Company Registration No. 09970963 (England and Wales)

ANTHOLOGY HALE WORKS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2020

ANTHOLOGY HALE WORKS LIMITED

COMPANY INFORMATION

Directors	Mr Mark Dickinson	
	Mr Nael Khatoun	
	Mr Stefano Mazzoli	
	Mr Michael Gill	(Appointed 26 February 2020)
	Mr David Clark	(Appointed 26 February 2020)
	Mr Marc Evans	(Appointed 26 February 2020)
	Mr Stephen Bangs	(Appointed 26 February 2020)
Secretary	Mr Jeremy Williams	
Company number	09970963	
Registered office	Unit 3 Royal Court Church Green Close Kings Worthy Winchester Hampshire United Kingdom SO23 7TW	
Auditor	Deloitte LLP London United Kingdom	

ANTHOLOGY HALE WORKS LIMITED

CONTENTS

ANTHOLOGY HALE WORKS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 JUNE 2020

The directors present their annual report and the audited financial statements for the period ended 30 June 2020.

On 11 December 2020 the company changed its reporting date from 30 September to 30 June to align with the wider operating group. Consequently, these financial statements are prepared for a 9-month period from 1 October 2019 to 30 June 2020. The comparative information presented in these financial statements is for the 12-month period from 1 October 2018 to 30 September 2019.

Principal activities
The principal activity of the company is that of property development.

Directors
The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr Mark Dickinson	
Mr Nael Khatoun	
Mr Stefano Mazzoli	
Mr Michael Gill	(Appointed 26 February 2020)
Mr David Clark	(Appointed 26 February 2020)
Mr Marc Evans	(Appointed 26 February 2020)
Mr Stephen Bangs	(Appointed 26 February 2020)

Results and dividends
The results for the period are set out on page 7. A loss of £824,000 (2019: loss of £384,000) was recognised in the period as construction continued towards 279 homes and commercial space.

No dividends were paid (2019: £nil). The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions
The company has made qualifying third-party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

Political donations
The company made no political donations nor incurred any political expenditure during the period (2019: £nil).

Subsequent events
The impact of the Covid 19 outbreak has become more stable with the rollout of the vaccination programme. The situation is being monitored and government's guidelines are being followed and communicated to staff. At this stage we have seen sales steadily build since the first lockdown, but management will continue to monitor closely during any further lockdown events. With the increased possibility of insolvency brought about by Covid 19 and Brexit in the build and supply chain the company has increased the scrutiny and performance measurement of partners and contractors. These measures provide an early warning mechanism allowing the company to take any avoidance measures.

Since the period end the repayment date of the GLA Land and Property loan, with an outstanding balance of £49.8m has been extended from January 2021 to September 2021.

In June 2021 the parent undertaking, Anthology Group Limited, supported their commitment to the company by capitalising an amount owed in loans, standing at £7,564,135, to new share capital. One new ordinary share of £1 was issued and a share premium arose of £7,564,134. This debt-to-equity swap has further strengthened the balance sheet.

Auditor
Deloitte LLP was appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Going concern

Given the structure of the wider group and the company's operations, the company is reliant on the continued support of its intermediate parent, Anthology Group Limited ('Anthology'), to ensure the company has sufficient cash resources to enable it to meet its obligations as they fall due. The company has received a written commitment from Anthology that it will provide all financial support necessary to the company to enable it to meet its obligations as they fall due for a period no less than 12 months from the date of approval of these financial statements.

The directors have considered the ability of Anthology to provide that support. In doing so, the directors have conducted an in-depth review and prepared detailed cash flow forecasts taking into consideration the latest operating environment including the implications over Covid-19 for a period of at least 12 months from the date of approval of these financial statements in respect of Anthology and the group it heads. The board have stressed the latest forecast using a plausible but severe down-side scenario including a reduction in sales in the months following the year end, followed by a recovery to forecast sales rates over the following months. The Board has factored in the revision to payment terms from suppliers, actual savings in overheads and staff costs and the response from lenders to requests for changes to lending agreements. The down-side scenario only factors in financing arrangement terms that have already been contractually agreed. Those forecasts did not identify any concerns regarding the ability of Anthology to provide the necessary financial support to the company.

As a result, the directors therefore believe it is appropriate to adopt the going concern basis of accounting in the preparation of the Annual Report and financial statements.

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

Approved and authorised for issue by the board and signed on its behalf by:

....

Mr Mark Dickinson

Director

Date: 19 | 07 | 21

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2020

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 judgments and accounting 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; 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 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 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.

ANTHOLOGY HALE WORKS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ANTHOLOGY HALE WORKS LIMITED

Opinion
In our opinion the financial statements of Anthology Hale Works Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1-18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report 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 have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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 in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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

James Wright FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

19 July 2021

ANTHOLOGY HALE WORKS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2020

	Notes	Period ended 30 June 2020 £'000	Year ended 30 September 2019 £'000
Revenue		-	-
Cost of sales		(819)	(384)
Gross loss		(819)	(384)
Finance costs	7	(5)	-
Loss before taxation		(824)	(384)
Tax on loss	8	-	-
Loss for the financial period / year		(824)	(384)
Total comprehensive expense for the period / year		(824)	(384)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The accompanying notes on pages 10 - 21 form an integral part of these financial statements.

ANTHOLOGY HALE WORKS LIMITED

BALANCE SHEET

AS AT 30 JUNE 2020

	Notes	30 June 2020 £'000	30 June 2020 £'000	30 September 2019 £'000	30 September 2019 £'000
Non-current assets					
Right of use assets	13		94		-
			94		-
Current assets					
Inventories	9	94,424		61,759	
Trade and other receivables	10	510		510	
Cash and cash equivalents		167		1,856	
		95,101		64,125	
Total assets			95,195		64,125
Current liabilities					
Trade and other payables	11	(21,678)		(13,576)	
Borrowings	12	(56,442)		-	
Leases	13	(38)		-	
		(78,158)		(13,576)	
Non-current liabilities					
Borrowings	12	-		(32,748)	
Leases	13	(60)		-	
			(60)		(32,748)
Total liabilities			(78,218)		(46,324)
Net assets			16,977		17,801
Equity					
Share capital	14		-		-
Share premium	14		19,064		19,064
Retained earnings	14		(2,087)		(1,263)
Total equity			16,977		17,801

The accompanying notes on pages 10 - 21 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 19/07/21 and are signed on its behalf by:

Mr Mark Dickinson
Director

Company Registration No. 09970963

ANTHOLOGY HALE WORKS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2020

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 October 2018		-	-	(879)	(879)
Year ended 30 September 2019:					
Loss and total comprehensive expense for the year		-	-	(384)	(384)
Transactions with owners					
Conversion of loans	**12**	-	19,064	-	19,064
Balance at 30 September 2019		-	19,064	(1,263)	17,801
Period ended 30 June 2020:					
Loss and total comprehensive expense for the period		-	-	(824)	(824)
Balance at 30 June 2020		-	19,064	(2,087)	16,977

The accompanying notes on pages 10 - 21 form an integral part of these financial statements.

1 Accounting policies

Company information

Anthology Hale Works Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The registered office is Unit 3 Royal Court, Church Green Close, Kings Worthy, Winchester, Hampshire, United Kingdom, SO23 7TW.

1.1 Accounting policies

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, the company's financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared on a going concern basis under the historical cost convention modified to include certain financial instruments that are measured at fair values.

The principal accounting policies adopted are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The company's immediate parent undertaking, 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 First Floor, 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 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 a 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.

1 Accounting policies

1.2 Going concern

Given the structure of the wider group and the company's operations, the company is reliant on the continued support of its intermediate parent, Anthology Group Limited ('Anthology'), to ensure the company has sufficient cash resources to enable it to meet its obligations as they fall due. The company has received a written commitment from Anthology that it will provide all financial support necessary to the company to enable it to meet its obligations as they fall due for a period no less than 12 months from the date of approval of these financial statements.

The directors have considered the ability of Anthology to provide that support. In doing so, the directors have conducted an in-depth review and prepared detailed cash flow forecasts taking into consideration the latest operating environment including the implications over Covid-19 for a period of at least 12 months from the date of approval of these financial statements in respect of Anthology and the group it heads. The board have stressed the latest forecast using a plausible but severe down-side scenario including a reduction in sales in the months following the year end, followed by a recovery to forecast sales rates over the following months. The Board has factored in the revision to payment terms from suppliers, actual savings in overheads and staff costs and the response from lenders to requests for changes to lending agreements. The down-side scenario only factors in financing arrangement terms that have already been contractually agreed. Those forecasts did not identify any concerns regarding the ability of Anthology to provide the necessary financial support to the company.

As a result, the directors therefore believe it is appropriate to adopt the going concern basis of accounting in the preparation of the Annual Report and financial statements.

1.3 Reporting period

On 11 December 2021 the company changed its reporting date from 30 September to 30 June. Consequently, these financial statements are prepared for a 9-month period from 1 October 2019 to 30 June 2020. The comparative information presented in these financial statements is for the 12-month period from 1 October 2018 to 30 September 2019.

1.4 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.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for sale.

1 Accounting policies

1.5 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.

1.6 Non-derivative financial instruments

Financial assets and financial liabilities are recognised in the balance sheet 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 balance sheet 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 other 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 other 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.

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.

1 Accounting policies

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.

1.7 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.

1.8 Taxation
Tax on the profit or loss 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
Current tax is the expected tax payable or receivable on the taxable profit or loss for the period/year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax
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.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been 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 Accounting policies

1.9 Leases

IFRS 16 was adopted 1 October 2019 without restatement of comparative figures. The following policy applies subsequent to the date of initial application, 1 October 2019.

The company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The company obtains substantially all the economic benefits from use of the asset; and,
- The company has the right to direct use of the asset.

The company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the company obtains substantially all the economic benefits from use of the asset, the company considers only the economic benefits that arise from use of the asset. In determining whether the company has the right to direct use of the asset, the company considers whether it directs how and for what purpose the asset is used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the company applies other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option; and,
- Any penalties payable for terminating the lease, if the term of the lease has been estimated based on termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and,
- The amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

1 Accounting policies

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

The following policy applied prior to the date of initial application of IFRS 16, 1 October 2019.

Leases in which a significant portion of the risks and rewards of ownership were retained by the lessor were classified as operating leases. Payments made under operating leases were charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

The company did not have any finance leases.

2 Change in accounting policy

New standards, amendments and interpretations effective in 2020
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 2019 and have been applied by the company in these financial statements. With the exception of IFRS 16 "Leases", 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.

Details of the impact the adoption of IFRS 16 has had on these financial statements are given in note 15.

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 and which have not been adopted early. None of these are expected to have a significant effect on the company, in particular:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- IFRS 9, IAS 37 and IFRS 7: Interest rate benchmark reform
- Revised Conceptual Framework for Financial Reporting

3 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Recoverability of inventories
Inventories are stated at the lower of cost and net realisable value. Such inventories include land, work in progress and completed units. Residential development is largely speculative by nature and it is normal that not all inventories are covered by forward sales contracts. To assess the net realisable value of land held for development and sites in the course of construction and completed sites, the group maintains a financial appraisal of the likely revenue which will be generated when these inventories become residential properties for sale and are 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 projected revenue is lower, the extent to which there is a shortfall is written off through the statement of comprehensive income leaving the inventories stated at net 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 realisable value of inventories may be different. Appraisals take into account estimated achievable revenues, actual inventory and costs to complete as at each reporting date. These estimates are made by management having regard to actual sales prices, together with competitor and marketplace evidence. Should there be a future significant decline in UK house pricing, impairments of land, work in progress and completed sites may be necessary.

Critical judgements
The directors have determined that, in the preparation of the financial statements, no critical judgements have been applied.

4 Operating loss

	Period ended 30 June 2020	Year ended 30 September 2019
Operating loss for the period is stated after charging:	£'000	£'000
Depreciation of right of use assets	29	-
Operating lease charges	-	41

5 Auditor's remuneration

Audit fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £11,000. The audit fee payable for the current period was borne by Lifestory Group Limited, a fellow group undertaking and not recharged. In the previous year (2019) audit fees of £10,000 were payable to KPMG LLP; these fees were borne by Anthology Group Limited, a fellow group undertaking, and not recharged.

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

6 Employees

The company has no employees other than directors in the current period and prior year. Directors were remunerated by London Real Estate Development Limited, a fellow group company and not recharged.

7 Finance costs

	Period ended 30 June 2020	Year ended 30 September 2019
	£'000	£'000
Interest on leases	5	-

8 Taxation

The actual charge for the period/year can be reconciled to the expected credit for the period/year based on the profit or loss and the standard rate of tax as follows:

	Period ended 30 June 2020	Year ended 30 September 2019
	£'000	£'000
Loss before taxation	(824)	(384)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(157)	(73)
Group relief surrendered	-	73
Unutilised tax losses carried forward	157	-
Taxation charge for the period/year	-	-

Factors affecting future tax charge
Future tax charges will be affected with the UK corporation tax rate rising to 25% from 5 April 2023.

9 Inventories

	2020	2019
	£'000	£'000
Work in progress	94,424	61,759

Included within work in progress is interest of £7,548,000 (2019: £5,085,000). Work in progress is expected to be recovered in more than 12 months and is given as security for the company's borrowings.

10 Trade and other receivables

	2020 £'000	2019 £'000
Current assets		
Trade receivables	341	-
Other receivables	169	164
Prepayments	-	346
	510	510

11 Trade and other payables

	2020 £'000	2019 £'000
Current liabilities		
Trade payables	2,220	1,302
Contract liabilities	14,743	10,021
Amounts owed to fellow subsidiaries	25	-
Accruals	4,690	2,253
	21,678	13,576

Within the group headed by Anthology Group Limited intercompany balances are unsecured, payable on demand, and incur interest at 8.5% per annum.

12 Borrowings

	2020 £'000	2019 £'000
Loan from parent company	6,692	5,578
Secured bank loan	49,750	27,170
	56,442	32,748
Payable within one year	56,442	-
Payable after one year	-	32,748

During the prior year an amount of 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. 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 secured bank loan relates to a £55m facility from the GLA Land and Property. 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, £49.8m of the available facility was drawn down, with the remaining facility available for future drawdowns. Since the period end the repayment date of January 2021 has been extended to September 2021.

13 Leases

	Notes	Total £'000
Right of use assets		
At 1 October 2019		-
Recognised on adoption of IFRS 16	**15**	123
Amortisation		(29)
At 30 June 2020		94

	Notes	Total £'000
Lease liabilities		
At 1 October 2019		-
Recognised on adoption of IFRS 16	**15**	(123)
Lease payments made		30
Interest accrued	**7**	(5)
At 30 June 2020		(98)
Current		(38)
Non-current		(60)
		(98)

14 Share capital and reserves

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
2 ordinary shares of £1 each	2	2

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.

Reserves

Share premium reserve - relates to amounts subscribed for share capital in excess of nominal value.

Retained earnings - retained earnings comprise all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

15 Effects of changes in accounting policies

This note explains the impact of the adoption of IFRS 16, 'Leases', on the company's financial statements.

As indicated in note 1 above, the company have adopted IFRS 16, 'Leases' retrospectively from 1 October 2019 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 October 2019), without restatement of comparative figures. The company elected to apply the practical expedient to not reassess whether a contract is, or contains, a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed.

The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 October 2019. The new accounting policies are disclosed in note 1.

On adoption of IFRS 16, the company recognised lease liabilities which were previously classified as 'operating leases' under the principles of IAS 17, 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 October 2019 of 6%.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The company applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 October 2019;
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 October 2019 as short-term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

	£'000
Measurement of lease liabilities	
Operating lease commitments at 30 September 2019	92
Impact of break clauses	33
Recognised lease commitments	125
Lease commitments discounted using incremental borrowing rate of 6%	(2)
Lease liabilities recognised at 1 October 2019	123

Adjustments recognised in the balance sheet on 1 October 2019

The change in accounting policy affected the following items in the company's balance sheet on 1 October 2019:

- Right-of-use assets – increase by £123,000
- Lease liabilities – increase by £123,000

16 Related party transactions

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.

17 *Ultimate controlling party*

The company's immediate holding company is Anthology Group Limited and the ultimate holding company and controlling party is Brookfield Asset Management Inc.

Anthology Group Limited, a company incorporated in the United Kingdom, is the parent of the smallest group, of which Anthology Hale Works Limited is a member, to prepare consolidated financial statements. The consolidated financial statements can be obtained from its registered address of Lifestory Group Limited: Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW.

Brookfield Asset Management Inc., a company incorporated in Canada, is the parent of the largest group, of which Anthology Hale Works Limited is a member, to prepare consolidated financial statements. The consolidated financial statements can be obtained from its registered address: Suite 300, Brookfield Place, 181 Bay Street, Toronto, Canada M5J 2T3.

18 Subsequent events

The impact of the Covid 19 outbreak has become more stable with the rollout of the vaccination programme. The situation is being monitored and government's guidelines are being followed and communicated to staff. At this stage we have seen sales steadily build since the first lockdown, but management will continue to monitor closely during any further lockdown events. With the increased possibility of insolvency brought about by Covid 19 and Brexit in the build and supply chain the company has increased the scrutiny and performance measurement of partners and contractors. These measures provide an early warning mechanism allowing the company to take any avoidance measures.

Since the period end the repayment date of the GLA Land and Property loan, with an outstanding balance of £49.8m has been extended from January 2021 to September 2021.

In June 2021 the parent undertaking, Anthology Group Limited, supported their commitment to the group by capitalising an amount owed in loans, standing at £7,564,135, to new share capital. One new ordinary share of £1 was issued and a share premium arose of £7,564,134. This debt-to-equity swap has further strengthened the balance sheet.