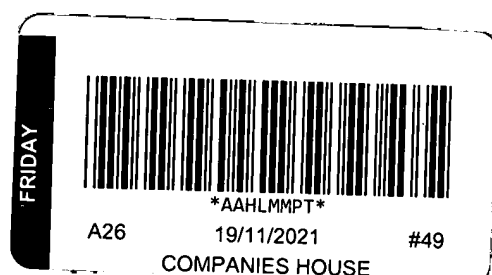


Linden Wates (Kempshott) Limited

Annual report and Financial statements

For the year ended 31 December 2020

Registered Number: 09229161



Linden Wates (Kempshott) Limited

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Linden Wates (Kempshott) Limited

Officers and professional advisors

Directors

D Bowen
D Brocklebank
N Flint
D Maddox
A Norton

Company Secretary

Vistry Secretary Limited

Registered Office

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

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
40 Clarendon Road
Watford
Hertfordshire
WD17 1JJ

Bankers

HSBC Bank plc
165 High Street
Southampton
Hampshire
SO14 2NZ

Solicitors

DAC Beachcroft LLP
100 Fetter Lane
London
EC14A 1BN

Linden Wates (Kempshott) Limited

Strategic report for the year ended 31 December 2020

The directors present their strategic report for Linden Wates (Kempshott) Limited ("the Company"), for the year ended 31 December 2020.

Review of business

The Company's principal activity is the building and selling of residential apartments and houses in Basingstoke. The company was formed as a joint venture between Linden Limited and Wates Developments Limited. With effect from 1 April 2018, Wates Developments Limited transferred its interest in the company to Wates Group Limited.

The site at Basingstoke was acquired on 31 October 2014. There were 38 (2019: 52) legal completions in the year generating revenue of £11,670,000 (2019: £19,466,000).

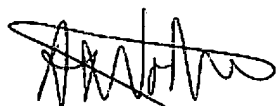
Principal risks, uncertainties and key performance indicators

The business and the execution of the Company's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties affecting the company are considered to relate to the strength and volatility of the UK housing market. This includes changes to the UK housing market and the economic cycle affecting consumer confidence and the availability of mortgage finance. The directors monitor Government and Industry data on housing prices, sales volumes and construction commencement data thus enabling anticipation of market changes and facility to adjust build programmes, sales releases and purchaser incentives accordingly. Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

General

The Company's profit for the financial year was £1,452,000 (2019: loss of £964,000), which has been added to reserves. The company has net assets of £10,777,000 (2019: £9,325,000) as at 31 December 2020.

On behalf of the board



A Norton
Director
19 November 2021

Linden Wates (Kempshott) Limited

Directors' report for the year ended 31 December 2020

The directors present their report and audited financial statements of Linden Wates (Kempshott) Limited ("the Company"), registered number 09229161 for the year ended 31 December 2020.

Future developments

The company plans to complete the development of its site as set out in the strategic report. Unless any further sites are acquired, the Company will then cease to trade.

Brexit

The UK's separation from the EU on 1 January 2021 has not had any significant impact on the business. We continue to keep this complex matter under review.

COVID-19

During 2020, the Covid-19 pandemic resulted in the closure of developments in the month of March; reopening commenced in April in line accordance with strict guidance and protocol from the Government, Public Health England and the HSE. This site closure impacted the business' ability to build and sell properties in the period of closure, however development sites were not subsequently closed again and therefore subsequent lockdowns did not significantly impact the business.

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

Dividends

The directors do not recommend the payment of a dividend (2019: £Nil).

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 potential impact of these financial risks is monitored by directors during board meetings.

Where appropriate, credit checks are made prior to the acceptance of a new customer and these are reviewed on a periodic basis together with ongoing checks in respect of existing customers. Reviews of the debtors ledger are carried out with the finance and sales teams and action initiated, as appropriate, to collect any overdue amounts, thus optimising the company's liquidity position.

The rates of interest earned or paid on the cash balances and loans and overdrafts are monitored on an ongoing basis with regular reviews of the banking arrangements. Deposits, loans and overdrafts are made with reference to these facilities, in conjunction with projections of future cash requirements.

Directors

The present directors of the Company are set out on page 1, all of whom served throughout the year and up to the date of signing the financial statements.

A Norton was appointed as a director of the Company on 19 November 2020.

D Maddox, J Chalmers were appointed as directors of the Company on 26 February 2020.

J Chalmers resigned as a director of the Company on 21 October 2020.

Linden Wates (Kempshott) Limited

Directors' report for the year ended 31 December 2020 (Continued)

Directors (continued)

A Hammond resigned as a director of the Company on 31 July 2020.

M Leach and T Wicks resigned as directors of the Company on 26 February 2020.

Galliford Try Secretariat Services Limited resigned as Company Secretary and M Palmer was appointed as Company Secretary of the Company on 26 February 2020.

M Palmer resigned as Company Secretary and Vistry Secretary Limited was appointed as Company Secretary of the Company on 25 June 2021.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that for the foreseeable future the Company will be able to meet its liabilities as they fall due.

The Directors performed an assessment in relation to the Company's ability to continue as a going concern, this included assessing its current position and reviewing future cash flow forecasts with considerations to entity specific factors. Accordingly, the Directors believe in the Company's ability to continue as a going concern and to meet its financial obligations as they fall due for the foreseeable future and as minimum for a period of twelve months from the date of signing these financial statements.

Statement of directors' responsibilities in respect of the financial statements

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 International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006. 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 IFRS in conformity with the requirements of the Companies Act 2006 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.

Linden Wates (Kempshott) Limited**Directors' report for the year ended 31 December 2020 (Continued)****Directors' confirmations**

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 been 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.

This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

The directors' report was approved by the board of directors on 19 November 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'A Norton', written over a horizontal line.

A Norton
Director

Independent auditors' report to the members of Linden Wates (Ringwood) LLP

Report on the audit of the financial statements

Opinion

In our opinion, Linden Wates (Ringwood) LLP's financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 December 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 as applied to limited liability partnerships; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual report and Financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the income statement, the statement of comprehensive income, the statement of cash flows, 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 LLP 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

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 LLP'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.

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

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

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

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 members 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 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.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of members' responsibilities in respect of the financial statements, the members 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 members 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 members are responsible for assessing the LLP'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 members either intend to liquidate the LLP 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.

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

Based on our understanding of the LLP and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation and other legislation specific to the industry in which the entity operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate revenue or expenses and management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to site margins; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 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.

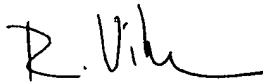
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Radek Vik (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
19 November 2021

Linden Wates (Kempshott) Limited

Income statement for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	2	11,670	19,466
Cost of sales		(9,871)	(20,329)
Gross profit/(loss)		1,799	(863)
Administrative expenses		(7)	(3)
Operating profit/(loss)	5	1,792	(866)
Finance costs	4	–	(98)
Profit/(loss) before taxation		1,792	(964)
Tax on profit/(loss)	6	(340)	–
Profit/(loss) for the year		1,452	(964)

There are no recognised gains and losses other than those shown in the income statement above.

There is no material difference between the results shown in the income statement above and their historical cost equivalents for the financial year stated above.

All results are derived from continuing operations.

Linden Wates (Kempshott) Limited**Statement of comprehensive income for the year ended 31 December 2020**

	2020	2019
	£'000	£'000
Profit/(loss) for the year	1,452	(964)
Total comprehensive income/(expense) for the year	1,452	(964)

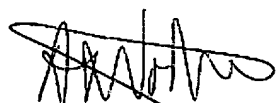
Linden Wates (Kempshott) Limited

Balance Sheet as at 31 December 2020

	Note	2020 £'000	2019 £'000
Assets			
Current assets			
Developments	7	1,343	6,158
Trade and other receivables	8	10,207	3,465
Corporation tax recoverable	9	–	333
Cash and cash equivalents	10	49	153
Total current assets		11,599	10,109
Total assets		11,599	10,109
Liabilities			
Current Liabilities			
Current tax liabilities	12	(7)	–
Trade and other payables	11	(815)	(784)
Total current liabilities		(822)	(784)
Net current assets		10,777	9,325
Total liabilities		(822)	(784)
Net assets		10,777	9,325
Equity			
Share capital	14	1	1
Retained earnings		10,776	9,324
Total equity		10,777	9,325

The notes on pages 14 to 22 are an integral part of these financial statements.

The financial statements on pages 9 to 22 were approved and authorised by the Board of directors on 19 November 2021 and signed on its behalf by:



A Norton

Director

Company registered number: 09229161

Linden Wates (Kempshott) Limited**Statement of changes in equity for the year ended 31 December 2020**

	Share capital £'000	Retained earnings £'000	Total equity £'000
As at 1 January 2019	1	10,288	10,289
Total comprehensive expense and loss for the year	–	(964)	(964)
As at 31 December 2019	1	9,324	9,325
Total comprehensive income and profit for the year	–	1,452	1,452
At 31 December 2020	1	10,776	10,777

Linden Wates (Kempshott) Limited

Statement of cash flows for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities continuing operations			
Operating profit/(loss)		1,792	(866)
Net cash generated from/(used in) operations before changes in working capital		1,792	(866)
Decrease in developments	7	4,815	9,472
Increase in trade and other receivables	8	(6,742)	(2,077)
Increase/(decrease) in trade and other payables	11	31	(636)
Net cash (used in)/generated from operations		(104)	5,893
Income tax paid		–	(658)
Net cash (used in)/generated from operating activities		(104)	5,235
Cash flows from financing activities			
Interest on borrowings	15	–	(98)
Decrease in borrowings	15	–	(4,985)
Net cash used in financing activities		–	(5,083)
Net (decrease)/increase in cash and cash equivalents		(104)	152
Cash and cash equivalents at the beginning of the year		153	1
Cash and cash equivalents at the end of the year		49	153

Linden Wates (Kempshott) Limited

Notes to the financial statements for the year ended 31 December 2020

1. Accounting Policies

General Information

Linden Wates (Kempshott) Limited ('the Company') is a Company incorporated and domiciled in United Kingdom (Registered number: 09229161). The address of the registered office is 11 Tower View, Kings Hill, West Malling, Kent, United Kingdom, ME19 4UY.

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 preparation

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention. The Company has consistently applied all accounting standards in accordance with the requirements of the Companies Act 2006.

New standards, amendments and interpretations

New standards, amendments and interpretations that became mandatory for the first time for the financial year beginning 1 January 2020 are listed below.

- Definition of Material - Amendments to IAS1 and IAS8;
- Definition of a Business - Amendments to IFRS 3;
- Interest Rate Benchmark reform - Amendments to IFRS 9, IAS 39 and IFRS 7; and
- Revised Conceptual Framework for Financial Reporting.

The adoption of the above had no impact on the financial statements.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting year and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that for the foreseeable future the Company will be able to meet its liabilities as they fall due.

The Directors performed an assessment in relation to the Company's ability to continue as a going concern, this included assessing its current position and reviewing future cash flow forecasts with considerations to entity specific factors. Accordingly, the Directors believe in the Company's ability to continue as a going concern and to meet its financial obligations as they fall due for the foreseeable future and as minimum for a period of twelve months from the date of signing these financial statements.

Linden Wates (Kempshott) Limited

Notes to the financial statements for the year ended 31 December 2020 (Continued)

1. Accounting Policies (continued)

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 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. There are no critical judgements in applying the entity's accounting policy.

Material estimates and assumptions are made in particular with regards to establishing the following policies:

- *Margin recognition*

The gross margin from revenue generated on each of the Company's individual sites within the year is recognised based on the latest forecast for the gross margin expected to be generated over the remaining life of that site. The remaining life gross margin is calculated using forecasts for selling prices and all land, build, infrastructure and overhead costs associated with that site. There is inherent uncertainty and sensitivity to external forces (predominantly house prices and labour costs) in these forecasts, which are reviewed regularly throughout the year by management.

- *Land held for development and housing work in progress*

The Company holds inventories which are stated at the lower of cost and net realisable value. To assess the net realisable value of land held for development and housing work in progress, the Company completes a financial appraisal of the likely revenue which will be generated when these inventories are combined as residential properties for sale and sold. Where the financial appraisal demonstrates that the revenue will exceed the costs of the inventories and other associated costs of constructing the residential properties, the inventories are stated at cost. Where the assessed revenue is lower, the extent to which there is a shortfall is written off through the income statement leaving the inventories stated at a realisable value. To the extent that the revenues which can be generated change, or the final cost to complete for the site varies from estimates, the net realisable value of the inventories may be different.

Revenue and profit

Development revenue

Revenue is recognised in the income statement when control of each home has passed to the purchaser, which is when legal title is transferred. Revenue in respect of the sale of residential properties is recognised at the fair value of the consideration received or receivable, net of value added tax and discounts, on legal completion. In certain instances, property may be accepted in part consideration for a sale of a residential property.

The fair value of part exchange properties is established by independent surveyors, reduced for costs to sell. Net sale proceeds generated from the subsequent sale of part exchange properties are recorded as an adjustment to cost of sales. The original sale is recorded in the normal way, with the fair value of the exchanged property replacing cash receipts. Cash incentives are considered to be at a discount from the purchase price offered to the acquirer and are therefore accounted for as a reduction to revenue.

Linden Wates (Kempshott) Limited

Notes to the financial statements for the year ended 31 December 2020 (Continued)

1. Accounting Policies (continued)

Revenue and profit (continued)

The Company applies its policy on contract accounting when recognising revenue and profit on contracts. Revenue and costs are recognised by reference to the stage of completion of contract activity at the balance sheet date. This is normally measured by surveys of work performed to date. When it is probable that the total costs on a construction contract will exceed total contract revenue, the expected loss is recognised as an expense in the Income Statement immediately. The application of this policy requires estimates to be made in respect of the total expected costs to complete for each site. The Group has in place established internal control processes to ensure that the evaluation of costs and revenues is based upon appropriate estimates.

Where the Company provides design, construction and mobilisation activities on a development across multiple units simultaneously, this is considered to represent one performance obligation. Where these services are provided across multiple development sites, each site is typically considered to represent a distinct performance obligation.

Finance income and cost

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

Dividend policy

Final dividend distribution to the Company's directors is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Current 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 consortium relief to its members. The Company receives no reimbursement for these tax losses.

Inventories and developments

Inventories are valued at the lower of cost and net realisable value. Work in progress is valued at the lower of cost, including direct costs and directly attributable overheads, and net realisable value.

Where a development is in progress, net realisable value is assessed by considering the expected future revenues and the total costs to complete the development including direct costs and directly attributable overheads. To the extent that the Company anticipates selling a development in its current state then net realisable value is taken as open market value at the balance sheet date less any anticipated selling costs.

Trade 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

Linden Wates (Kempshott) Limited

Notes to the financial statements for the year ended 31 December 2020 (Continued)

1. Accounting Policies (continued)

Trade receivables (continued)

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.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts are also included as they are an integral part of the Company's cash management.

Bank deposits with an original term of more than three months are classified as short-term deposits where the cash can be withdrawn on demand and the penalty for early withdrawal is not significant.

Trade payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs using the effective rate.

2. Revenue

	2020 £'000	2019 £'000
Revenue by type		
Private housing	10,670	17,109
Affordable housing	1,000	2,357
	11,670	19,466

Disaggregation of revenue

The revenue disaggregation below represents the Company's underlying revenue.

	2020 £'000	2019 £'000
Timing of revenue recognition		
Over time	1,000	2,357
At a point in time	10,670	17,109

Linden Wates (Kempshott) Limited

Notes to the financial statements for the year ended 31 December 2020 (Continued)

2. Revenue (continued)

Transaction price allocated to the remaining performance obligations

The table below includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2021 £'000	2022 £'000	2023 £'000	Total £'000
Housebuilding	2,263	–	–	1,847

The amount of revenue recognised during the year from performance obligations satisfied (or partially satisfied) in previous years amount to £1,000,000 (2019: £2,357,000).

3. Employees and directors

There were no employees during the year (2019: nil). The directors did not receive any remuneration for their services during the year (2019: nil).

4. Finance costs

	2020 £'000	2019 £'000
Interest payable and similar charges:		
- Amounts payable to joint venture partners	–	(98)
Finance cost	–	(98)

5. Operating profit/(loss)

The following items have been included in arriving at the profit/(loss) on ordinary activities before taxation:

	2020 £'000	2019 £'000
Developments recognised as cost of sales	9,871	20,329

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:

	2020 £'000	2019 £'000
Fees payable to the Company's auditors for the audit of the financial statements	13	3

Linden Wates (Kempshott) Limited**Notes to the financial statements for the year ended 31 December 2020 (Continued)****6. Tax on profit/(loss)**

	2020	2019
	£'000	£'000
Current tax on profit/(loss) for the year	(340)	–
Tax expense	(340)	–

The total tax expense for the year of £340,000 (2019: £nil) is the same as (2019: higher than) the blended standard rate of corporation tax in the UK of 19.00% (2019: 19.00%). The differences are explained below:

	2020	2019
	£'000	£'000
Profit/(loss) before taxation	1,792	(964)
Profit/(loss) before income tax multiplied by the blended standard rate in the UK of 19% (2019: 19%)	(340)	183
Consortium relief surrendered	–	(183)
Total tax expense	(340)	–

Factors affecting future tax charge

In the 2021 Budget, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. As at the balance sheet date there was no deferred tax and therefore it has not been necessary to consider the impact of this proposed rate change.

7. Developments

	2020	2019
	£'000	£'000
Land	174	1,165
Work in progress	561	3,765
Part exchange properties	608	1,228
	1,343	6,158

8. Trade and other receivables

	2020	2019
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	1,445	771
Other receivables	87	451
Amounts owed by joint venture partners	8,642	2,176
Recoverable value-added tax	33	67
	10,207	3,465

Amounts owed by joint venture partners are non-interest bearing, unsecured and repayable on demand.

Linden Wates (Kempshott) Limited**Notes to the financial statements for the year ended 31 December 2020 (Continued)****8. Trade and other receivables (continued)**

The Company's maximum exposure to credit risk is the receivables and financial borrowings balances, but no significant concentration of credit risk.

There was no contract assets or accrued income as at 31 December 2020 (2019: £nil).

9. Corporation tax recoverable

	2020	2019
	£'000	£'000
Corporation tax recoverable	–	333

10. Cash and cash equivalents

	2020	2019
	£'000	£'000
Cash and cash equivalents	49	153

The effective interest rate received on cash balances is nil% (2019: nil%).

11. Trade and other payables

	2020	2019
	£'000	£'000
Amounts owed in less than one year:		
Other creditors	–	110
Accrued liabilities and deferred income	253	674
Amounts due to related parties	562	–
	815	784

There were no contract liabilities as at 31 December 2020 (2019: £nil). Accrued liabilities and deferred income included £17,000 (2019: £nil) of deferred income as at 31 December 2020.

12. Current tax liabilities

	2020	2019
	£'000	£'000
Corporation tax payable	7	–

13. Financial Instruments

The business and the execution of the Company's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties affecting the Company are considered to relate to the strength and volatility of the UK housing market. This includes changes to the UK housing market and the economic cycle affecting consumer confidence and the availability of mortgage finance. The directors monitor Government and Industry data on

Linden Wates (Kempshott) Limited

Notes to the financial statements for the year ended 31 December 2020 (Continued)

13. Financial instruments (continued)

housing prices, sales volumes and construction commencement data thus enabling anticipation of market changes and facility to adjust build programmes, sales releases and purchaser incentives accordingly.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

Financial risk factors

(a) Market risk

(i) Foreign exchange risk

All material activities of the Company take place within the UK and consequently there is little direct exchange risk.

(ii) Price risk

The Company is affected by the level of UK house prices. These are in turn affected by factors such as mortgage availability, employment levels, interest rates, consumer confidence.

(iii) Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest rate risk arises from movement in cash and cash equivalents and long-term amounts borrowings and or owed to joint venture partners. Borrowings and or amounts owed to joint venture partners issued at variable rates expose the Company to cash flow interest rate risk.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits and borrowings with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Company has a credit risk exposure to the providers of its banking facilities. These are primarily provided by HSBC Bank plc and management does not expect any material losses from non-performance of any counter parties, including in respect of receivables not yet due.

(c) Liquidity risk

In accordance with IFRS 9 'Financial instruments: recognition and measurement', the Company has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No such embedded derivatives have been identified.

Fair value of financial instruments

The Company's financial instruments comprise of cash and cash equivalents, trade and other receivables excluding prepayments, financial liabilities – borrowings, amounts owed to joint venture partners, trade and other payables excluding deferred income, VAT and social security taxes. There is no difference between the book value and the fair value of the Company's financial assets and financial liabilities.

Linden Wates (Kempshott) Limited

Notes to the financial statements for the year ended 31 December 2020 (Continued)

14. Share capital

	Number of Shares	Ordinary Shares £'000
Allotted and fully paid ordinary shares of £1		
A Ordinary share	1,000	1
At 31 December 2019 and 31 December 2020	1,000	1

Number of shares refers to £1 ordinary shares, which are issued and fully paid. There are no shares issued but not fully paid.

15. Related party transactions

At the end of the year, there was £8,642,066 (2019: £2,176,018) due from both Linden Limited £4,321,033 (2019: £1,088,009) and Wates Group Limited, £4,321,033 (2019: £1,088,009).

During the year Linden Limited received fees for the management of the Joint Venture of £140,073 (2019: £512,644).

In addition to the above transactions, during the year, the total trading expenditure made by the company to subsidiaries of Vistry Group Plc amounted to £3,799,786 (2019: £9,897,392). The resulting liability amounted to £562,196 (2019: £505,784).

16. 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.

17. Post balance sheet events

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

18. Controlling party

Linden Wates (Kempshott) Limited is jointly owned by Linden Limited and Wates Group Limited with both companies sharing equal control.