ANTHOLOGY
HALE WORKS
Built from London

Anthology Hale Works Limited

Annual report and financial statements
for the year ended 30 September 2019

Registered number 09970963

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Directors' Report

The directors present their report together with the audited financial statements for the year ended 30 September 2019.

Principal activity

The principal activity of the Company is property development.

Other Information

Work has started on the construction of 279 homes and commercial space.

Directors

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

Mark Dickinson

Nael Khatoun

Stefano Mazzoli

Michael Gill (appointed 26 February 2020)

David Clark (appointed 26 February 2020)

Stephen Bangs (appointed 26 February 2020)

Marc Evans (appointed 26 February 2020)

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid during the year (2018: £nil). The directors do not recommend payment of a further dividend.

Qualifying third party indemnity provision

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Political contributions

The Company made no political donations nor incurred any political expenditure during the year (2018: £nil).

Subsequent events

On 1 October 2019, the Anthology Group operationally merged with Pegasus Life and Renaissance Retirement, both of which are 100% owned by the Company's ultimate parent company, Oaktree European Principal Fund III LP. The newly merged group has been branded Lifestory. There has been no change to the Company's ownership structure or its principal activity.

The £55.2 million facility with GLA Land and Property, secured on the assets of Anthology Hale Works, has been extended to 30 September 2021.

Disclosure of information to auditor

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

Directors' Report *(Continued)*

Going concern

Notwithstanding the loss for the year of £384,000 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its immediate parent company, Anthology Group Limited ("the group"), to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Anthology Group Limited providing additional financial support during that period. Anthology Group Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

However, the ability of Anthology Group Limited to continue to provide this support is dependent on the successful refinancing of the group's central loan of £60 million due to be repaid in February 2021. Whilst the Group seeks to refinance this facility no binding agreement was in place at the time of signing and as a result of these facilities being contractually due within 1 year and due to current market uncertainty, the directors are aware there can be no certainty that the funding will be renewed by the same lender, or what the terms of renewal will be.

Auditor

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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mark Dickinson
Director
30 September 2020

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Anthology Hale Works Limited

Opinion

We have audited the financial statements of Anthology Hale Works Limited ("the company") for the year ended 30 September 2019 which comprise the Statement of Profit and Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates the company is reliant on the continued support of its parent company, Anthology Group Limited ("the group"). The ability of the group to continue to provide this support is uncertain. These events and conditions, along with the other matters described in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Directors' report

The directors are responsible for the Directors' Report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of Anthology Hale Works Limited *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

PBarron

Paul Barron (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
30 September 2020

Statement of Profit and Loss and Other Comprehensive Income
for the year ended 30 September 2019

	Note	2019 £000	2018 £000
Revenue		-	-
Cost of sales		(384)	(812)
Gross loss		**(384)**	**(812)**
Administrative expenses		-	-
Operating loss	3,4	**(384)**	**(812)**
Financial expenses		-	-
Loss on ordinary activities before taxation		**(384)**	**(812)**
Taxation	5	-	-
Loss for the year		**(384)**	**(812)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(384)**	**(812)**

The result in the year relates to continuing operations.

The notes on pages 10-19 form part of these financial statements.

Balance Sheet
as at 30 September 2019

	Note	2019 £000	2018 £000
Current assets			
Inventories	6	61,759	32,465
Trade and other receivables	7	510	393
Cash and cash equivalents		1,856	140
Total assets		**64,125**	**32,998**
Current liabilities			
Trade and other payables	8	(13,576)	(1,670)
Non-current liabilities			
Interest bearing loans and borrowings	9	(32,748)	(32,207)
Total liabilities		**(46,324)**	**(33,877)**
Net assets employed		**17,801**	**(879)**
Shareholders' funds			
Share capital	10	-	-
Share premium	10	19,064	-
Retained earnings		(1,263)	(879)
Total shareholders' funds		**17,801**	**(879)**

The notes on pages 10-19 form part of these financial statements.

These financial statements were approved by the board of directors on 30 September 2020 and were signed on its behalf by:

Mark Dickinson
Director

Company registered number: 09970963

Statement of Changes in Equity

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at 1 October 2017	**-**	**-**	**(67)**	**(67)**
Total comprehensive loss for the year				
Loss for the year	-	-	(812)	(812)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(812)	(812)
Balance at 30 September 2018	**-**	**-**	**(879)**	**(879)**
Balance at 1st October 2018	**-**	**-**	**(879)**	**(879)**
Total comprehensive loss for the year				
Loss for the year	-	-	(384)	(384)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(384)	(384)
Transactions with owners, recorded directly in equity				
Conversion of loans (note 9)	-	19,064	-	19,064
Balance at 30 September 2019	**-**	**19,064**	**(1,263)**	**17,801**

The notes on pages 10-19 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

Anthology Hale Works Limited (previously Anthology Development 4 Limited) (the "Company") is a company incorporated and domiciled in England in the UK. The registered number is 09970963 and the address of its registered office is 160-166 Borough High Street, London, SE1 1LB.

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

1.1 Basis of preparation

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The Company's immediate parent undertaking is Anthology Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Anthology Group Limited are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and are available to the public and may be obtained from 160-166 Borough High Street, London, SE1 1LB.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of capital management;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions entered into between two or more members of a wholly-owned member of group.

As the consolidated financial statements of Anthology Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

The preparation of financial statements in conformity with FRS 101 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 2.

1.2 Going concern

Notwithstanding the loss for the year of £384,000 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its immediate parent company, Anthology Group Limited ("the group"), to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Anthology Group Limited providing additional financial support during that period. Anthology Group Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes to the financial statements *(continued)*

1 *Accounting policies (continued)*

1.2 *Going concern (continued)*

However, the ability of Anthology Group Limited to continue to provide this support is dependent on the successful refinancing of the group's central loan of £60 million due to be repaid in February 2021. Whilst the Group seeks to refinance this facility no binding agreement was in place at the time of signing and as a result of these facilities being contractually due within 1 year and due to current market uncertainty, the directors are aware there can be no certainty that the funding will be renewed by the same lender, or what the terms of renewal will be.

1.3 *Non-derivative financial instruments*

Financial assets and financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position and statement of comprehensive income when there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis or realise the asset and liability simultaneously.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost using effective interest rate method:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not hold any financial assets that meet conditions for subsequent recognition at fair value through profit or loss (FVTPL) or at fair value through other comprehensive income (FVTOCI).

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost which comprise mainly trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company always recognises lifetime ECL on trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Notes to the financial statements *(continued)*

1 *Accounting policies (continued)*

1.3 *Non-derivative financial instruments (continued)*

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All purchases of financial liabilities are recorded on trade date, being the date on which the Company becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Company's financial liabilities approximate to their fair values. The Company's financial liabilities consist only of financial liabilities measured at amortised cost.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The Company's financial liabilities measured at amortised cost comprise trade and other payables, and loans and borrowings. The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts/payments through the expected life of the financial asset/liability or, where appropriate, a shorter period.

Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

1.4 *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and, for the purpose of the statement of cash flows, bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

1.5 *Derivative financial instruments and hedging*

The Company has not entered into any derivative financial instruments or hedging arrangements.

1.6 *Equity instruments*

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. Ordinary shares are classified as equity and are recorded at the proceeds received, net of direct issue costs.

1.7 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs comprise land, development costs and attributable interest. Net realisable value is based on estimated selling price less cost to completion and disposal.

Notes to the financial statements *(continued)*

1 *Accounting policies (continued)*

1.8 *Expenses*

Interest receivable and Interest payable

Financing expenses comprise interest payable which is recognised in profit or loss as it accrues, using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of inventory that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

1.9 *Taxation*

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.10 *Revenue*

Revenue is generated from sale of individual residential homes, freeholds and leaseholds and from contracts for the construction of homes sold to affordable housing providers.

Revenue from all revenue streams is recognised upon legal completion of contracts at which point the Company's performance obligation is met. Revenue recognised is measured at the agreed contract price.

Revenue arises solely in the UK and is stated net of value added tax.

From 1 October 2018 the Company has adopted a new revenue recognition standard, IFRS 15 Revenue from contracts with customers. The adoption of this standard has not had a material effect on the Company's existing revenue recognition policy.

Notes to the financial statements *(continued)*

1.11 New standards, amendments and interpretations

New standards, amendments and interpretations that are effective for the first time

A number of new and amended standards and interpretations issued by IASB have become effective for the first time for financial periods beginning on (or after) 1 January 2018 and have been applied by the Company in these financial statements. None of these new and amended standards and interpretations had a significant effect on the Company because they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

The following new standards and interpretations have been adopted by the Company:

IFRS 15 has replaced IAS 18 Revenue and IAS 11 Construction Contracts as well as various interpretations previously issued by the IFRS Interpretations Committee. The Company's accounting policies have remained unchanged from those previously disclosed in the 2018 annual financial statements. Under IAS 18, the timing of revenue recognition from the sale of goods was based primarily on the transfer of risks and rewards, whereas IFRS 15 focuses instead on when the performance obligations are met. This different approach has not resulted in a change of timing for revenue recognition for the Company.

IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement. The Company's principal financial assets comprise trade and other receivables and cash and short-term deposits. All of these financial assets continue to be classified and measured at amortised cost. The Company has no history of bad debts and the Company's principal financial liabilities comprise trade and other payables and loans and borrowings. All of these financial liabilities continue to be classified and measured at amortised cost. There are no material financial assets subject to the expected credit loss model defined within IFRS 9, except for cash. The level of credit risk that the Company is exposed to has not given rise to material allowances within the expected credit loss model.

New standards, amendments and interpretations that are not yet effective and have not been early adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods. These new standards have not been adopted early, and, with the exception of IFRS 16, none of these are expected to have a significant effect on the Company.

IFRS "16 Leases" (effective for periods beginning on or after 1 January 2019) requires lessees to use single on-balance sheet model and recognise all lease assets and liabilities on the balance sheet. Adoption of IFRS 16 will result in the Company recognising right of use assets and lease liabilities for all contracts that are, or contain, a lease. For leases currently classified as operating leases, under current accounting requirements the Company does not recognise related assets or liabilities, disclosing instead the total commitment in its annual financial statements. At 30 September 2019 the commitment disclosed was £92,000. The effect of discounting these commitments might be expected to result in right-of-use assets and lease liabilities of approximately £84,000 being recognised on 1 October 2019. Instead of recognising an operating expense for its operating lease payments, the Company will recognise interest on its lease liabilities and amortisation on its right-of-use assets.

The Company will apply the modified retrospective method when the standard is first adopted in its financial statements for the year ended 30 September 2020. Therefore, there will be no impact on any comparative accounting period up to and including 30 September 2019, with any leases recognised on balance sheet on the date of initial application of IFRS 16. In applying the modified retrospective approach the Company will measure right-of-use assets by reference to the amount at which lease liabilities are measured on 1 October 2020. Therefore, there will be no immediate impact on net assets as a result of adopting the standard on that date.

Notes to the financial statements *(continued)*

2 *Critical accounting estimates and judgements*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning future results. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Recoverability of inventories

The Company's inventories represent work in progress on construction of private residential homes and are stated at lower of costs and net realisable values. The Company estimates the net realisable value of its inventories by reference to the expected market values of the development which inevitably involves a degree of judgement in that each property is unique and value can only be reliably tested in the market itself.

3 *Expenses and auditor's remuneration*

Included in loss for the year are the following:

	2019 £000	2018 £000
Operating lease rentals – land and buildings	41	41

Auditor remuneration is borne by fellow group undertakings.

4 *Staff numbers and costs*

All directors and employees are remunerated by other Group companies. The notional cost of directors to this entity was £47,000 (2018: £73,000) during the year.

5 *Taxation*

Recognised in the statement of profit and loss

	2019 £000	2018 £000
Current tax		
Current tax credit	-	(153)
Group relief surrendered without payment	-	153
Total tax credit	-	-

Notes to the financial statements *(continued)*

5 *Taxation (continued)*

Reconciliation of effective tax rate
The reasons for the difference between the actual tax credit and the standard rate for the year applied to loss for the year are as follows:

	2019 £000	2018 £000
Loss for the year	(384)	(812)
Add back total tax credit	-	-
Loss excluding taxation	(384)	(812)
Tax using the UK corporation tax rate of 19% (2018: 19%)	(73)	(154)
Non-deductible expenses	-	1
Group relief surrender	73	153
Total tax credit	-	-

Factors affecting future tax expense
With effect from 1 April 2020, the UK corporation tax rate will be reduced to 17%. This change was enacted in September 2016 but is currently under review. If enacted, it will have a positive effect on the Company's future tax expense.

6 *Inventories*

	2019 £000	2018 £000
Work in progress	**61,759**	**32,465**

Included within work in progress is interest of £5,085,000 (2018: £2,747,000). Work in progress is expected to be recovered in more than 12 months.

7 *Trade and other receivables*

	2019 £000	2018 £000
Current assets		
VAT debtor	164	308
Prepayments	346	85
	510	**393**

Notes to the financial statements *(continued)*

8 *Trade and other payables*

	2019 £000	2018 £000
Current liabilities		
Trade payables	1,302	1,178
Contract liabilities	10,021	-
Other payables and accrued expenses	2,253	492
	13,576	**1,670**

9 *Interest-bearing loans and borrowings*

	2019 £000	2018 £000
Non-current liabilities		
Loan from parent company	5,578	20,207
Secured bank loan	27,170	12,000
	32,748	**32,207**

During the year the loan from parent company in the amount of £19,064,000 was converted into the Company's equity through issue of the Company's 1 ordinary share of £1 (note 10). The remaining loan from the parent company is unsecured, repayable no later than 5 years from 29 February 2016 and carries a fixed interest rate of 8.5%.

The bank loan relates to a £55.2 million facility from the Great London Authority ("GLA). The loan is secured on the Company's assets and the land acquired, carries a fixed interest and is repayable on 31 January 2021. At the reporting date, £27.9 million of the available facility was drawn down, with the remaining facility available for future drawdowns. Subsequently to the reporting date, the facility has been extended to 30 September 2021.

Notes to the financial statements (continued)

10 Capital and reserves

Share capital

Number of shares issued and fully paid	Ordinary shares
In issue at 1 October 2018	1
Issued in the year (note 9)	1
In issue at 30 September 2019	2

Allotted, called up and fully paid	£
Ordinary shares of £1 each (2018: £1 each)	**2**

Share Premium

	Share premium £000
As at 1 October 2018	-
Arising during the year (note 9)	19,064
As at 30 September 2019	**19,064**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The capital contribution reserve relates to contributions made by the parent company to the equity of the Company without issuance of shares.

11 Operating leases

Non-cancellable operating lease rentals, relating to land and buildings, are payable as follows:

	2019 £000	2018 £000
Less than one year	41	41
Between two and five years	51	7
	92	**48**

Notes to the financial statements (continued)

12 Related parties

The Company has taken advantage of the disclosure exemption available under FRS 101 paragraph 8(k) not to disclose transactions entered into between two or more wholly owned members of a group.

13 Controlling party

The Company is a wholly owned subsidiary undertaking of Anthology Group Limited, a company incorporated in the United Kingdom. Anthology S.à r.l., incorporated in Luxembourg, is an intermediary holding company and the ultimate parent and controlling party is Oaktree European Principal Fund III LP, a company registered in the Cayman Islands. The smallest and largest group in which the results of the Company are consolidated is that headed by Anthology Group Limited.

14 Subsequent events

On 1 October 2019, the Anthology Group operationally merged with Pegasus Life and Renaissance Retirement, both of which are 100% owned by the Company's ultimate parent company, Oaktree European Principal Fund III LP. The newly merged group has been branded Lifestory. There has been no change to the Company's ownership structure or its principal activity.

The £55.2 million facility with GLA Land and Property, secured on the assets of Anthology Hale Works, has been extended to 30 September 2021 (note 9).