

Company No. 10044071

WALWORTH HOMES LTD

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2020



Walworth Homes Ltd
Report and financial statements for the year ended 31 March 2020

Contents

	Page (s)
List of Officers and Professional Advisers	2
Directors' report	3 - 4
Statement of directors' responsibilities	5
Independent Auditors' report to the members of Walworth Homes Ltd	6 - 8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12 - 19

WALWORTH HOMES LTD

Company No. 10044071
Registered in England and Wales

List of Officers and Professional Advisers

Directors

Paul Phillips
Kate Davies
Andrew Belton
John Hughes
Carl Byrne
Mark Vaughan
Vipul Thacker
Katie Yallop (appointed 22 January 2020)
Elly Hoult (appointed 30 April 2020)

Executive Board

Chief Executive
Group Finance Director
Chief Operating Officer
Group Development Director
Group Director of Housing
Group Director of Commercial Services
Group Director of Central Services
Group Director of Sales and Building Safety
Group Director of Assets
Group Director of Regeneration & Strategic
Asset Management

Kate Davies
Paul Phillips
Andrew Belton
John Hughes
Carl Byrne
Mark Vaughan
Vipul Thacker
Katie Yallop (appointed 22 January 2020)
Elly Hoult (appointed 30 April 2020)
Jeremy Stibbe (resigned 31 May 2020)

Company Secretary

Andrew Nankivell

Registered Office

Bruce Kenrick House
2 Killick Street
London
United Kingdom
N1 9FL

Independent Auditors

BDO LLP
55 Baker Street
London
WU1 7EU

Bankers

Barclays Bank PLC
Business Banking
Floor 28
1 Churchill Place
London
E14 5HP

Principal Solicitors

Devonshires
30 Finsbury Circus
London
EC2M 7DT

WALWORTH HOMES LTD

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 31 March 2020.

The report of the directors has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Principal activities

Walworth Homes Ltd (the Company) is a private company limited by shares, incorporated and domiciled in England and Wales. The Company's principal activity during the year, which it intends to continue, is to regenerate the Aylesbury Estate in South London in partnership with the London Borough of Southwark. The development consists of 3,500 residential units as well as community facilities, commercial and retail spaces. The regeneration work will take place in four phases. The first phase of the development has now entered into construction contract for the delivery of 229 units.

Costs incurred in the year and included in the work in progress relate to site clearance, demolition works and full vacation on the First Development Site (FDS). The main construction works have yet to commence. Expected completion date is 2034.

The Company is financed by loans and share capital from its parent and other members of the Notting Hill Genesis group.

Going concern

The directors have received confirmation that the ultimate parent undertaking, Notting Hill Genesis will provide all necessary financial support to the Company for at least one year after these financial statements are signed. The directors have also considered the ability of Notting Hill Genesis to supply sufficient financial support, the level of commitments provided and the impact of Covid-19 on both the company and the group. Based on our discussions with the Board of Notting Hill Genesis and a review of their financial position and forecasts for the year ahead we believe that Notting Hill Genesis is able to provide such support. As a result, the directors believe that preparing the financial statements on the going concern basis is appropriate and that no material uncertainty exists.

Future developments

Walworth Homes Ltd will continue to invest in development and sales of property in the Aylesbury Estate in South London.

Result for the year

There was a profit for the year of £169,000 (2019: loss of £28,000). As at 31 March 2020, the company had total assets of £47,725,000 (2019: £27,524,000), total liabilities of £45,833,000 (2019: £25,801,000) and total equity of £1,892,000 (2019: £1,723,000).

Dividends

The Directors do not recommend a declaration of a dividend for the year (2019: £nil).

WALWORTH HOMES LTD

Directors' report (continued)

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Notting Hill Genesis Group (the 'Group') and are not managed separately. Accordingly, the principal risks and uncertainties of Notting Hill Genesis, which include those of the Company are as follows:

- COVID-19 Pandemic;
- Declining Sales;
- Changes in government policy, legislation and regulation;
- Failure to comply with health and safety standards;
- Liquidity risk;
- Governance; and
- Failure in customer service delivery.

Financial risk management

The principal financial risks facing the Company at 31 March 2020 were construction risks, sales risks and interest rate risks. Construction risks are mitigated by ensuring building work is carried out on fixed price contract, sales risks are mitigated by arranging sales in advance and the interest rate risks are mitigated by regularly reviewing the facilities.

Directors

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

Paul Phillips	Chairman
Kate Davies	
Andrew Belton	
John Hughes	
Carl Byrne	
Mark Vaughan	
Vipul Thacker	
Katie Yallop (appointed 22 January 2020)	
Elly Hoult (appointed 30 April 2020)	
Jeremy Stibbe (resigned 1 June 2020)	

No director had any beneficial interest in shares of the company or any fellow subsidiary company during the year.

Independent Auditors

The auditors, BDO LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

WALWORTH HOMES LTD

Statement of directors' responsibilities

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 prepared the financial statements 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). 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;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

The directors of the ultimate parent company are responsible for maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

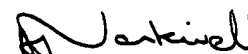
Directors' confirmations

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

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

Bruce Kenrick House
2 Killick Street
London
United Kingdom
N1 9FL

Approved by the Board of
Directors and signed
by order of the Board



Andrew Nankivell
Company Secretary
11 August 2020

Company No. 10044071

WALWORTH HOMES LTD

Independent Auditors' report to the members of Walworth Homes Ltd

Opinion

We have audited the financial statements of Walworth Homes Ltd ("the Company") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

- 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.

WALWORTH HOMES LTD

Independent Auditors' report to the members of Walworth Homes Ltd (continued)

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 auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year 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.

Matters on which we are required to report by exception

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 material misstatements in the Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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 prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

WALWORTH HOMES LTD

Independent Auditors' report to the members of Walworth Homes Ltd (continued)

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, 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.

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 Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditors' report.

Use of this 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 for 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.

BDO LLP

Philip Cliftlands (Senior Statutory Auditor)
For and on behalf of BDO LLP
Chartered Accountants and Statutory Auditors
London
Date: 6th November 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

WALWORTH HOMES LTD

Company No. 10044071
Registered in England and Wales

Statement of comprehensive income

For the year ended 31 March 2020

	Note	2020 £000	2019 £000
Administrative expenses		10	(40)
Operating profit/(loss)		10	(40)
Other operating income		484	-
Other operating costs		(11)	-
Profit/(loss) before interest and taxation		483	(40)
Interest receivable and similar income	4	-	12
Interest payable and similar expenses	5	(314)	-
Profit/(loss) before taxation	6	169	(28)
Tax on profit/(loss)	7	-	-
Profit/(loss) after taxation		169	(28)
Profit/(loss) for the financial year		169	(28)

The turnover and profit for the financial year are derived from continuing operations in the United Kingdom.

WALWORTH HOMES LTD

Company No. 10044071
Registered in England and Wales

Statement of financial position

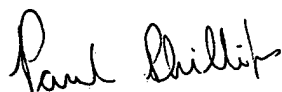
As at 31 March 2020

	Note	2020 £000	2019 £000
Current assets			
Stocks	8	42,059	21,071
Debtors	9	2,525	6,453
Cash at bank and in hand		3,141	-
		47,725	27,524
Current liabilities			
Creditors: amounts falling due within one year	10	(33,143)	(25,801)
Net current assets		14,582	1,723
Total assets less current liabilities		14,582	1,723
Non-current liabilities			
Creditors: amounts falling due after more than one year	11	(12,690)	-
Net assets		1,892	1,723
Capital and reserves			
Called up share capital	12	883	883
Share premium account	13	883	883
Retained earnings/(accumulated losses)		126	(43)
Total equity		1,892	1,723

The report of the directors has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Notes on page 12 to 19 form part of these financial statements.

The financial statements on pages 9 to 19 were authorised and approved by the Board of Directors on 11 August 2020 and signed on its behalf by



Paul Phillips
Director

WALWORTH HOMES LTD

Company No. 10044071
Registered in England and Wales

Statement of changes in equity

For the year ended 31 March 2020

	Called up share capital	Share (Accumulated premium losses)/ Retained earnings	Total equity
	£000	£000	£000
At 1 April 2018	883	883	1,751
Loss for the financial year	-	-	(28)
Total comprehensive expense for the year	-	-	(28)
At 31 March 2019	883	883	1,723
At 1 April 2019	883	883	1,723
Profit for the financial year	-	-	169
Total comprehensive income for the year	-	-	169
At 31 March 2020	883	883	1,892

WALWORTH HOMES LTD

Notes to the financial statements

For the year ended 31 March 2020

1 Accounting policies

The financial statements 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.

Summary of significant accounting policies

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The company is a wholly-owned subsidiary of Notting Hill Genesis and is included in the consolidated financial statements of the parent company which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006 and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Related party disclosures;
- Financial instruments;
- Key Management Personnel compensation; and
- Cashflow statement and related notes.

Going concern

The directors have received confirmation that Notting Hill Genesis will provide all necessary financial support to the Company for at least one year after these financial statements are signed. The directors have also considered the ability of Notting Hill Genesis to supply sufficient financial support, the level of commitments provided and the impact of Covid-19 on both the company and the group. Based on our discussions with the Board of Notting Hill Genesis and a review of their financial position and forecasts for the year ahead we believe that Notting Hill Genesis is able to provide such support. As a result, the directors believe that preparing the financial statements on the going concern basis is appropriate and that no material uncertainty exists.

Basic Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost.

WALWORTH HOMES LTD

Notes to the financial statements

For the year ended 31 March 2020

1 Accounting policies (continued)

Stocks

Stocks and work in progress are recognised in the balance sheet at the historic cost of acquiring land for development. Costs comprise materials, direct labour, direct development overheads and interest capitalised. At the period end, the directors review the value of the land shown in the balance sheet to ensure that the realisable value of the land exceeds the value shown in the balance sheet. No account is taken of any costs incurred by the developer partner in developing new homes for sale, as these costs are not due to the developer until the property is sold to a third party in the open market. Similarly, no account is taken of any incentive payments due to the developer, as they are not due until the sale of a completed home to a third party in the open market.

Taxation

The company is subject to corporation tax on its profits for the year using the current tax rates; however, these are normally paid as gift aid to Notting Hill Genesis (the ultimate parent entity).

The Company is registered for VAT as a separate entity.

2 Critical accounting adjustments and estimation uncertainty

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.

a) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. 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.

(i) *Impairment of stock*

When assessing if there is indication that stock may be impaired, the Company considers indications such as downturn in the technological, market, economic or legal environment in which the Company operates, increase in market interest rates or other indications. If any such indication exists, the Company estimates the selling price less costs to complete and sell (using external valuer). In making this assessment the company has considered the impact of Covid-19 on the property sector, paying specific consideration to reservations subsequent to the year-end, wider market data and observations from members of the Royal Institute of Chartered Surveyors.

In assessing for the potential impairment of stock, the company has estimated that Covid-19 could resulted in a 15% reduction in values for residential properties. Where the carrying value of stock plus costs to complete exceed the realisable value of properties after adjusting for a 15% reduction in value and other disposal costs, the carrying value of stock has been adjusted to recognise this impairment.

In light of ongoing market uncertainties, largely as a result of Covid-19, the estimation of realisable value remains inherently uncertain. Any subsequent changes in the estimation of realisable value will be recognised in subsequent financial statements.

b) Critical judgements in applying Company's accounting policies

There were no critical judgements exercised by management during the year in the process of applying the Company's accounting policies.

WALWORTH HOMES LTD

Notes to the financial statements

For the year ended 31 March 2020

3 Employees and directors

Directors' emoluments

The emoluments of the directors are paid by Notting Hill Genesis (the ultimate parent entity) which makes no recharge to the Company. They are directors of the Registered Provider and a number of subsidiaries and it is not possible to make an accurate apportionment of his/her emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of these directors. His/her total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the Ultimate Parent entity.

Staff Costs

There were no employees in Walworth Homes Ltd during the year (2019: nil).

4 Interest receivable and similar income

	2020 £000	2019 £000
On amounts owed by group undertakings	-	12

5 Interest payable and similar expenses

	2020 £000	2019 £000
On amounts owed to group undertakings	312	-
External loan interest payable	2	-
	314	-

6 Profit/(loss) before taxation

Profit/(loss) before taxation is stated after charging:

	2020 £000	2019 £000
Auditors' remuneration		
External audit fee (excluding VAT)	3	3

WALWORTH HOMES LTD

Notes to the financial statements

For the year ended 31 March 2020

7 Taxation

Tax on profit/(loss):

	2020 £000	2019 £000
UK tax on profit/(loss) for the financial year	-	-

The tax assessed for the year is lower (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%).

Total tax charge reconciliation:

	2020 £000	2019 £000
Profit/(loss) before taxation	169	(28)
Corporation tax at 19% (2019: 19%)	32	(5)
Group relief surrendered/claimed	(30)	5
Deferred tax not recognised	(2)	-
LLP income	-	-
Total tax charge	-	-

8 Stocks and work in progress

	2020 £000	2019 £000
Work in progress		
Beginning of year	21,071	21,848
Additions	20,988	-
Adjustment to opening balance	-	(777)
End of year	42,059	21,071

9 Debtors: amounts falling due within one year

	2020 £000	2019 £000
Other debtors	2,525	4,791
Amounts owed by group undertakings	-	1,662
	2,525	6,453

WALWORTH HOMES LTD

Notes to the financial statements

For the year ended 31 March 2020

10 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Amounts owed to group undertakings	28,740	24,598
Other creditors	-	420
Accruals and deferred income	4,180	387
Trade creditors	63	30
Taxation and social security	160	366
	33,143	25,801

11 Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Loans from parent	12,690	-

The loans are secured by fixed charges on all properties. The interest rates on the loans are a combination of fixed and variable rate loans, ranging from 0.50% to 9.00%.

	2020 £000	2019 £000
Analysis of loan repayments		
- more than 5 years	12,690	-
	12,690	-

12 Called up share capital

	2020 £000	2019 £000
Allotted and fully paid		
882,945 (2019: 882,945) ordinary shares of £1 each	883	883
	883	883

WALWORTH HOMES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

12 Called up share capital (continued)

The share capital of Walworth Homes Ltd consists of shares with a nominal value of £1 each. There is one share class. Each share carries no rights to interest, dividends or bonus. Each shareholder has one vote. When a shareholder ceases to be a member, that person's share is cancelled, and the amount paid up thereon becomes the property of Walworth Homes Ltd.

Any property that remains, after the Company is wound-up or dissolved and all the debts and liabilities dealt with, the shareholders may resolve to give or transfer to another body with objects similar to that of the Society.

13 Share premium account

	2020 £000	2019 £000
As at beginning of year	883	883
As at end of year	<u>883</u>	<u>883</u>

14 Related party transactions

There were no other related party transactions in the year that require disclosure.

15 Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party at the year ended 31 March 2020 was Notting Hill Genesis, a charity incorporated as a community benefit society under the Co-Operative and Community Benefit Societies Act 2014 and is a Registered Provider of Social Housing, Registered number 4880.

Notting Hill Genesis was the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2020. The consolidated financial statements of Notting Hill Genesis are available from Bruce Kenrick House, 2 Killick Street, London, United Kingdom, N1 9FL or on their website.

16 Capital commitments

	2020 £000	2019 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	26,346	22,881

WALWORTH HOMES LTD

Notes to the financial statements

For the year ended 31 March 2020

18 Post balance sheet event

The COVID-19 coronavirus pandemic has evolved rapidly in 2020 and the ultimate parent undertaking has evaluated the impact this is having on the housing market, paying specific consideration to reservations after the year-end, wider market data and observations from members of the Royal Institute of Chartered Surveyors. Management has carried out an assessment on the potential impairment of stock and estimated that the Covid-19 could result in a 15% reduction in value for residential properties. Where the carrying value of stock plus costs to complete exceed the realisable value of properties after adjusting for a 15% reduction in value and other disposal costs, the carrying value of stock has been adjusted to recognise this impairment.

Management have specifically considered the likelihood of recovery of all debtors with specific consideration of non-payment after the end of the year. These financial statements take into account relevant events that have occurred since the end of the financial year that may indicate that debtors due at the year may not be recoverable.

It is currently difficult to measure the potential impact of the Covid-19 crisis on every area of our operations while severe restrictions remain in place and we are still a long way from knowing the medium and long-term effect it will have on the economy. However, we remain a financially robust organisation with substantial liquidity. We retain good relationships with the banks, and we are able to access the capital market as necessary.

The slowdown of the housing market and constraints on the development pipeline are likely to affect cashflow. We are continuing to manage cash carefully, enabling us to mobilise quickly once restrictions are lifted.