, has legal charges over portions of land owned by the company as listed below:

i) A fixed charge and negative pledge dated 25 July 2016 over properties of the company.

ii) A fixed and floating charge covering all property or undertaking of Pentland Homes Limited dated 2 August 2016. The charge contains negative pledge.

iii) A floating charge and negative pledge over land adjoining to New Street Farm, Great Chart, Ashford registered at the Land Registry under title number TT42532 was created on 23 August 2016.

iv) A fixed and floating charge on land lying to the North of Canterbury Road, Lydden, Dover. The charge was created on 26/11/2018. The charge contains negative pledge.

v) A fixed and floating charge on land located on West Side of Stone Street, Stelling Minnis. The charge was created on 24/05/2019. The charge contains negative pledge.

vi) A fixed and floating charge on land on the North-West side of Elvington Lane, Hawkinge. The charge was created on 10/08/2022. The charge contains negative pledge.

vii) A fixed and floating charge on on land lying to the North-East of Canterbury Road, Etchinghill. The charge was created on 07/09/2022. The charge contains negative pledge.

viii) A fixed and floating charge on on land lying to the South East side of Cockering Lane, New Romney. The charge was created on 13/12/2022. The charge contains negative pledge.

viii) A fixed and floating charge on on land lying to the East side of Broad Street, Lyminge. The charge was created on 21/02/2023. The charge contains negative pledge.

Other charges:

Westerley Investments Limited have registered a legal charge on 14 May 2004 on freehold property Pound Farm, Kingsnorth, Ashford, Kent on all initial overage payments and further overage payments which may become due at any time within the Perpetuity Period.

G H Dean & Co Limited have registered a legal charge dated 11 May 2023 on freehold property at Grovehurst Road, Sittingbourne. The charge contains a negative pledge.

Notes to the Financial Statements
For the Year Ended 31 January 2023

23. Financial instruments

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Financial assets				
Financial assets measured at fair value through profit or loss	<u>4,788,115</u>	<u>5,519,389</u>	<u>93,915</u>	<u>273,306</u>

24. Deferred taxation

Group

	2023 £
At beginning of year	(75,005)
Charged to profit or loss	(106,227)
At end of year	<u>(181,232)</u>
	Group 2023 £
Accelerated capital allowances	(181,232)
	<u>(181,232)</u>
	Group 2022 £
	(75,005)
	<u>(75,005)</u>

25. Provisions

Group

	As restated
	Customer care and cost to complete provisions £
Charged to profit or loss	72,661
At 31 January 2023	<u>72,661</u>

Notes to the Financial Statements
For the Year Ended 31 January 2023

26. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
15,664 (2022 - 15,664) Ordinary shares of £1.00 each	<u>15,664</u>	<u>15,664</u>

27. Analysis of net debt

	At 1 February 2022 £	Cash flows £	At 31 January 2023 £
Cash at bank and in hand	5,519,389	(731,274)	4,788,115
Debt due within 1 year	(7,003,336)	(160,504)	(7,163,840)
	<u>(1,483,947)</u>	<u>(891,778)</u>	<u>(2,375,725)</u>

28. Prior year adjustment

In addition, the prior year work in progress was reviewed by management and they noted that the financial statements were incorrectly overstated by an amount of £3,168,642 which had been included within provisions rather than forming part of stock. The prior year adjustment has been included within these financial statements reducing the work in progress balance from £40,256,219 to £37,087,577.

29. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the scheme and amounted to £50,793 (2022: £95,528) Contributions totaling £9,808 (2022: £10,286) were payable to the scheme at the balance sheet date.

30. Commitments under operating leases

At 31 January 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	Group 2022 £
Not later than 1 year	14,240	11,533
Later than 1 year and not later than 5 years	13,053	-
	<u>27,293</u>	<u>11,533</u>

**Notes to the Financial Statements
For the Year Ended 31 January 2023**

31. Transactions with directors

Following balances were outstanding at the year end:

Loans payable to directors totalled £3k (2022: £3k). During the year the company paid interest of £Nil (2022: £Nil) on the loan.

During the prior year the company sold motor vehicles totalling £42k to its directors. All of this amount had been paid in full and there was no balance outstanding at 31 January 2022.

32. Related party transactions

The company is exempt from disclosing related party transactions between companies that are wholly owned within the group.

Transactions with associated companies:

1) 1) Etchinghill Golf is owned by a charitable trust set up by the Tory Family Foundation. During the year following transactions occurred with the above businesses:

Etchinghill Golf charged costs of £29k (2022: £57k) to Pentland Homes Ltd.

During the prior year the company purchased properties for £3.75m from Etchinghill Golf. At the year end the company owed £Nil (2022: £Nil) to Etchinghill Golf.

2) JN Tory is director of Pentland Homes Limited and also controls Cave Hotels (UK) Ltd and Boughton Golf. During the year following transactions occurred with above entities:

Costs of £22k (2022: £Nil) recharged to Cave Hotels UK Ltd and costs of £120k (2022: £47k) recharged by Cave Hotels (UK) Ltd.

At the year end the company owed £10k (2022: £16k - owed by) to Cave Hotels (UK) Ltd.

3) P N Tory and J N Tory are both directors and shareholders of Pentland Properties Ltd and also directors of Pentland Homes Ltd.

During the year the company provided £22.587m (2022: £39.05m) worth of goods and services to Pentland Properties Ltd. A management charge of £340k (2022: £1.5m) was also charged by Pentland Homes Limited to Pentland Properties Limited.

At the year end, the company was owed £101k from Pentland Properties Ltd. (2022: Pentland Homes owed Pentland Properties Ltd £3.3m)

33. Controlling party

Pentland Homes (Holdings) Limited is the ultimate parent company. P N Tory and J N Tory are the ultimate controlling parties by virtue of their majority shareholding in the parent company.

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