Graylingwell Energy Services Limited

Annual report and Financial statements

For the year ended 30 June 2019

Registered number: 07142726

Graylingwell Energy Services Limited

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Graylingwell Energy Services Limited
Directors and advisers

Directors

MR Farnham
AP Wyper
KB Carnegie (appointed 3 January 2020)
E Sibley (appointed 3 January 2020)

Company secretary

M Palmer (appointed 3 January 2020)

Registered office

11 Tower View
Kings Hill
West Malling
Kent
England
ME19 4UY

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

Bankers

Barclays Bank plc
15 Colmore Row
Birmingham
B3 2WN

Graylingwell Energy Services Limited
Strategic report for the year ended 30 June 2019

The directors present their strategic report of Graylingwell Energy Services Limited ("the Company"), for the year ended 30 June 2019.

During the year under review, the Company formed part of Galliford Try plc ("GT"). With the acquisition of GT's Linden Homes and Partnerships & Regenerations businesses, the Company became part of Vistry Group PLC ("the Group") from 3 January 2020.

Review of business

The Company's principal activities are to provide energy services.

The Company has entered into an Energy Service Agreement to supply heat to normal domestic space heating and hot water purposes through the communal energy scheme at Graylingwell Park, a residential housing development.

The first heat was supplied to residents of Graylingwell Park in October 2011, and the number of customers increased as the development of Graylingwell Park continues to completion.

Covid-19

The coronavirus (COVID-19) pandemic has had a significant impact on the company in 2020. In March 2020, following the announcement of the nationwide lockdown, the company commenced the closure of developments and commenced reopening towards the end of April 2020 in accordance with strict guidance and protocol from the Government, Public Heath England and the HSE.

The company continues to prioritise the safety, health and wellbeing of its employees, customers and suppliers and seeks to support them during these unprecedented times.

Notwithstanding the strength of the ultimate parent's liquidity, the Board is taking prudent decisions to best support the business through this period of uncertainty, including measures to protect the Company's cash position, liquidity and maintain a robust balance sheet.

The UK Government has shown commitment to support the housebuilding industry through this national crisis and we will seek to utilise this support where appropriate and available to our business.

Principal risks, uncertainties and key performance indicators

From the perspective of the Company, the principal risks and uncertainties were integrated with that of GT for the year ended 30 June 2019 and are not managed separately. These are discussed within the GT Group's 2019 annual report.

The directors of GT managed the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company for the period under review is not necessary or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of GT for the year ended 30 June 2019, is discussed in the GT's 2019 annual report, which does not form part of this report. The GT annual report is publicly available.

General

The Company's loss for the financial year was £78K (2018: loss of £6K), which will be deducted from reserves. Net liabilities at 30 June 2019 was £48K (30 June 2018: net assets £30K).

On behalf of the board

MR Farnham
Director

29.07.20

Graylingwell Energy Services Limited
Directors' Report for the year ended 30 June 2019

The directors present their report and audited financial statements of Graylingwell Energy Services Limited ("the Company"), registered number 07142726 for the year ended 30 June 2019.

Future developments

The directors do not expect any significant changes to the principal activities of the Company in the foreseeable future.

Dividends

The directors do not recommend the payment of a dividend (2018: £nil).

Political and charitable donations

The Company is exempt from disclosing political and charitable donations as it is a wholly owned subsidiary incorporated in the United Kingdom.

Financial risk management

The Company's operations expose it to a variety of financial risks, including the effects of credit risk, liquidity risk, cash flow risk and interest rate risk. The policies to mitigate the potential impact of these financial risks are set by the directors, who monitor their effectiveness on a monthly basis during board meetings.

During the period under review, where appropriate, credit checks were made prior to the acceptance of a new customer and these were reviewed on a periodic basis together with ongoing checks in respect of existing customers. Weekly reviews of the debtors ledger were carried out with the finance and sales teams and action was initiated, as appropriate, to collect any overdue amounts, thus optimising the Company's liquidity position.

The rates of interest earned or paid on the Group's cash balances and loans and overdrafts during the year ended 30 June 2019 were monitored on an ongoing basis with regular reviews of the GT's group banking arrangements. Deposits, loans and overdrafts were made with reference to these facilities, in conjunction with projections of future cash requirements.

GT actively maintained an appropriate level of cash reserves available for operations and planned expansions of the Group as a whole. GT ensured that sufficient cash reserves were made available to its subsidiary undertakings.

Additional information on the GT's financial risk management as at 30 June 2019 can be found in the consolidated group financial statements of GT copies of which are publicly available.

Directors

The present directors of the Company are set out on page 1, including those who served throughout the year and up to the date of signing the financial statements, except as stated below.

E Sibley and KB Carnegie were appointed as directors of the Company on 3 January 2020.
S Gibbons and B Love resigned as directors of the Company on 21 September 2018 and 3 January 2020, respectively.
M Curle resigned as a director on 30 April 2019.

Galliford Try Secretariat Services Limited resigned and M Palmer was appointed as Company Secretary on 3 January 2020.

Qualifying third-party and pension scheme indemnity provisions

GT maintained appropriate Directors' and Officers' Liability Insurance on behalf of the directors and Company Secretary during the year ended 30 June 2019. In addition, individual qualifying third-party indemnities were given to the directors and Company Secretary which comply with the provisions of Section 234 of the Companies Act 2006 which were in force throughout the year.

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Vistry Group PLC (formerly Bovis Homes Group PLC) (the "Group") as at the date of these financial statements. The Directors have received confirmation that Vistry Group PLC (formerly Bovis Homes Group PLC) intend to support the Company for at least one year after these financial statements are signed.

As detailed above, there has been an outbreak of coronavirus (COVID-19) in the UK, culminating in a nationwide lockdown in March 2020. In light of the pandemic, a revised cashflow forecast has been completed for the Group to confirm the appropriateness of the going concern assumption in these subsidiary accounts. The forecast was prepared using two scenarios – a likely base case including the expected impact of COVID-19 and a downside sensitivity scenario. In each of these scenarios, the forecasts indicated that there was sufficient headroom for the business to continue. Consequently, the Directors have concluded that using the going concern basis for the preparation of the financial statements is appropriate.

Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmation

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

On 3 January 2020, Vistry Group PLC acquired the Linden and Partnerships and Regeneration businesses from Galliford Try plc. As a result of this transaction the ultimate parent undertaking and controlling party of the Company has changed to Vistry Group PLC (formerly Bovis Homes Group PLC).

Additionally, the coronavirus (COVID-19) pandemic has had a significant impact on the Company in 2020. In March 2020, following the announcement of the nationwide lockdown, the Company commenced the closure of developments and commenced reopening towards the end of April 2020 in accordance with strict guidance and protocol from the Government, Public Heath England and the HSE.

The Company continues to prioritise the safety, health and wellbeing of its employees, customers and suppliers and seeks to support them during these unprecedented times.

Notwithstanding the strength of the ultimate parent's liquidity, the Board is taking prudent decisions to best support the business through this period of uncertainty, including measures to protect the Company's cash position, liquidity and maintain a robust balance sheet.

The UK Government has shown commitment to support the housebuilding industry through this national crisis and we will seek to utilise this support where appropriate and available to our business.

It is noted that there remains uncertainty around COVID-19 and how long the pandemic will continue to impact the UK and so it is difficult to reliably estimate the effect on the future financial position and results of the Company and the ultimate parent. The Company continues to monitor the changing environment and seeks to respond promptly and appropriately.

The Company has determined that these events are non-adjusting subsequent events and so no adjustment has been made to the financial statements for the year ended 30 June 2019 as a result.

No other matters have arisen since the year end that requires disclosure in the financial statements.

The directors' report was approved by the board of directors on 29th July 2020 and signed on behalf of the board by:

M Farnham
Director

29.09.2020

Independent auditors' report to the members of Graylingwell Energy Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Graylingwell Energy Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and Financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 June 2019; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Graylingwell Energy Services Limited (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

R. Vik

Radek Vik (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
29 July 2020

Graylingwell Energy Services Limited
Income statement for the year ended 30 June 2019

	Note	2019 £'000	2018 £'000
Revenue	2	**278**	285
Cost of sales		**(299)**	(204)
Gross profit		**(21)**	81
Administrative expenses		**(67)**	(81)
Operating loss		**(88)**	–
Interest payable and similar charges	4	**(8)**	(7)
Loss before taxation	5	**(96)**	(7)
Tax on loss	6	**18**	1
Loss for the financial year		**(78)**	(6)

There are no other comprehensive income or expense other than those shown in the income statement above and therefore no separate statement of comprehensive income has been presented.

All results are derived from continuing operations.

The notes on pages 11 to 18 are an integral part of these financial statements.

Graylingwell Energy Services Limited
Balance sheet as at 30 June 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Intangible assets	7	**128**	136
Total non-current assets		**128**	**136**
Current assets			
Trade and other receivables	8	**96**	123
Corporation tax recoverable	9	**18**	1
Total current assets		**114**	124
Total assets		**242**	260
Liabilities			
Current liabilities			
Bank borrowings and overdrafts	11	**(129)**	(95)
Trade and other payables	10	**(161)**	(135)
Total current liabilities		**(290)**	(230)
Net current liabilities		**(176)**	(106)
Total liabilities		**(290)**	(230)
Net (liabilities)/assets		**(48)**	30
Equity			
Share capital	12	**-**	-
Other reserves		**250**	250
Profit and loss account		**(298)**	(220)
Total equity		**(48)**	30

The notes on pages 11 to 18 are an integral part of these financial statements.

The financial statements on pages 8 to 18 were approved by the Board of directors on 29th July 2020 and signed on its behalf by:

M Farnham
Director
Registered number: 07142726

29th July 2020

Graylingwell Energy Services Limited
Statement of changes in equity for the year ended 30 June 2019

	Share capital £'000	Other reserves £'000	Profit and loss account £'000	Total equity £'000
As at 01 July 2017	–	250	(214)	36
Loss for the financial year	–	–	(6)	(6)
As at 30 June 2018 and as at 01 July 2018	–	250	(220)	30
Loss for the financial year	–	–	(78)	(78)
As at 30 June 2019	**–**	**250**	**(298)**	**(48)**

1. Accounting policies

General Information

Graylingwell Energy Services Limited ('the Company') is a limited Company incorporated and domiciled in England and Wales (Registered number: 07142726). The address of the registered office is Graylingwell Energy Services Limited, 11 Tower View, Kings Hill, West Malling, Kent, ME19 4UY. Refer to note 16 for details of the immediate and ultimate parent undertaking. The principal activity of the Company is set out on page 2.

The financial statements are measured and presented in pounds sterling as that is the currency of the primary economic environment in which the Company operates. The amounts stated are denominated in thousands (£'000).

Basis of accounting

These financial statements have been prepared under historical cost convention and in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act) as applicable to companies using FRS 101. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 16 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS as adopted by the EU may be obtained.

The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- The requirements of IAS 7 to present cash flow statement.
- The requirements of paragraph 45(b) and 46 to 52 of IFRS 2, Share Based Payments
- The requirements of IFRS 7, Financial Instrument Disclosures
- The requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement
- The requirements of paragraph 30 and 31 of IAS 8 Accounting Policies
- The requirements of paragraph 17 of IAS 24, Related Party Disclosures, and the requirements in IAS 24 to disclose related party transactions between two members of the Galliford Try group and with key management personnel.
- The requirements of paragraph 134 (d) to 134 (f) of IAS 36 Impairment of Assets.
- Certain disclosure requirements under IFRS12 Disclosure of Interests in Other Entities.
- The requirements of Paragraph 38 of IAS1, Presentation of financial statements

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the current and preceding financial year. New amendments to standards that became mandatory for the first time for the financial year beginning 1 July 2018 are listed below. The new amendments had no significant impact on the Company's results other than certain revised disclosures.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from contracts with customers
- Amendments to IFRS 2 Share-based payments
- Amendments to IFRS 4 Insurance contracts
- Amendments to IAS 40 Investment property
- Annual improvements 2015-2017

1. Accounting policies (continued)

Basis of accounting (continued)

The above new standards and amendments do not have a material effect on the Company except as described below:

- IFRS 9 - 'Financial instruments'

The Company has adopted IFRS 9 Financial Instruments using the modified retrospective method for the first time in the year ended 30 June 2019. There was no material impact on adoption of this new standard and adopting the expected credit loss model for impairment of financial assets.

- IFRS 15 Revenue from contracts with customers

The Company has adopted the standard from 01 July 2018 using the cumulative effect approach. As a result, the Company has reviewed its opening equity position as at 01 July 2018 and its accounting policy and concluded that there is no impact on the Company's financial statements on adoption and for the year ended 30 June 2019.

New standards, amendments and interpretations issued but not effective or yet to be endorsed by the EU are as follows:

- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to the following standards:
  - IAS 28 Long-term interests in associates and joint ventures
  - IAS 1 & IAS 8 Definition of Material
  - IAS 19 Plan Amendment, Curtailment or Settlement
  - IFRS 3 Business Combinations
  - IFRS 9 Prepayment features with negative compensation
- Annual improvements 2015-2017

Going concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Vistry Group PLC (formerly Bovis Homes Group PLC) (the "Group") as at the date of these financial statements. The Directors have received confirmation that Vistry Group PLC (formerly Bovis Homes Group PLC) intend to support the Company for at least one year after these financial statements are signed.

As detailed above, there has been an outbreak of coronavirus (COVID-19) in the UK, culminating in a nationwide lockdown in March 2020. In light of the pandemic, a revised cashflow forecast has been completed for the Group to confirm the appropriateness of the going concern assumption in these subsidiary accounts. The forecast was prepared using two scenarios – a likely base case including the expected impact of COVID-19 and a downside sensitivity scenario. In each of these scenarios, the forecasts indicated that there was sufficient headroom for the business to continue. Consequently, the Directors have concluded that using the going concern basis for the preparation of the financial statements is appropriate.

Critical accounting estimates and judgments

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the

1. Accounting policies (continued)

Critical accounting estimates and judgments (continued)

circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. Management do not consider there to be any critical estimates and judgements.

Revenue and profit

Revenue is recognised when the Company transfers control of goods or services to customers. Revenue comprises the fair value of the consideration received or receivable net of rebates, discounts and value added tax. Where consideration is subject to variability, the Company estimates the amount receivable. Revenue recognised is constrained to the amount which is highly probable not to result in a significant reversal in future period.

Where a modification to an existing contract occurs, the Company assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied or whether it is a modification to the existing performance obligation.

Interest income and expense

Interest income and expense is recognised on a time proportion basis using the effective interest method.

Income tax

Current income tax is based on the taxable profit for the year. Taxable profit differs from profit before taxation recorded in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The liability for current tax is calculated using rates that have been enacted, or substantively enacted, by the balance sheet date.

The Company surrenders tax losses and other allowances by group relief to other Galliford Try group companies for the year ended 30 June 2019. The party accepting such surrender pays the company an amount equal to the amount of tax such accepting party would have paid but for such surrender.

Deferred income tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred income tax is accounted for on an undiscounted basis. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying temporary differences can be deducted.

Deferred income tax is charged or credited through the income statement, except when it relates to items charged or credited through other comprehensive income, when it is charged or credited there.

1. Accounting policies (continued)

Intangible assets

Intangible assets relating to contractual licenses are capitalised and amortised through cost of sales over the contract life. Such assets are assessed for impairment when there is an indicator of impairment. Intangible assets are being amortised over the following period:

- Capital investment costs - over 25 years.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less loss allowance. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on historical payment profiles, adjusted to reflect the current and forward-looking information.

Bank and other borrowings

Interest bearing bank loans and overdrafts and other loans are originally recognised at fair value net of transaction costs incurred. Such borrowings are subsequently stated at amortised cost with the difference between initial fair value and redemption value recognised in the income statement over the period to redemption.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest rate method.

Re-financing costs associated with new borrowing arrangements are included within the borrowing amount and amortised over the period of the loan.

Trade payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate and subsequently held at amortised cost. The discount to nominal value is amortised over the period of the credit term and charged to finance costs using the effective interest rate. Changes in estimates of the final payment due are taken to developments (land), in due course, to cost of sales in the income statement.

2. Revenue

The Company recognise its revenue over time for the supply of heating and hot water services to residents in Graylingwell Park. This is the only performance obligation.

The Company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Any element of variable consideration is estimated at a value that is highly probable not to result in future reversal.

3. Employees and directors

The Company had no employees during the year (2018: none). Management services are provided by the directors. The directors did not receive any emoluments from the Company for their services during the year (2018: nil).

4. Interest payable and similar charges

	2019 **£'000**	2018 £'000
Interest payable and similar charges to Group undertakings	**(8)**	(7)
Total interest payable and similar charges	**(8)**	(7)
Net finance cost	**(8)**	(7)

Interest charged relates to bank interest recharged by other group entities.

5. Loss before taxation

The following items have been included in arriving at the loss before taxation:

	2019 **£'000**	2018 £'000
Amortisation	**8**	8

Services provided by the Company's auditors

During the year the Company obtained the following services from the Company's auditors at costs as detailed below:

The auditors' remuneration of £1K (2018: £1K) for audit services is borne by its parent company, Vistry Partnerships Limited (formerly Galliford Try Partnerships Limited).

6. Tax on loss

	2019 **£'000**	2018 £'000
Current tax for the year	**18**	1
Income tax credit	**18**	1

The total income tax credit for the year of £18K (2018: £1K) is at the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) as below:

	2019 **£'000**	2018 £'000
Loss before taxation	**(96)**	(7)
Loss before taxation multiplied by the standard rate in the UK of 19.00% (2018: 19.00%)	**18**	1
Income tax credit	**18**	**1**

The standard rate of corporation tax in the UK changed from 20.00% to 19.00% with effect from 1 April 2017. Accordingly, the Company's profits were taxed at a rate of 19.00% for the year to 30 June 2019 (2018: 19.00%).

7. Intangible assets

	£'000
Cost	
At 01 July 2018	193
At 30 June 2019	**193**
Accumulated amortisation	
At 01 July 2018	(57)
Amortisation charge	(8)
At 30 June 2019	**(65)**
Net book value	
At 30 June 2019	**128**
At 30 June 2018	136

These assets relate to contractual licenses to operate and supply heating and hot water in the residential housing development that are capitalised and amortised through cost of sales over the contract life.

8. Trade and other receivables

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade receivables	**18**	9
Amounts owed by Group undertakings	**13**	19
Other debtors	**47**	76
Recoverable value-added tax	**7**	8
Prepayments	**11**	11
	96	123

Amounts owed by Group undertakings do not bear interest, have no fixed date of repayment and are repayable on demand. There was no contract assets or accrued income at the end of current and prior year.

9. Corporation tax recoverable

	2019 £'000	2018 £'000
Corporation tax recoverable	**18**	1

The Company surrenders tax losses and other allowances by group relief to other Galliford Try group companies. The party accepting such surrender pays the Company an amount equal to the amount of tax such accepting party would have paid but for such surrender.

10. Trade and other payables

	2019 £'000	2018 £'000
Trade payables	**31**	12
Amounts owed to Group undertakings	**1**	–
Accrued liabilities	**129**	123
	161	135

Amounts owed to fellow group undertakings are non-interest bearing, unsecured and repayable on demand. There was no contract liability or deferred income at the end of current and prior year.

11. Bank borrowings and overdrafts

	2019 £'000	2018 £'000
Current		
Bank borrowings and overdrafts	**129**	95

The bank overdrafts currently incur interest at 2.0% - 2.3% (2018: 2.0% - 2.3%) over LIBOR.

12. Share capital

Allotted and fully paid ordinary shares of £1	Number of shares	Ordinary shares £'000
At 01 July 2018	**2**	–
At 30 June 2019	**2**	–

13. Guarantees and contingent liabilities

Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The directors make proper provision in the financial statements when they believe a liability exists. Whilst the outcome of disputes and arbitration is never certain, the directors believe that the resolution of all existing actions will not have a material adverse effect on the Company's financial position.

14. Post balance sheet events

On 3 January 2020, Vistry Group PLC acquired the Linden and Partnerships and Regeneration businesses from Galliford Try plc. As a result of this transaction the ultimate parent undertaking and controlling party of the Company has changed to Vistry Group PLC (formerly Bovis Homes Group PLC).

Additionally, the coronavirus (COVID-19) pandemic has had a significant impact on the Company in 2020. In March 2020, following the announcement of the nationwide lockdown, the Company commenced the closure of developments and commenced reopening towards the end of April 2020 in accordance with strict guidance and protocol from the Government, Public Heath England and the HSE.

The Company continues to prioritise the safety, health and wellbeing of its employees, customers and suppliers and seeks to support them during these unprecedented times.

Notwithstanding the strength of the ultimate parent's liquidity, the Board is taking prudent decisions to best support the business through this period of uncertainty, including measures to protect the Company's cash position, liquidity and maintain a robust balance sheet.

The UK Government has shown commitment to support the housebuilding industry through this national crisis and we will seek to utilise this support where appropriate and available to our business.

It is noted that there remains uncertainty around COVID-19 and how long the pandemic will continue to impact the UK and so it is difficult to reliably estimate the effect on the future financial position and results of the Company and the ultimate parent. The Company continues to monitor the changing environment and seeks to respond promptly and appropriately.

The Company has determined that these events are non-adjusting subsequent events and so no adjustment has been made to the financial statements for the year ended 30 June 2019 as a result.

15. Post balance sheet events (continued)

No other matters have arisen since the year end that requires disclosure in the financial statements.

16. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Vistry Partnerships Limited (formerly Galliford Try Partnerships Limited) which is registered in England and Wales. The ultimate parent undertaking and controlling party is Vistry Group PLC (formerly Bovis Homes Group PLC), which is registered in England and Wales., which is registered in England and Wales. Prior to 3 January 2020, the ultimate parent undertaking and controlling party was Galliford Try Limited (formerly Galliford Try plc), which is registered in England and Wales. This was the only company into which the Company's results were consolidated. Copies of the consolidated group financial statements of Galliford Try plc are publicly available from Galliford Try plc, Cowley Business Park, Cowley, Uxbridge, Middlesex, UB8 2AL.