

Registered number: 09945462

**Audley Stanbridge Earls Limited**

**Annual report and financial statements**

**For the year ended 31 December 2019**



## **AUDLEY STANBRIDGE EARLS LIMITED**

### **Company Information**

<b>Directors</b>	M N Sanderson P D Morgan (resigned 23 August 2019) K T Beirne (appointed 23 August 2019) K A Shaw (resigned 23 August 2019) J W Nettleton (resigned 23 August 2019) J M Austen (resigned 23 August 2019) J F D A De Pablo Deco (appointed 23 August 2019) K E Rose (resigned 27 April 2019)
<b>Registered number</b>	09945462
<b>Registered office</b>	65 High Street Egham Surrey TW20 9EY
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

# **AUDLEY STANBRIDGE EARLS LIMITED**

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# AUDLEY STANBRIDGE EARLS LIMITED

## Strategic report For the year ended 31 December 2019

### Introduction

The directors present their strategic report on the Company for the year ended 31 December 2019.

### Business review

The Company's principal activity during the year was the development of a retirement village in Romsey, Hampshire. The other ancillary activities of providing first class services and care facilities to the apartment owners are supplied by its associated companies who report separately.

### Principal risks and uncertainties

The principal risks and uncertainties are considered to be credit risk and liquidity risk. The Company reviews its debtors regularly and maintains stress-tested rolling cash forecasts to ensure funds are available when required.

### Financial key performance indicators

The Company's loss for the financial year was £557,463 (2018 - loss £839,232). The directors do not recommend the payment of a dividend (2018 - £nil).


### Development business

Situated on the former site of the Stanbridge Earls school, the retirement village is being built in three phases. Phase 1 was completed in December 2019, including the central facilities of a bistro and restaurant, spa and onsite care team. Phase 2 is currently in progress and due to be completed in third quarter of 2020.

The Company has performed well in 2019. Out of 56 units built, at 31 December 2019, 32 units have been sold this year.

The Directors are delighted with the exceptionally high standard of this village, giving as it does superb facilities in a beautiful setting for all apartment holders.

This report was approved by the board on 30 June 2020 and signed on its behalf:



M. N. Sanderson  
Director

## **AUDLEY STANBRIDGE EARLS LIMITED**

### **Directors' report**

**For the year ended 31 December 2019**

The directors present their report and the financial statements of the Company for the year ended 31 December 2019.

### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements of the Company in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements of the Company for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements of the Company on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements of the Company comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Principal activity**

The Company's principal activity during the financial year was that of the development of a retirement village.

### **Results**

The loss for the year, after taxation, amounted to £557,463 (2018 - loss £839,232).

### **Directors**

The directors who served during the year and up to the date of signing the financial statements were:

M N Sanderson  
P D Morgan (resigned 23 August 2019)  
K T Beirne (appointed 23 August 2019)  
K A Shaw (resigned 23 August 2019)  
J W Nettleton (resigned 23 August 2019)  
J M Austen (resigned 23 August 2019)  
J F D A De Pablo Deco (appointed 23 August 2019)  
K E Rose (resigned 27 April 2019)

## **AUDLEY STANBRIDGE EARLS LIMITED**

### **Directors' report (continued) For the year ended 31 December 2019**

#### **Change of Control**

During the year the Company was sold by Audley Court Limited for £36.2m and acquired by ReLF Audley Retirement Living LLP. The investors into the LLP are UK Retirement Living Fund (ReLF) LP and Audley Group Limited.

#### **Going concern**

The Directors have reviewed the business plan forecasts and future cash requirements of Audley Stanbridge Earls Limited, having a particular regard to future sales rates, loan availability and contractual commitments at the date of signing these financial statements. The Company has completed the sale of 14 units subsequent to the year end, generating £7.8m of cash inflows. The Directors have also considered a reasonably plausible downside scenario. Having undertaken this assessment, the Directors have a reasonable expectation that the company has sufficient resources to continue to meet its liabilities as they fall due for a period of at least 12 months from the approval of these financial statements.

#### **Future developments**

The company will continue with the development of a luxury retirement village in Romsey, Hampshire.

#### **Financial instruments**

##### ***Financial Risk Management***

The company's operations expose it to a variety of financial risks including the effects of liquidity risk, credit risk, price risk and cashflow risk. The Company's principal financial instruments comprise sterling cash and bank deposits, together with other debtors, trade creditors and amounts owed to group undertakings that arise directly from its operations.

Liquidity risk is the risk that the Company would not be able to settle or meet its obligations on time or at a reasonable price. The Company manages its liquidity risk and cash flow risk through business plan forecasts and expected cashflows therein.

Credit risks arise from the possibility that customers might not be able to settle their obligations as agreed. On the sale of a property, the Company takes a reservation fee and retains ownership of the property until completion, thus minimising risk. The Company's cash is held with reputable banking institutions and in client accounts with solicitors and therefore credit risk is considered low.

The Company is exposed to commodity price risk (as pertaining to raw materials for construction) as a result of its operations. The Company manages this by the use of fixed-price construction contracts where possible. The Company is exposed to house price market movements and the selling price of apartments may vary in line with these movements.

#### **Disclosure of information to auditors**

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

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

## AUDLEY STANBRIDGE EARLS LIMITED

### Directors' report (continued)

For the year ended 31 December 2019

#### Post balance sheet events

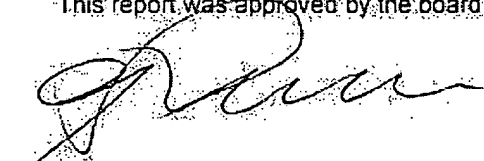
In February 2020, a £106.0m 6% fixed rate interest development loan from LaSalle Investment Management was completed by RELF Audley Retirement Living LLP to fund the continuing development at Stanbridge Earls and the purchase and development of another site in the LLP, secured on the assets of those sites. Post year end, £38.4m of the bank loan had been drawn.

Since 31 December 2019 a global pandemic, Covid-19, has led to Government advice, both in the UK and globally, that all non-essential work should be limited to reduce the spread of the virus. Covid-19 is considered to be a non-adjusting post balance sheet event and no adjustment has been made to the Financial Statements as a result. The Company had to temporarily suspend certain aspects of its operations. These include, but are not limited to, the temporary cessation of sales and marketing activity for apartment sales. The sales and marketing activities have recommenced at the date these financial statements were signed. Construction has continued onsite throughout, albeit with a reduced workforce to comply with government advice. The Directors have reviewed the impact of the pandemic on the company's cashflows and, based on the latest assessments, the Directors do not consider that it impacts on the company's ability to remain a going concern. They continue to keep the situation under review.

#### Independent auditors

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

This report was approved by the board on 30 June 2020 and signed on its behalf:



M N Sanderson  
Director

## **AUDLEY STANBRIDGE EARLS LIMITED**

### **Independent auditors' report to the members of Audley Stanbridge Earls Limited**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion, Audley Stanbridge Earls Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 statement of financial position as at 31 December 2019; the statement of comprehensive income, the statement of changes in equity, the statement of cash flows 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 company's ability to continue as going concern.



## **AUDLEY STANBRIDGE EARLS LIMITED**

### **Independent auditors' report to the members of Audley Stanbridge Earls Limited**

#### **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 on, 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.

#### *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 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In the 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 Directors' Responsibilities Statement set out on page 2, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **AUDLEY STANBRIDGE EARLS LIMITED**

### **Independent auditors' report to the members of Audley Stanbridge Earls Limited**

#### *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.



**Ian Benham (Senior Statutory Auditor)**  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH  
Date: 30 June 2020

# AUDLEY STANBRIDGE EARLS LIMITED

## Statement of comprehensive income For the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	5	16,183,835	-
Cost of sales		(15,036,158)	-
<b>Gross profit</b>		<b>1,147,677</b>	<b>-</b>
Administrative expenses		(1,004,167)	(1,007,059)
Other operating expense	6	(407,099)	-
<b>Operating loss</b>	7	<b>(263,589)</b>	<b>(1,007,059)</b>
Interest receivable and similar income	10	188	-
Interest payable and expenses	11	-	(308)
<b>Loss before tax</b>		<b>(263,401)</b>	<b>(1,007,367)</b>
Tax on loss on ordinary activities	12	(294,062)	168,135
<b>Loss for the financial year</b>		<b>(557,463)</b>	<b>(839,232)</b>
<b>Other comprehensive expense for the year</b>			
<b>Total comprehensive expense for the year</b>		<b>(557,463)</b>	<b>(839,232)</b>

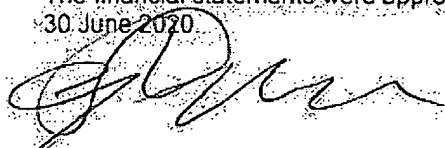
The notes on pages 12 to 24 form part of these financial statements.

**AUDLEY STANBRIDGE EARLS LIMITED**  
**Registered number:09945462**

**Statement of financial position**  
**As at 31 December 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	63,820	80,868
Investment property	14	3,136,332	2,479,894
		<u>3,200,152</u>	<u>2,560,762</u>
<b>Current assets</b>			
Stocks	15	33,705,820	20,373,783
Debtors: amounts falling due within one year	16	1,176,579	2,939,926
Cash at bank and in hand	17	11,291,058	227,900
		<u>46,173,457</u>	<u>23,541,609</u>
Creditors: amounts falling due within one year	18	(5,312,786)	(28,065,217)
<b>Net current assets/(liabilities)</b>		<u>40,860,671</u>	<u>(4,523,608)</u>
<b>Total assets less current liabilities</b>		<u>44,060,823</u>	<u>(1,962,846)</u>
Creditors: amounts falling due after more than one year	19	(45,701,722)	-
<b>Net liabilities</b>		<u>(1,640,899)</u>	<u>(1,962,846)</u>
<b>Capital and reserves</b>			
Called up share capital	23	879,411	1
Profit and loss account		(2,520,310)	(1,962,847)
		<u>(1,640,899)</u>	<u>(1,962,846)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2020.



**M. N. Sanderson**  
**Director**

The notes on pages 12 to 24 form part of these financial statements.

# AUDLEY STANBRIDGE EARLS LIMITED

## Statement of changes in equity For the year ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	1	(1,962,847)	(1,962,846)
<b>Comprehensive income for the year</b>			
Loss for the financial year	-	(557,463)	(557,463)
<b>Total comprehensive expense for the year</b>	-	-	-
<b>Total comprehensive expense for the year</b>	-	(557,463)	(557,463)
Shares issued during the year	879,410	-	879,410
<b>At 31 December 2019</b>	<b>879,411</b>	<b>(2,520,310)</b>	<b>(1,640,899)</b>

The notes on pages 12 to 24 form part of these financial statements.

## Statement of changes in equity For the year ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	1	(1,123,615)	(1,123,614)
<b>Comprehensive income for the year</b>			
Loss for the financial year	-	(839,232)	(839,232)
<b>Total comprehensive expense for the year</b>	-	-	-
<b>Total comprehensive expense for the year</b>	-	(839,232)	(839,232)
<b>At 31 December 2018</b>	<b>1</b>	<b>(1,962,847)</b>	<b>(1,962,846)</b>

The notes on pages 12 to 24 form part of these financial statements.

**AUDLEY STANBRIDGE EARLS LIMITED**

**Statement of cash flows**  
**For the year ended 31 December 2019**

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Loss before tax	(263,401)	(1,007,367)
<b>Adjustments for:</b>		
Depreciation of tangible assets	18,347	17,927
Interest paid	-	(308)
Interest received	188	-
(Increase) in stocks	(13,332,037)	(6,425,043)
Decrease/(increase) in debtors	1,595,212	(212,502)
Decrease/(increase) in amounts owed by groups	-	(1,936,771)
(Decrease)/increase in creditors	(22,897,258)	1,700,638
Increase in amounts owed to groups	18,900	9,679,860
Revaluation	407,099	-
<b>Net cash generated from operating activities</b>	<b>(34,452,950)</b>	<b>1,816,434</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(1,299)	(4,763)
Purchase of investment properties	(1,063,537)	(1,588,630)
Interest received	(188)	-
<b>Net cash from investing activities</b>	<b>(1,065,024)</b>	<b>(1,593,393)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	879,410	-
New loans from parent company	45,701,722	-
Interest paid	-	308
<b>Net cash used in financing activities</b>	<b>46,581,132</b>	<b>308</b>
<b>Net increase in cash and cash equivalents</b>	<b>11,063,158</b>	<b>223,349</b>
Cash and cash equivalents at beginning of year	227,900	4,551
<b>Cash and cash equivalents at the end of year</b>	<b>11,291,058</b>	<b>227,900</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	11,291,058	227,900
	<b>11,291,058</b>	<b>227,900</b>

The notes on pages 12 to 24 form part of these financial statements.

## **AUDLEY STANBRIDGE EARLS LIMITED**

### **Notes to the financial statements For the year ended 31 December 2019**

#### **1. General information**

The company's principal activity during the financial year was that of the development of a retirement village. The company is a private company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is 65 High Street, Egham, Surrey, TW20 9EY.

#### **2. Statement of compliance**

The financial statements of Audley Stanbridge Earls Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3. Accounting policies**

##### **Basis of preparation of financial statements**

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

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

##### **3.1 Going concern**

The Directors have reviewed the business plan forecasts and future cash requirements of Audley Stanbridge Earls Limited, having a particular regard to future sales rates, loan availability and contractual commitments at the date of signing these financial statements. The Company has completed the sale of 14 units subsequent to the year end, generating £7.8m of cash inflows. The Directors have also considered a reasonably plausible downside scenario. Having undertaken this assessment, the Directors have a reasonable expectation that the company has sufficient resources to continue to meet its liabilities as they fall due for a period of at least 12 months from the approval of these financial statements.

##### **3.2 Interest income**

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

##### **3.3 Pensions**

###### **Defined contribution pension plan**

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

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

## AUDLEY STANBRIDGE EARLS LIMITED

### Notes to the financial statements For the year ended 31 December 2019

#### 3. Accounting policies (continued)

##### 3.4 Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

##### 3.5 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Short-term leasehold property	-	15% Straight Line
Office equipment	-	33% Straight Line

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

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

##### 3.6 Stocks

Stocks, comprises residential units under construction and completed units ready for sale and is stated at the lower of cost and net realisable value. Cost comprises of land, cost, materials, wages and other construction costs. Net realisable value is defined as estimated selling price less all further costs of development and estimated selling expenses.

##### 3.7 Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in nature, location or condition of the specific assets. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

##### 3.8 Cash and cash equivalents

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

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

##### 3.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.



## AUDLEY STANBRIDGE EARLS LIMITED

### Notes to the financial statements For the year ended 31 December 2019

#### 3. Accounting policies (continued)

##### 3.10 Turnover

Turnover represents proceeds from sales of residential units, rents receivable and other income during the year stated excluding value added tax. Sales of residential units are recognised on legal completion. Rents receivable are recognised on an accrual basis when rental income is earned.

##### 3.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

##### 3.12 Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Statement of comprehensive income, except to the extent that it relates to items recognised in equity. In this case tax is also recognised in equity. Current or deferred taxation assets and liabilities are not discounted.

###### (i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

###### (ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in period different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

##### 3.13 Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

###### (i) Financial assets

Basic financial assets, including other receivables and cash and bank balances, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction where it is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets' original effective interest rate. The impairment loss is recognised in the statement of comprehensive income. If there is a decrease in the impairment loss arising from an event occurring after the impairment was

**Notes to the financial statements  
For the year ended 31 December 2019**

**3. Accounting policies (continued)**

recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (i) the contractual rights to the cash flow from the asset expire or are settled, or (ii) substantially all the risk and rewards of the ownership of the asset are transferred to another party, or (iii) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables and loans from fellow group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due with one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

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

The preparation of the financial statements requires the directors 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, the directors believe are reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The directors consider the key estimates and critical judgements made in the financial statements to be related to:

**4.1 Valuation of investment properties**

The fair value of investment properties is based on a valuation model using a cash flow methodology that reflects future income streams from the lease of the central facilities. The future income streams are estimated based on current contractual and non contractual arrangements. The initial cost of the investment property is dependent on an equitable allocation of costs to develop village, split between the shared facilities and the saleable apartments.

## AUDLEY STANBRIDGE EARLS LIMITED

### Notes to the financial statements For the year ended 31 December 2019

#### 4.2 Valuation of stocks- Work in progress

Stocks 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 overheads. Valuations of site/phase work in progress are carried out at regular intervals and estimates of the cost to complete site/phase 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/phase and in assessing any impairment provisions which may be required.

#### 4.3 Cost allocation and margin recognition

Upon construction of the retirement village, costs are allocated to the central facilities and the residential units for sale on a square foot basis. The central facilities are retained and upon sale of each residential unit the cost, estimated on the per square foot basis, is transferred from finished goods to the statement of comprehensive income as a cost of sales.

#### 5. Turnover

The whole of the turnover is attributable to the company's main activity which is carried out in the United Kingdom.

#### 6. Other operating expense

	2019 £	2018 £
Loss on revaluation of investment property	(407,099)	-
	<u>(407,099)</u>	<u>-</u>

#### 7. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets - owned by the company	18,347	17,927
Operating lease rentals: Motor Vehicles	8,529	9,224
Audit Fees	15,000	-
	<u>41,876</u>	<u>27,151</u>

In 2018 Audit fees were borne by the immediate parent company, Audley Court Limited and was not recharged to the Company.

## AUDLEY STANBRIDGE EARLS LIMITED

### Notes to the financial statements For the year ended 31 December 2019

#### 8. Employees

	2019 £	2018 £
Wages and salaries	285,131	302,752
Social security costs	33,028	36,448
Cost of defined contribution scheme	7,328	7,133
	<u>325,487</u>	<u>346,333</u>

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

	2019 Number	2018 Number
Selling and distribution	<u>3</u>	<u>3</u>

All employees were employed by Audley Court Limited, which is a wholly owned subsidiary of Audley Group Limited, a partner to ReLF Audley Retirement Living LLP. The above information relates to the number of employees whose services were attributable to Audley Stanbridge Earls Limited. The cost relating to the services provided were recharged to the Company.

In 2018 all the employees were employed by the parent company Audley Court Limited, The above information relates to the number of employees whose services were attributable to Audley Stanbridge Earls Ltd. The cost relating to the services provided were recharged to the Company.

#### 9. Directors' remuneration

There was no remuneration paid to the directors by the Company during the year (2018 - £nil). There were no retirement benefits accruing to the directors (2018 - £nil).

Directors' remuneration was paid by the respective partners of ReLF Audley Retirement Living LLP for those directors employed by them, and not recharged to the subsidiaries.

In 2018 Directors' remuneration was paid by the immediate parent company, Audley Court Limited and was not charged to the Company.

#### 10. Interest receivable

	2019 £	2018 £
Other interest receivable	188	-
	<u>188</u>	<u>-</u>

**AUDLEY STANBRIDGE EARLS LIMITED**

**Notes to the financial statements  
For the year ended 31 December 2019**

**11. Interest payable and similar expenses**

	2019 £	2018 £
Other interest payable	-	308
	<u>-</u>	<u>308</u>
	<u>-</u>	<u>308</u>

**12. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Corporation tax - current year	125,927	-
	<u>125,927</u>	<u>-</u>
	<u>125,927</u>	<u>-</u>
<b>Total current tax</b>	<u>125,927</u>	<u>-</u>
<b>Deferred tax</b>		
Origination of timing differences	(208)	(168,135)
Changes to tax rates	19,781	-
Reversal of deferred tax previously recognised	148,562	-
	<u>168,135</u>	<u>(168,135)</u>
<b>Total deferred tax</b>	<u>168,135</u>	<u>(168,135)</u>
<b>Taxation on loss on ordinary activities</b>	<u>294,062</u>	<u>(168,135)</u>

## AUDLEY STANBRIDGE EARLS LIMITED

### Notes to the financial statements For the year ended 31 December 2019

#### 12. Taxation (continued)

##### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(263,401)</u>	<u>(1,007,367)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(50,046)	(191,400)
Effects of:		
Expenses not deductible	3,486	3,484
Group relief surrendered and not paid for	370,653	-
Impact in change in tax rate	(19,781)	19,781
Prior year adjustment	(10,458)	-
Other timing differences	208	-
Total tax charge/(credit) for the year	<u>294,062</u>	<u>(168,135)</u>

# AUDLEY STANBRIDGE EARLS LIMITED

## Notes to the financial statements For the year ended 31 December 2019

### 13. Tangible fixed assets

	Short-term leasehold property £	Office equipment £	Total £
<b>Cost</b>			
At 1 January 2019	105,811	2,261	108,072
Additions	1,299	-	1,299
At 31 December 2019	107,110	2,261	109,371
<b>Depreciation</b>			
At 1 January 2019	25,886	1,318	27,204
Charge for the year on owned assets	17,594	753	18,347
At 31 December 2019	43,480	2,071	45,551
<b>Net book value</b>			
At 31 December 2019	63,630	190	63,820
At 31 December 2018	79,925	943	80,868

### 14. Investment property

	Freehold investment property £
<b>Valuation</b>	
At 1 January 2019	2,479,894
Additions at cost	1,063,537
Loss on revaluation	(407,099)
<b>At 31 December 2019</b>	<b>3,136,332</b>

Investment properties have been fair valued based on a valuation model using a cash flow methodology that reflects future income streams from the lease of the central facilities. The future income streams are estimated based on expected contractual arrangements. A yield of 6.5% was applied to the expected contractual cashflows.

The 2018 valuations were made by the directors, on an open market value for existing use basis.

## AUDLEY STANBRIDGE EARLS LIMITED

### Notes to the financial statements For the year ended 31 December 2019

#### 15. Stocks

	2019 £	2018 £
Work in progress	21,114,509	20,373,783
Finished goods and goods for resale	12,591,311	-
	<u>33,705,820</u>	<u>20,373,783</u>

There were no significant differences between the replacement costs of stocks and its carrying amount.

#### 16. Debtors

	2019 £	2018 £
Other debtors	547,069	2,770,205
Prepayments and accrued income	629,510	1,586
Deferred taxation	-	168,135
	<u>1,176,579</u>	<u>2,939,926</u>

#### 17. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	11,291,058	227,900
	<u>11,291,058</u>	<u>227,900</u>



# AUDLEY STANBRIDGE EARLS LIMITED

## Notes to the financial statements For the year ended 31 December 2019

### 18. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	2,920,610	680,804
Amounts owed to group undertakings	18,900	25,937,083
Corporation tax	125,927	-
Other creditors	1,442,612	1,447,330
Accruals and deferred income	804,737	-
	<u>5,312,786</u>	<u>28,065,217</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

The amounts owed to group undertakings in 2018 relate to the amounts due to Audley Group Limited and subsidiary companies. The current year amount relates to the amounts due to ReLF Audley Retirement Living LLP.

### 19. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to group undertakings	45,701,722	-
	<u>45,701,722</u>	<u>-</u>

Amounts owed to group undertakings are due to ReLF Audley Retirement Living LLP. This amount is unsecured and interest free. The amount is expected to be repaid on the successful development of the retirement village. The timing of the repayment is the earlier of 95% of the village units being sold or February 2024.

### 20. Financial instruments

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>547,069</u>	<u>2,770,205</u>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	<u>(50,888,581)</u>	<u>(28,065,217)</u>

Financial assets measured at amortised cost comprise of other debtors.

Financial liabilities measured at amortised cost comprise of trade creditors, amounts owed to group undertakings, other creditors and accruals.

# AUDLEY STANBRIDGE EARLS LIMITED

## Notes to the financial statements For the year ended 31 December 2019

### 21. Deferred taxation

	2019 £
At beginning of year	168,135
Charged to statement of comprehensive income	(168,135)
<b>At end of year</b>	<b>-</b>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Tax losses carried forward	-	168,362
Other timing differences	-	(227)
	<u>-</u>	<u>168,135</u>

### 22. Guarantees and Contingencies

Post year end the Company entered into a financing arrangement alongside another company (Audley Sunningdale Park Unit Trust) owned by ReLF Audley Retirement Living LLP, in order to fund the development of the retirement village. The five year £106m joint development loan is secured on the investment property, stock and work in progress of this Company and the fellow company owned by ReLF Audley Retirement Living LLP. Interest is based on fixed rate of 6% and non utilisation rate of 1.75%. Post year end £38.4m of the bank loan had been drawn.

### 23. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
879,411 (2018 - 1) Ordinary shares of £1.00 each	<u>879,411</u>	<u>1</u>

879,410 shares were issued on 23 August 2019 for the nominal value of £1.00.

### 24. Capital commitments

At 31 December 2019 the Company had capital commitments as follows:

	2019 £	2018 £
Contracted for but not provided in these financial statements	9,195,488	2,928,630
	<u>9,195,488</u>	<u>2,928,630</u>

## **AUDLEY STANBRIDGE EARLS LIMITED**

### **Notes to the financial statements For the year ended 31 December 2019**

#### **25. Related party transactions**

The company has taken advantage of the exemption under paragraph 33.1A of FRS 102 not to disclose the transactions with fellow wholly owned subsidiaries of ReLF Audley Retirement Living LLP.

During the year the Company received services from Audley Group Limited a partner to ReLF Audley Retirement Living LLP. Fees charged to the Company in the period were £72,000 for development management services and £162,000 for sales management services. Included in accruals and trade creditors at year end was £162,000 and £20,000, respectively.

All employees are employed by Audley Court Ltd, which is a wholly owned subsidiary of Audley Group Limited, a partner to ReLF Audley Retirement Living LLP. The employee related costs are recharged to the Company, the costs recharged for the year were £325,487 (2018: £343,666). Included in the accruals at year end was £106,000 (2018: £nil).

#### **26. Immediate and ultimate parent undertaking and ultimate controlling party**

The company's immediate parent undertaking is ReLF Audley Retirement Living LLP, which is registered in England and Wales.

UK Retirement Living Fund (ReLF) LP is the undertaking of the smallest group to consolidate these financial statements at 31 December 2019. The largest group to consolidate these financial statements at 31 December 2019 is Schroder International Holdings Ltd. The financial statements are available to download from [www.schorders.com](http://www.schorders.com)

The company's ultimate controlling parties are UK Retirement Living Fund LP and Audley Group Limited, both registered in England and Wales.

#### **27. Post balance sheet events**

In February 2020, a £106.0m 6% fixed rate interest development loan from LaSalle Investment Management was completed by RELF Audley Retirement Living LLP to fund the continuing development at Stanbridge Earls and the purchase and development of another site in the LLP, secured on the assets of those sites. Post year end, £38.4m of the bank loan had been drawn.

Since 31 December 2019 a global pandemic, Covid-19, has led to Government advice, both in the UK and globally, that all non-essential work should be limited to reduce the spread of the virus. Covid-19 is considered to be a non-adjusting post balance sheet event and no adjustment has been made to the Financial Statements as a result. The Company had to temporarily suspend certain aspects of its operations. These include, but are not limited to, the temporary cessation of sales and marketing activity for apartment sales. The sales and marketing activities have recommenced at the date these financial statements were signed. Construction has continued onsite throughout, albeit with a reduced workforce to comply with government advice. The Directors have reviewed the impact of the pandemic on the company's cashflows and, based on the latest assessments, the Directors do not consider that it impacts on the company's ability to remain a going concern. They continue to keep the situation under review.