**Elan Homes Holdings Limited**

# Annual report and consolidated financial statements

Registered number 06732886

Period ended 1 January 2023

PARENT COMPANY / GROUP ACCOUNTS
PROVIDING AUDIT EXEMPTION
TO
ERKE BASIN LIMITED
(COMPANY NUMBER: 06779664)
SEE NOTE 22

## Contents

# Strategic report

### Principal Activity

The principal activity of the Group and the Company is new build house building in the core areas of operation being the North West, North Wales, Midlands and the South West. The key activities undertaken to deliver a business growth strategy include:

- Selecting the right land for the business to acquire
- Managing the planning process to deliver schemes suitable to the local area including affordable requirements
- Constructing the right product to match the needs of our customers
- Developing effective working relationships with suppliers and subcontractors
- Delivering an excellent customer experience through the sales process and in after sales service
- Cash generation to strengthen liquidity and position it for growth opportunities when market conditions improve

### Development of the business

During the period the group recorded a turnover of £83.6m *(52 weeks to 2 January 2022: £82.5m)* and operating profit of £10.9m *(52 weeks to 2 January 2022: £11.1m)*. The group's profit for the period was £8.5m *(52 weeks to 2 January 2022: £8.5m)* and the net assets as at 1 January 2023 were £60.7m *(2 January 2022: £52.2m)*.

During the period the group acquired a number of new sites to complement the existing sites for the delivery of legal completions in 2023 and beyond.

### Key Performance Indicators

The 7 key performance indicators for the group for the 52 weeks ended 1 January 2023 were:

- Units sales – 280 legal completions *(52 weeks to 2 January 2022: 268)*
- Help to Buy completions - 27 *(52 weeks to 2 January 2022: 60)*
- Average price – the average price was £299,000 *(52 weeks to 2 January 2022: £308,000)*
- Gross profit margin – the gross margin was 23.1% *(52 weeks to 2 January 2022: 22.8%)*
- Operating margin – the operating margin was 13.1% *(52 weeks to 2 January 2022: 13.4%)*
- Land bank (plots owned or controlled with a detailed or an outline planning consent) – the Group had 689 plots in its land bank as at 1 January 2023 *(2 January 2022: 728)*
- NHBC Pride in the job awards – none received *(52 weeks to 2 January 2022: 1)*

### Our marketplace

There remains to be an undersupply of new build homes in the UK combined with a strong demand.

Market conditions over the last financial year have had an adverse effect on the industry including the disruption caused by the announcements, reversals and some reinstatements made in the mini Budget and the Autumn Budget following two change in the leadership of the ruling political party.

Rising levels of utility prices, inflation, base rates and new mortgages as well as the removal of a number of previously available mortgage products have had an adverse impact on the ability of customers to commit to moving home despite aspirations to do so. In addition it has resulted in the continued slowing down in the rate of house price growth.

Availability of materials and labour has continued to have a major impact on the ability of the business to achieve build programmes and complete on sales in accordance with expected dates. Lead times have continued to increase along with prices being charged by suppliers and subcontractors. We are starting to see some relaxation in this area since the start of 2023 but availability of materials and subcontractors remains an issue at this point in time.

# Strategic Report *(Continued)*

**Financial Risk and Strategy**

The Group's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

*Cash flow risk*

Active management of working capital is the key control used by management to manage cash flow risk.

*Credit risk*

The Group has no significant concentration of credit risk other than the collection of shared equity loans which are recorded in the balance sheet at fair value taking into account collection history and an assessment of known and unknown risks on collection in full. As explained in the accounting policies, turnover from the sale of residential properties is recognised on completion for each individual home sold, at which point sale proceeds are received in cash.

*Liquidity risk*

As at 1 January 2023 the Group held cash of £4.3m as well as having £38m of undrawn loans under a syndicated revolving credit facility of £50m with Barclays Bank plc and Lloyds Bank plc. The revolving credit facility runs to 20 April 2026. As such, the directors consider that the Group has sufficient liquid resources to meet its operational requirements.

**Other Risks and Uncertainties**

The other principal risks and uncertainties facing the group are:

- Movements in the UK house prices which are determined by the UK economy and economic conditions including employment levels, interest rates and consumer confidence.
- Affordability of mortgages combined with high employment levels and low interest rates assist the housing market.
- Mortgage availability where the combined confidence in the UK housing market and the continuation of Help to Buy gives lenders the ability to offer a range of competitive products to buyers and a more sustainable mortgage market. Elan works closely with both customers and IFA's during the sales process to ensure a smooth transaction.
- Demand for new build homes which within our core trading areas remains strong.
- Supply where the ability of the Group to deliver build complete is affected by the availability of suitable land opportunities, willing sellers as well as the efficiency of the planning system in the areas that we operate in will affect volumes.
- Availability and price of labour and materials which remains a constraint to growth in the sector where pressures vary depending upon location, certain trades as well as supply of specific products including bricks and blocks. Delays in the delivery of materials, availability of subcontractors as well as upward pressure on material prices has increased during the 52 weeks ended 1 January 2023 but for now continues to be manageable as long as selling price inflation remains in the market place.
- The retention of staff and the ability to attract high calibre employees in order to deliver our strategy.
- Exit from the European Union which continues to be monitored but the level of imports remain minimal.

**Section 172 statement**

The Group understands the importance for the business at all levels, including the Board of Directors, to engage with its shareholders and stakeholders to gain a better understanding of what areas they are concerned about and how our decisions have impacted them.

# Strategic Report *(Continued)*

**Section 172 statement** *(Continued)*

In accordance with the duties detailed in section 172 of the Companies Act 2006, a director must act in the way he considers, in good faith, would be most likely to promote the success of the Group for the benefit of the 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*

The Group is headed by an effective Board of Directors bringing a wide range of commercial, housebuilding and financial experience and is collectively responsible for leadership and the long term success of the business. The Group's strategy is designed to have a long-term beneficial impact on the Group and contribute to its success and deliver quality homes. The Group continues to operate in a prudent manner in line with market conditions.

*b) The interests of the Group's employees*

Our employees are a key resource to the success of our business. Employees are remunerated in line with performance and the roles that they undertake within the business. They are supported in pursuing opportunities for personal development and career progression at Elan including the availability of external training. The Apprentice Levy is used where available in respect of NVQ courses undertaken. We provide employees with regular updates via briefings, e-mails and openly invite opinions, questions as well as ideas on how to improve the business with feedback sought at regular intervals.

*c) The need to foster the Group's business relationships with contractors, suppliers, customers and others*

Our contractors and suppliers facilitate the delivery of completed homes for our customers. We seek to ensure that we engage with all of our contractors and suppliers in a partnership manner and follow best practice with regards to:

- Operating tender processes and agreement of variation to programme of works;
- An open and transparent commercial basis of operation with terms and conditions in place;
- Paying to terms and on agreed invoices and agreed certificates; and
- Codes of conduct on how our contractors are to adhere to Health and Safety including Risk Assessments, social distancing, anti-bribery and anti-modern slavery laws.

We are committed to developing and maintaining good customer relations in order to enhance customer satisfaction through the entire process of purchasing a home. This includes the use of a post completion survey carried out by a 3rd party to enable us to make improvements in the way that we interact with customers as well as improve the product we deliver.

*d) The impact of the Group's operations on the community and the environment*

Our aim is to enhance the locations and communities in which we develop by delivering public open spaces and amenities. We aim to minimise our impact on the environment including robust policies to address issues around ecology, use of energy efficient designs and in order to achieve compliance with building regulations.

*e) The desireability of the Group maintaining a reputation for high standards and business conduct*

We strive to behave responsibly and to ensure that management operates the business in a responsible manner with good governance in order to assist the delivery of our strategic plan. The intention is to nurture our reputation through the construction and delivery of quality value for money homes.

*f) The need to act fairly between members*

Our intention is to behave responsibly towards our shareholders and treat them fairly and equally. A meeting is held with all shareholders at least once a year to update them with the Group's results and strategic plan.

Other major stakeholder groups include insurers, bankers, advisors, auditors, regulators, contractors, suppliers, NHBC and HMRC. With all of these stakeholder groups, the directors maintain regular and open lines of communication to ensure all parties are kept informed and to build strong working relationships.

## Strategic Report *(Continued)*

**Energy and Carbon Reporting**

| | | **52 weeks to 1 January 2023** | 52 weeks to 2 January 2022 |
|---|---|---|---|
| Scope 1 emissions | tonnes CO2e | **546** | 549 |
| Scope 2 emissions | tonnes CO2e | **131** | 129 |
| **Total greenhouse gas emissions** | tonnes CO2e | **677** | 678 |
| **Energy consumption** | MWh | **1,457** | 1,556 |
| **Greenhouse gas emissions per home sold** | tonnes CO2e | **2.42** | 2.53 |

Data is provided as tonnes of carbon dioxide equivalent (CO2e) for all operations. Scope 1 and 2 emissions are from our sites, offices, show home and sales area and plots before sale. The Group's chosen intensity measure is emissions per home sold. The report data has been collated internally and CO2e emissions have been calculated using average prices per kwh of energy and price per litre of fuel taken from supplier invoices. CO2e has been calculated using the National Energy Foundation Carbon Calculator. We do not consider refrigerant losses on our air conditioning units to be material and as such these are not reported in our emissions data. Energy reduction measures and initiatives are taken into consideration where possible and economically viable through the build process. The replacement of the company car fleet with electric and hybrid cars is underway.

We have reported on the emissions sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) regulations 2013 apart from the exclusions noted. The reported sources fall within our Consolidated Financial Statements and are emissions over which we have financial control. We do not have responsibility for any emission sources that are not included in our consolidated financial statements.

**Future Outlook**

The forward sales position as at 1 January 2023 and the sales taken since the year end are at levels lower than those achieved at the same time last year but with a number of new sites to be launched during 2023, the forward sales that have been taken are in line with requirements to achieve the current targets for the 52 weeks ending 31 December 2023.

Despite the current market conditions the Group continues to search for new land opportunities to build houses within the target areas of the North West, North Wales, Midlands and the South West and is well positioned with its current land bank to increase the number of completions in future years despite the current market conditions that are being faced.

As at 1 January 2023, the Group had a strong net asset and cash position. Forecasts have been updated to take into account assumptions regarding the potential future impact on the UK economy of a rise in unemployment, lower levels of spending power and a reduction in consumer confidence which could affect price and volumes.

We remain understandably cautious but the Group has a clear plan with a strong and experienced management team with a proven track record of working through challenges faced in the new build UK housing market focussing on cash management and cost control.

By order of the board

**J Kendrick**
*Director*
2 May 2023

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

# Directors' report

**Proposed dividend**

The directors do not recommend the payment of a dividend during the 52 weeks ended 1 January 2022 but did declare and pay an interim dividend of £6,696,273 on 28 March 2023 in respect of the 52 weeks ended 31 December 2023.

**Directors**

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

A Bravington

P Halliwell

J Kendrick

R Rafferty

D Summers

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

**Employee matters**

The Group is committed to employment policies which follow best practice and are based on equal opportunities for all employees, irrespective of gender, religion or belief, age, racial or ethnic origin, sexual orientation or disability.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**Political contributions**

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

**Disclosure of information to auditor**

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

**Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial period have been included in the Strategic Report on page 1.

**Auditor**

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

By order of the board

**A Bravington**
*Secretary*
2 May 2023

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

## Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report, 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 period. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

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

**Opinion**

We have audited the financial statements of Elan Homes Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 1 January 2023 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 1 January 2023 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and 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.

**Other information**

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

We have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAN HOMES HOLDINGS LIMITED (continued)

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept 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, 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 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 company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAN HOMES HOLDINGS LIMITED (continued)

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

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

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations;
- Enquiries with management about any known or suspected instances of fraud;
- Examination of journal entries and other adjustments to test for appropriateness and identify any instances of management override of controls, including with regard to performance related remuneration;
- Auditing the risk of fraud in revenue, including through the testing of income cut off at the period end and through sales transaction testing to provide comfort that revenue is completely stated in the financial statements
- Review of purchase existence and that development costs have been allocated to the correct site;
- Challenging assumptions and judgements made by management in their accounting estimates; and
- Review of legal and professional expenditure to identify any evidence of ongoing litigation or enquiries.

Because of the field in which the group operates we identified that employment law, health and safety legislation and compliance with the UK Companies Act are the areas most likely to have a material impact on the financial statements.

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

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

**Use of our report**

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

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

Richard House
9 Winckley Square
Preston
PR1 3HP

.....2/5/2023

## Consolidated Profit and Loss Account
for the 52 weeks to 1 January 2023

| | Note | **52 weeks to 1 January 2023 £000** | 52 weeks to 2 January 2022 £000 |
|---|---|---|---|
| **Turnover** | 2 | **83,622** | 82,515 |
| Cost of Sales | | **(64,301)** | (63,688) |
| **Gross Profit** | | **19,321** | 18,827 |
| Sales overheads | | **(1,371)** | (1,394) |
| Administrative expenses | | **(7,003)** | (6,380) |
| **Operating profit** | 3-5 | **10,947** | 11,053 |
| Interest receivable | 6 | **11** | 6 |
| Interest payable and similar charges | 7 | **(778)** | (717) |
| **Profit on ordinary activities before taxation** | | **10,180** | 10,342 |
| Tax on profit on ordinary activities | 8 | **(1,695)** | (1,835) |
| **Profit for the financial period** | | **8,485** | 8,507 |

## Consolidated Other Comprehensive Income
for the 52 weeks to 1 January 2023

| | Note | **52 weeks to 1 January 2023 £000** | 52 weeks to 2 January 2022 £000 |
|---|---|---|---|
| **Profit for the period** | | **8,485** | 8,507 |
| **Other comprehensive income for the period, net of income tax** | | - | - |
| **Total comprehensive income for the period** | | **8,485** | 8,507 |

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

The notes on pages 16 to 29 form part of these financial statements.

# Consolidated Balance Sheet

At 1 January 2023

| | Note | **1 January 2023 £000** | 2 January 2022 £000 |
|---|---|---|---|
| **Current Assets:** | | | |
| Stocks | 10 | **77,310** | 72,561 |
| Debtors: amounts falling due within one year | 11 | **8,175** | 1,250 |
| Debtors: amounts falling due after one year | 11 | **204** | 217 |
| Cash at bank and in hand | 12 | **4,291** | 4,084 |
| | | **89,980** | 78,112 |
| **Creditors**: Amounts falling due within one year | 13 | **(28,875)** | (25,384) |
| **Total assets less current liabilities** | | **61,105** | 52,728 |
| **Creditors:** Amounts falling due after one year | 14 | **(390)** | (498) |
| **Net Assets** | | **60,715** | 52,230 |
| **Capital and Reserves** | | | |
| Called up share capital | 18 | **1** | 1 |
| Share premium | | **30** | 30 |
| Capital redemption reserve | | **2,000** | 2,000 |
| Profit and loss account | | **58,684** | 50,199 |
| **Shareholder's funds** | | **60,715** | 52,230 |

These financial statements were approved by the board of directors on 2 May 2023 and were signed on its behalf by:

**J Kendrick**
*Director*

**A Bravington**
*Director*

Company registered number: 06732886

The notes on pages 16 to 29 form part of these financial statements.

# Company Balance Sheet

At 1 January 2023

| | Note | **1 January 2023 £000** | **1 January 2023 £000** | 2 January 2022 £000 | 2 January 2022 £000 |
|---|---|---|---|---|---|
| **Fixed Assets:** | | | | | |
| Investments in subsidiaries | 9 | | **1,000** | | 1,000 |
| **Current Assets:** | | | | | |
| Stocks | 10 | **996** | | 5,657 | |
| Debtors: amounts falling due within one year | 11 | **41,469** | | 29,653 | |
| Debtors: amounts falling due after one year | 11 | **10** | | 6 | |
| Cash at bank and in hand | 12 | **2,403** | | 396 | |
| | | **44,878** | | 35,712 | |
| **Creditors**: Amounts falling due within one year | 13 | **(16,224)** | | (9,334) | |
| **Net current assets** | | | **28,654** | | 26,378 |
| **Total assets less current liabilities** | | | **29,654** | | 27,378 |
| **Creditors**: Amounts falling due after one year | 14 | | **(100)** | | (30) |
| **Net Assets** | | | **29,554** | | 27,348 |
| **Capital and Reserves** | | | | | |
| Called up share capital | 18 | | **1** | | 1 |
| Share premium | | | **30** | | 30 |
| Capital redemption reserve | | | **2,000** | | 2,000 |
| Profit and loss account | | | **27,523** | | 25,317 |
| **Shareholder's funds** | | | **29,554** | | 27,348 |

These financial statements were approved by the board of directors on 2 May 2023 and were signed on its behalf by:

**J Kendrick**
*Director*

**A Bravington**
*Director*

Company registered number: 06732886

The notes on pages 16 to 29 form part of these financial statements.

# Consolidated Statement of Changes in Equity

| | Called up share capital £000 | Share Premium £000 | Capital Redemption Reserve £000 | Profit and Loss Account £000 | Total Equity £000 |
|---|---|---|---|---|---|
| **Balance at 3 January 2021** | 1 | 30 | 2,000 | 41,692 | 43,723 |
| **Total comprehensive income for the period** | | | | | |
| Profit or loss | - | - | - | 8,507 | 8,507 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | 8,507 | 8,507 |
| **Transactions with owners, recorded directly in equity** | | | | | |
| Total contributions by and distributions to owners | - | - | - | - | - |
| **Balance at 2 January 2022** | 1 | 30 | 2,000 | 50,199 | 52,230 |
| **Total comprehensive income for the period** | | | | | |
| Profit or loss | - | - | - | 8,485 | 8,485 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | 8,485 | 8,485 |
| **Transactions with owners, recorded directly in equity** | | | | | |
| Total contributions by and distributions to owners | - | - | - | - | - |
| **Balance at 1 January 2023** | **1** | **30** | **2,000** | **58,684** | **60,715** |

The notes on pages 16 to 29 form part of these financial statements.

# Company Statement of Changes in Equity

| | Called up share capital £000 | Share Premium £000 | Capital Redemption Reserve £000 | Profit and Loss Account £000 | Total Equity £000 |
|---|---|---|---|---|---|
| **Balance at 3 January 2021** | 1 | 30 | 2,000 | 22,039 | 24,070 |
| **Total comprehensive income for the period** | | | | | |
| Profit or loss | - | - | - | 3,278 | 3,278 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | 3,278 | 3,278 |
| **Transactions with owners, recorded directly in equity** | | | | | |
| Total contributions by and distributions to owners | - | - | - | - | - |
| **Balance at 2 January 2022** | 1 | 30 | 2,000 | 25,317 | 27,348 |
| **Total comprehensive income for the period** | | | | | |
| Profit or loss | - | - | - | 2,206 | 2,206 |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | 2,206 | 2,206 |
| **Transactions with owners, recorded directly in equity** | | | | | |
| Total contributions by and distributions to owners | - | - | - | - | - |
| **Balance at 1 January 2023** | **1** | **30** | **2,000** | **27,523** | **29,554** |

The notes on pages 16 to 29 form part of these financial statements.

## Consolidated Cash Flow Statement

for the 52 weeks to 1 January 2023

| | Note | **52 weeks to 1 January 2023 £000** | 52 weeks to 2 January 2022 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the period | | **8,485** | 8,507 |
| *Adjustments for:* | | | |
| Interest receivable and similar income | | **(11)** | (6) |
| Interest payable and similar charges | | **778** | 717 |
| Taxation | | **1,695** | 1,835 |
| | | **10,947** | 11,053 |
| (Increase) / decrease in trade and other debtors | | **(6,916)** | 1,341 |
| Increase in stocks | | **(4,749)** | (1,770) |
| (Decrease) / increase in trade and other creditors | | **(3,329)** | 7,363 |
| | | **(4,047)** | 17,987 |
| Tax paid | | **(1,979)** | (1,940) |
| **Net cash from operating activities** | | **(6,026)** | 16,047 |
| **Cash flows from investing activities** | | | |
| Interest received | | **11** | 6 |
| **Net cash from investing activities** | | **11** | 6 |
| **Cash flows from financing activities** | | | |
| Interest paid | | **(818)** | (741) |
| Reduction / (increase) in related party balances | | **40** | (1) |
| Repayment of bank loans | | **(5,000)** | (15,000) |
| Inception of bank loans | | **12,000** | - |
| **Net cash from financing activities** | | **6,222** | (15,742) |
| Net increase in cash and cash equivalents | | **207** | 311 |
| Cash and cash equivalents at start of the period | | **4,084** | 3,773 |
| **Cash and cash equivalents at period end** | *12* | **4,291** | 4,084 |

The notes on pages 16 to 29 form part of these financial statements.

# Notes
***(forming part of the financial statements)***

## 1 Accounting policies

Elan Homes Holdings Limited is a company limited by shares and incorporated and domiciled in the UK. The registered address is 2nd Floor, Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ and the principal places of business are considered to be Oak House, Lloyd Drive, Ellesmere Port, CH65 9HQ and 2nd Floor, De Montfort House, High Street, Coleshill, B46 3BP.

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

The Company's ultimate parent undertaking, Boparan Private Office Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Boparan Private Office Limited are prepared in accordance with FRS102 and are available to the public and may be obtained from 2nd Floor, Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ.

The parent Company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

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

### *1.1 Measurement convention*

The financial statements are prepared on the historical cost basis except for shared equity loans which are recorded within other debtors at fair value.

### *1.2 Going concern*

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 1.

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate. In reaching this decision the directors have considered the results recorded for the 52 weeks ended 1 January 2023, latest forecasts, covenant calculations and contractual agreements.

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

The forecasts are dependent on the provision of Bank funding. The Group syndicated revolving credit facility with Barclays Bank plc and Lloyds Bank plc to fund the growth of the business, which the Company is party to, for the period to 20 April 2026.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### *1.2 Going Concern (continued)*

The key assumptions within the forecasts are the ability to generate income from the sale of new build homes with particular reference to reservation rates and the ability to convert these completions. Despite the impact of Coronavirus the Group has been able to source materials and labour to continue with build on site, making plots available for sale via show homes, sales centres and estate agents to generate forward sales and income from the completion of sales for both private and affordable homes and use the income to acquire new land for future years. The Group has detailed planning consents in place and ownership of all of the land required to deliver income in the 52 weeks ending 31 December 2023 with build having commenced on all of these sites which will deliver new show homes and sales centres to generate reservations to supplement those already in place.

Assumptions regarding possible downside scenarios sensitivities have been modelled to stress test the forecast including a reduction in the reservation rate and the average selling prices achieved. The reduction in income under both scenarios is expected to be capable of being offset by the delaying, renegotiation or cancellation of land purchases where contractually possible. Further steps could be taken if necessary to slow down the rate of build on site to provide additional cash savings.

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

### *1.3 Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 1 January 2023. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. In the parent Company financial statements, investments in subsidiaries are carried at cost less impairment.

### *1.4 Classification of financial instruments issued by the Group*

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

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

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

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### *1.5 Basic financial instruments*

*Trade and other debtors / creditors*

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

*Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

### *1.6 Other financial instruments*

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

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

### *1.7 Stocks*

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost, in relation to work in progress and showhomes, comprises direct materials and, where applicable direct labour costs and those overheads, not including any general administrative overheads, that have been incurred in bringing the stocks to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and overheads.

Land held for development, including land in the course of development until legal completion of the sale of the asset, is initially recorded at cost. Regular reviews are carried out to identify any impairment in the value of land by comparing the total estimated selling prices less estimated selling expenses against the book costs of the land plus estimated costs to complete. A provision is made for any irrecoverable amounts.

Options purchased in respect of land are capitalised initially at cost and amortised over the life of each option. Regular reviews are carried out for impairment in the value of these options and provisions are made accordingly to reflect loss in value. The impairment reviews consider the period elapsed since the date of purchase of the option given that the option contract has not been exercised at the review date. Further, the impairment reviews consider the remaining life of the option, taking account of any concerns over whether the remaining time available will allow a successful exercise of the option. The carrying cost of the option at the date of exercise is included within the cost of land purchased as a result of the option exercise.

Residential properties from which rental income is derived are recognised as inventory, rather than investment properties, on the basis that they are held for sale in the ordinary course of business and rental agreements on these properties are short term.

Part exchange properties are recorded at the lower of the fair value of the property and net realisable value. The fair value of part exchange properties is equal to the amount assessed by external valuers on the date of purchase. Net realisable value represents the estimated selling price less all estimated costs of completion and overheads.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### *1.8 Turnover*

Turnover represents amounts derived from the sale and rental of residential properties. Turnover excludes value added tax.

Residential property and land sale turnover is measured at the fair value of consideration received or receivable net of sales incentives. Turnover is recognised in the profit and loss account at a point in time when the performance obligation, being the transfer of completed dwelling to a customer, has been satisfied. This is when legal title is transferred. Sales incentives are substantially cash in nature and are recognised as a reduction in residential property turnover by the costs to the Group of providing the sales incentives.

The purchase and subsequent sale of part exchange properties is an activity undertaken in order to achieve the sale of a new build residential property. The sale of the new build residential property is recognised, as above, at the fair value of the part exchange property plus the cash received or receivable. The fair value of the part exchange property is equal to the amount assessed by external valuers. The onward sale of a part exchange property is recognised at the fair value consideration received or receivable. As it is not considered a principal activity of the Group the income and expenses associated with this are recognised in cost of sales. Income is recognised in the profit and loss account at a point in time when the performance obligations have been satisfied. This is when legal title is transferred.

Rental turnover is recognised as turnover on an accruals basis for the period to which the income relates.

### *1.9 Government Grants*

Government Grants are included within accruals and deferred income in the balance sheet and credited to other operating income in the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

### *1.10 Taxation*

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

### *1.11 Provisions*

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

### *1.12 Employee benefits*

*Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

# Notes *(continued)*

## 1 Accounting policies *(continued)*

### *1.13 Accounting estimates and judgements*

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

*Valuation of work in progress and land held for development*

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

For the 52 weeks ended 1 January 2023 and the 52 weeks ended 2 January 2022, a full review of inventories has been performed and write downs have been made where cost exceed net realisable value. Estimated selling prices have been reviewed on a site by site basis and have been amended based on local management and the Board's assessment of current market conditions. For the 52 weeks ended 1 January 2023 and the 52 weeks ended 2 January 2022 no impairments have resulted from the review.

*Cost of sales recognition*

Cost of sales is recognised for completed house sales as an allocation of the latest whole site margin which is an output of the site valuation. These valuations, which are updated at frequent intervals during the lifespan of the site, use actual and forecast selling prices, land costs and construction costs and are sensitive to future movements in both the estimated cost to complete and expected selling prices. Forecast selling prices are inherently uncertain due to changes in market conditions. This is a key estimate made in the financial statements.

To determine the amount of cost of sales that the Group is able to recognise on its sites in the year, the Group needs to allocate site wide costs between all plots, including those sold in previous periods, in the current year, and those to be sold in future periods. It is also necessary to estimate the costs to complete on such sites. In making these assessments certain estimates are made. In addition the Group makes estimates in relation to future sales prices on the site. The Group has a number of internal controls to assess and review the reasonableness of estimates made.

*Recoverability of other debtors relating to shared equity loans*

Included in other debtors are balances due under shared equity loans secured by way of second legal charges over the properties acquired by customers in previous periods. The loans have repayment dates on the earlier of the onward sale of each property and the 10$^{th}$ anniversary. To determine the value of the debtor to be recognised at each year end the Group undertakes a review of investment risk in respect of the properties themselves, current and local market conditions, historic credit risk and performance by location and property type, age of the debt as well as any other known information. Other debtor balances recognised in respect of shared equity loans are £263,000 as at 1 January 2023 (*2 January 2022: £392,000*) following a fair value review which did not result in a fair value adjustment (*52 weeks to 2 January 2022: fair value gain of £nil*).

*Judgements*

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

# Notes *(continued)*

## 2 Turnover

| | 52 weeks to 1 January 2023 £000 | 52 weeks to 2 January 2022 £000 |
|---|---|---|
| **By activity** | | |
| Sale of residential properties | **83,161** | 82,132 |
| Income from residential build contract | **304** | 323 |
| Sale of land and property assets | **125** | 10 |
| Rental income from residential properties | **32** | 50 |
| | **83,622** | 82,515 |
| **By geographical market** | | |
| United Kingdom | **83,622** | 82,515 |

## 3 Expenses and auditor's remuneration

Included in profit / (loss) are the following expenses / (income or gains):

| | 52 weeks to 1 January 2023 £000 | 52 weeks to 2 January 2022 £000 |
|---|---|---|
| Impairment loss on stocks | - | - |
| Fair value (gain) / loss on other debtors | - | - |
| *Auditor's remuneration:* | | |
| Audit of these financial statements | **14** | 12 |
| Audit of subsidiary financial statements | **36** | 33 |
| | **50** | 45 |

## 4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period, analysed by category, was as follows:

| | 52 weeks to 1 January 2023 No. | 52 weeks to 2 January 2022 No. |
|---|---|---|
| Directors | **5** | 5 |
| Administration | **53** | 50 |
| Sales | **13** | 12 |
| Construction | **46** | 42 |
| | **117** | 109 |

# Notes *(continued)*

## 4 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

| | **52 weeks to 1 January 2023 £000** | 52 weeks to 2 January 2022 £000 |
|---|---|---|
| Wages and salaries | **6,172** | 6,162 |
| Social security costs | **728** | 657 |
| Contributions to defined contribution plans | **275** | 257 |
| | **7,175** | 7,076 |

## 5 Directors' remuneration

| | **52 weeks to 1 January 2023 £000** | 52 weeks to 2 January 2022 £000 |
|---|---|---|
| Directors' remuneration | **904** | 874 |
| Company contributions to money purchase pensions plans | **41** | 40 |

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director in the 52 weeks to 1 January 2023 was £327,000 (*52 weeks to 2 January 2022: £307,000),* and company pensions contributions of £15,000 (*52 weeks to 2 January 2022: £nil*) were made to a money purchase scheme on his behalf.

| | **52 weeks to 1 January 2023 £000** | 52 weeks to 2 January 2022 £000 |
|---|---|---|
| Retirement benefits are accruing to the following number of directors under: | | |
| Money purchase schemes | **3** | 3 |

## 6 Interest receivable

| | **52 weeks to 1 January 2023 £000** | 52 weeks to 2 January 2022 £000 |
|---|---|---|
| Total other interest payable and similar charges | **11** | 6 |

## 7 Interest payable

| | **52 weeks to 1 January 2023 £000** | 52 weeks to 2 January 2022 £000 |
|---|---|---|
| Interest payable on bank loans and overdrafts | **778** | 717 |

# Notes *(continued)*

## 8 Taxation

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

| | **52 weeks to 1 January 2023** | | 52 weeks to 2 January 2022 | |
|---|---|---|---|---|
| | **£000** | **£000** | £000 | £000 |
| **Current tax** | | | | |
| Current tax on income for the period | | **1,725** | | 1,849 |
| Adjustments in respect of prior periods | | **(20)** | | 15 |
| Total current tax | | **1,705** | | 1,864 |
| **Deferred tax (see note 16)** | | | | |
| Origination and reversal of timing differences | **31** | | (29) | |
| Change in tax rate | **(41)** | | - | |
| Total deferred tax | | **(10)** | | (29) |
| Total tax | | **1,695** | | 1,835 |

| | **52 weeks to 1 January 2023** | | | 52 weeks to 2 January 2022 | | |
|---|---|---|---|---|---|---|
| | **£000 Current tax** | **£000 Deferred tax** | **£000 Total tax** | £000 Current tax | £000 Deferred tax | £000 Total tax |
| Recognised in Profit and loss account | **1,705** | **(10)** | **1,695** | 1,864 | (29) | 1,835 |
| Recognised in other comprehensive income | - | - | - | - | - | - |
| Recognised directly in equity | - | - | - | - | - | - |
| Total tax | **1,705** | **(10)** | **1,695** | 1,864 | (29) | 1,835 |

Analysis of current tax recognised in profit and loss

| | **52 weeks to 1 January 2023 £000** | 52 weeks to 2 January 2022 £000 |
|---|---|---|
| UK corporation tax | **1,705** | 1,864 |
| Total current tax recognised in profit and loss | **1,705** | 1,864 |

# Notes *(continued)*

## 8 Taxation *(continued)*

**Reconciliation of effective tax rate**

| | **52 weeks to 1 January 2023 £000** | 52 weeks to 2 January 2022 £000 |
|---|---|---|
| Profit for the period | **8,485** | 8,507 |
| Total tax expense | **1,695** | 1,835 |
| Profit excluding taxation | **10,180** | 10,342 |
| Tax using the UK corporation tax rate of 19% *(52 weeks to 2 January 2022: 19%)* | **1,934** | 1,965 |
| Expenses not deductible for tax purposes | **(17)** | 33 |
| Group relief received without payment required | **(192)** | (149) |
| Timing differences not recognised in the computation | **(10)** | (29) |
| Adjustments in respect of a prior period | **(20)** | 15 |
| Total tax expense included in profit or loss | **1,695** | 1,835 |

**Factors affecting the tax charge in future years**

The UK corporation tax standard rate for the period is 19% *(52 weeks ended 2 January 2022: 19%)*. A UK corporation tax rate of 25% (effective 1 April 2023) was substantively enacted on 3 March 2021 increasing the future tax rate accordingly. The deferred tax asset as at 1 January 2023 has been calculated at 25% *(2 January 2022: 19%)*.

## 9 Fixed asset investments

| **Company - Investments in subsidiaries** | **£000** |
|---|---|
| At start and end of period | 1,000 |

The principal subsidiary undertakings in which the Company's interest at the period end is more than 20% are as follows:

| | **Country of incorporation** | **Registered Number** | **Principal activity** | **Class and percentage of shares held** |
|---|---|---|---|---|
| Elan Homes Limited | England & Wales | 03215914 | House building | 100% of ordinary shares |
| Elan Homes Midlands Limited | England & Wales | 03017085 | House building | 100% of ordinary shares |
| Elan Homes Lancashire Limited | England & Wales | 06779660 | House building | 100% of ordinary shares |
| Elan Homes Scotland Limited | Scotland | SC616758 | House building | 100% of ordinary shares |
| Elan Homes Strategic Land Limited | England & Wales | 03121813 | House building | 100% of ordinary shares |
| Erie Basin Limited | England & Wales | 06779664 | Sale & rental of Residential Property | 100% of ordinary shares |
| Elan Homes SEQ Limited | England & Wales | 05394485 | Shared Equity Provider | 100% of ordinary shares |
| Elan Homes Land Limited | England & Wales | 05360210 | Dormant | 100% of ordinary shares |
| Elan Homes Properties Limited | England & Wales | 07071526 | Dormant | 100% of ordinary shares |

The registered office for all of the above companies is 2nd Floor, Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ with the exception of Elan Homes Scotland Limited whose registered offices are at 4 Redheughs Rigg, South Gyle, Edinburgh, EH12 9DQ.

# Notes *(continued)*

## 10 Stocks

| | Group | | Company | |
|---|---|---|---|---|
| | **1 January 2023 £000** | 2 January 2022 £000 | **1 January 2023 £000** | 2 January 2022 £000 |
| Work in progress | **77,182** | 72,090 | **996** | 5,657 |
| Rental properties | - | 135 | - | - |
| Part exchange properties | **128** | 150 | - | - |
| Options | - | 186 | - | - |
| | **77,310** | 72,561 | **996** | 5,657 |

Stocks of £64,541,000 were expensed in the 52 weeks ended 1 January 2023 (*52 weeks ended 2 January 2022: £64,196,000*).

Certain assets included in work in progress are pledged as security for the Group's bank borrowings. Further details of the Group's banking arrangements are included in note 15.

## 11 Debtors

| | Group | | Company | |
|---|---|---|---|---|
| | **1 January 2023 £000** | 2 January 2022 £000 | **1 January 2023 £000** | 2 January 2022 £000 |
| Amounts owed by group undertakings | - | - | **35,998** | 29,453 |
| Amounts owed by related parties (see note 23) | - | 40 | - | - |
| Other debtors | **7,328** | 855 | **5,031** | 104 |
| Corporation tax | **25** | - | - | - |
| Deferred tax asset (see note 16) | **172** | 162 | **10** | 6 |
| Prepayments and accrued income | **854** | 410 | **440** | 96 |
| | **8,379** | 1,467 | **41,479** | 29,659 |
| Due within one year | **8,175** | 1,250 | **41,469** | 29,653 |
| Due after more than one year | **204** | 217 | **10** | 6 |
| | **8,379** | 1,467 | **41,479** | 29,659 |

## 12 Cash and cash equivalents

| | Group | | Company | |
|---|---|---|---|---|
| | **1 January 2023 £000** | 2 January 2022 £000 | **1 January 2023 £000** | 2 January 2022 £000 |
| Cash at bank and in hand | **4,291** | 4,084 | **2,403** | 396 |

# Notes *(continued)*

## 13 Creditors: amounts falling due within one year

| | Group | | Company | |
|---|---|---|---|---|
| | **1 January 2023 £000** | 2 January 2022 £000 | **1 January 2023 £000** | 2 January 2022 £000 |
| Bank loans and overdrafts (see note 15) | **12,000** | 5,000 | **12,000** | 5,000 |
| Payments received on account | **376** | 1,264 | **41** | 526 |
| Trade creditors | **3,320** | 3,944 | **489** | 729 |
| Amounts owed to group undertakings | **-** | - | **2,561** | 2,211 |
| Deferred consideration on land purchases (see note 22) | **-** | 5,000 | **-** | - |
| Taxation and social security | **246** | 245 | **-** | - |
| Corporation tax | **-** | 249 | **-** | - |
| Accruals and deferred income | **12,910** | 9,620 | **1,110** | 806 |
| Interest payable | **23** | 62 | **23** | 62 |
| | **28,875** | 25,384 | **16,224** | 9,334 |

## 14 Creditors: amounts falling due after more than one year

| | Group | | Company | |
|---|---|---|---|---|
| | **1 January 2023 £000** | 2 January 2022 £000 | **1 January 2023 £000** | 2 January 2022 £000 |
| Accruals and deferred income | **390** | 498 | **100** | 30 |

## 15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

| | Group | | Company | |
|---|---|---|---|---|
| | **1 January 2023** | 2 January 2022 | **1 January 2023** | 2 January 2022 |
| **Creditors falling due within one year** | **£000** | £000 | **£000** | £000 |
| Secured bank loans | **12,000** | 5,000 | **12,000** | 5,000 |

*Terms and debt repayment schedule*

| **Group** | **Currency** | **Year of maturity** | **Repayment schedule** | **1 January 2023 £000** | 2 January 2022 £000 |
|---|---|---|---|---|---|
| Secured Bank Facility | Sterling | 2026 | On expiry on 20 April 2026 | **12,000** | 5,000 |

Bank loans are shown as being repayable within one year as repayments are dependent upon the timing of plot sales, however, the facilities also enable the loans to be redrawn in respect of work in progress balances in the period up to the expiry of the facility on 20 April 2026. Bank loans are secured by a fixed and floating charge over the assets of the Group, including a legal charge of certain work in progress and development land. Interest is paid at commercial rates linked to SONIA.

# Notes *(continued)*

## 16 Deferred tax assets and liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | **1 January 2023 £000** | 2 January 2022 £000 | **1 January 2023 £000** | 2 January 2022 £000 |
| **Assets** | | | | |
| Accelerated capital allowances | **(31)** | (22) | **(10)** | (6) |
| Other timing differences | **(141)** | (140) | **-** | - |
| | **(172)** | (162) | **(10)** | (6) |
| **Liabilities** | | | | |
| Fixed asset timing differences | **-** | - | **-** | - |
| ***Net deferred tax (assets) / liabilities*** | **(172)** | (162) | **(10)** | (6) |

## 17 Employee benefits

The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the 52 weeks ended 1 January 2023 was £275,000 *(52 weeks to 2 January 2022: £257,000).*

## 18 Capital and reserves

| | **1 January 2023 £000** | 2 January 2022 £000 |
|---|---|---|
| ***Allotted, called up and fully paid*** | | |
| 130,628 Ordinary shares of 1p each | **1** | 1 |
| Shares classified as liabilities | **-** | - |
| Shares classified as shareholders equity | **1** | 1 |
| | **1** | 1 |

The holders of the ordinary shares rank parri passu, are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. On a return of capital on a liquidation, the surplus assets and retained profits of the company (after payment of all liabilities) will be applied in the first instance, to repay the fully paid up ordinary shares with any remaining surplus paid to the ordinary shares.

**Dividends**

On 28 March 2023 the company declared and paid an interim dividend of £6,696,273 in respect of the 52 weeks ending 31 December 2023.

# Notes *(continued)*

## 19 Analysis of changes in net funds / (debt)

| **Group** | 2 January 2022 £000 | Cash flows £000 | **1 January 2023 £000** |
|---|---|---|---|
| Cash at bank and in hand | 4,084 | 207 | **4,291** |
| Borrowing excluding overdraft | (5,000) | (7,000) | **(12,000)** |
| | (916) | (6,793) | **(7,709)** |

## 20 Operating leases - Group

Non-cancellable operating lease rentals are payable as follows:

| | **1 January 2023 £000** | 2 January 2022 £000 |
|---|---|---|
| Less than one year | **357** | 225 |
| Between one and five years | **569** | 213 |
| | **926** | 438 |

During the 52 weeks to 1 January 2023, £490,000 was recognised as an expense in the profit and loss account in respect of operating leases (*52 weeks to 2 January 2022: £442,000*).

## 21 Financial instruments

**Carrying amount of financial instruments – Group**

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

| | **1 January 2023 £000** | 2 January 2022 £000 |
|---|---|---|
| *Assets measured at fair value through profit or loss* | | |
| Other debtors | **263** | 392 |
| *Liabilities measured at amortised cost* | | |
| Secured bank loans and overdrafts | **(12,000)** | (5,000) |
| Trade creditors | **(3,320)** | (3,944) |

**Financial instruments measured at fair value – Group**

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

# Notes *(continued)*

## 21 Financial instruments *(continued)*

**Financial instruments measured at fair value – Group** *(continued)*

The fair value of the shared equity loans has reduced in the 52 weeks ended 1 January 2023 as a result of repayments with no fair value adjustment in the period (*52 weeks ended 2 January 2022: fair value adjustment of £nil*).

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

## 22 Contingent Liabilities

Group

As at 2 January 2022, one of the subsidiaries, Elan Homes Limited, had provided a legal charge in respect of deferred consideration of £5,000,000 on a land purchase. This was paid in the 52 weeks to 1 January 2023 and as a result the charge has been removed. There are no commitments in respect of deferred land payments as at 1 January 2023.

Company

The company has entered into a cross guarantee and debenture covering some but not all, of the bank borrowings of other companies in the Group amounting to £12,000,000 (*2 January 2022: £5,000,000*). Elan Homes Holdings Limited considers this cross guarantee to be an insurance arrangement.

The company has guaranteed the liabilities of Elan Homes Strategic Land Limited (company number: 03121813), a subsidiary of the company, in order for them to qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the 52 weeks ended 1 January 2023.

The company has guaranteed the liabilities of Erie Basin Limited (company number: 06779664), a subsidiary of the company, in order for them to qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the 52 weeks ended 1 January 2023.

## 23 Related parties

Amber REI Holdings Limited is related to the group by a common Director and by common ultimate ownership. During the 52 weeks ended 1 January 2023 the group has recharged costs of £177,685 *(52 weeks to 2 January 2022: £197,407)* to Amber REI Holdings Limited. A balance of £nil was due to the group from Amber REI Holdings Limited as at 1 January 2023 (*2 January 2022: £39,781).* Amber REI Holdings Limited became a fellow subsidiary company with effect from 5 December 2022.

During the 52 weeks ended 2 January 2022 the group entered into and completed a build contract for £322,869 for a descendent of one of the shareholders of the ultimate holding company at that point in time, Amber Residential Properties Limited. On completion of the construction of the house, a payment in full was received and there are no amounts outstanding as 2 January 2022: £nil.

## 24 Post Balance Sheet Events

On 28 March 2023 the company declared and paid an interim dividend of £6,696,273 in respect of the 52 weeks ending 31 December 2023.

On 31 March 2023 and as part of a Group wide reorganisation of its house building activities, the company acquired all of the existing trade, assets and known liabilities of its wholly owned subsidiaries Elan Homes Limited, Elan Homes Midlands Limited and Elan Homes Lancashire Limited.

## 25 Ultimate Parent Company and Ultimate Controlling Parties

The ultimate parent undertaking is Boparan Private Office Limited, a company incorporated and domiciled in the UK. A copy of the consolidated financial statements for Boparan Private Office Limited can be obtained from 2nd Floor, Colmore Court, 9 Colmore Row, Birmingham, B3 2BJ. The ultimate controlling parties are RS Boparan and BK Boparan.