

DEVONSHIRE HOMES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

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DEVONSHIRE HOMES LIMITED

COMPANY INFORMATION

DIRECTORS	Rt. Hon. D P Heathcoat Amory G C R Langworthy O M O'Callaghan A D Cook J M Pearce P M Coombes	Chairman
COMPANY SECRETARY	O M O'Callaghan	
REGISTERED NUMBER	02769742	
REGISTERED OFFICE	Gotham House Hammett Square Phoenix Lane Tiverton Devon EX16 6LT	
INDEPENDENT AUDITORS	Bishop Fleming LLP Chartered Accountants & Statutory Auditors 10 Temple Back Bristol BS1 6FL	
BANKERS	Lloyds Bank Plc Second Floor 8 Royal Parade Plymouth Devon PL1 1HB	

DEVONSHIRE HOMES LIMITED

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DEVONSHIRE HOMES LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2023

The chairman presents his statement for the period.

Devonshire Homes Ltd made a profit before tax of £1,276,137. For the previous nine months, to September 2022, the profit before tax has been restated at £450,289.

The company built and sold 147 houses, of which 25 were sold as affordable units to housing associations and 122 were sold on the open market.

Following the Covid pandemic the economy experienced a surge in inflation, followed by belated attempts to curb it through higher interest rates. This raised mortgage rates for home buyers which stalled the property market. At the same time the cost of materials rose sharply with a consequential reduction in profit margins throughout the industry. Since the year end cost pressures have eased and mortgage rates have reduced somewhat, although the housing market remains subdued.

These trading conditions meant that the company did not achieve its budgeted targets but we remained profitable and continued to meet our banking covenants. Devonshire Homes is now a Regional Partner of the Housing Growth Partnership which will allow us to access £25 million of equity, and we have established new banking relationships with Close Brothers and Pluto Finance.

We completed land purchases at Ilfracombe and Halwill in Devon, Wincanton in Somerset and Mabe in Cornwall. Site acquisition is essential if the company is to grow and play its part in tackling the long term shortage of housing in Britain. We have moved our headquarters in Tiverton from the Island to Gotham House which will provide space for expansion.

During the year Peter Cobb retired from the board of Devonshire Homes. His knowledge and expertise will be missed and I thank him for all he did.

House building is a testing business even in good times. The acquisition of land, the complexity of the planning and regulatory systems, the accounting and cost control, and the design, construction and sale of houses, are all demanding tasks. In difficult trading conditions we rely even more on the commitment of our staff and I combine my thanks to them with confidence for the future.

Name David Heathcoat Amory
Chairman

D Heathcoat-Amory
David Heathcoat-Amory

Date 26 March 2024

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

INTRODUCTION

Devonshire Homes' business model is to acquire land, secure satisfactory planning permission and develop the land for new-build residential houses for sale. The group acquires land through option agreements and open market transactions.

BUSINESS REVIEW

The group has sold 147 units in the year and remained profitable and cash positive.

PRINCIPAL RISKS AND UNCERTAINTIES

The group has identified the following key risks and management of those risks as part of its normal business:

Risk	Management
Economic demand fluctuations	Managing build rates against sales activity Cautious gearing approach Improving land acquisition process
Limited mortgage availability	Investing in a range of house types Focussed on family housing in areas of demand Range of schemes to assist buyers
Insufficient investment in land	Defined strategy and geographical focus Regular review of land pipeline
Inability to source adequate materials and subcontract labour at the right cost	Build programmes in place and communicated to material suppliers and contractors
Unsafe practices in our construction activities	Health, safety and environmental performance monitored with regular training for all staff and site based personnel

FINANCIAL KEY PERFORMANCE INDICATORS

The group monitors in particular health & safety, sales performance, gross margins, EBITDA and gearing ratios.

DEVONSHIRE HOMES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE GROUP

In line with Section 172(1) of the Companies Act 2006, the Directors of the company must act in a way which they consider, in good faith, would most likely promote the success of the company for the benefits of its members as a whole, and in doing so must have regard to a number of other key matters. There must therefore be a careful balance of sometimes competing interests of different stakeholder groups and it is the duty of the Directors to act in such a way that should promote the long-term success of the company as a whole.

Our company aims are to be Profitable, Successful, Safe, Customer Focussed, Socially Engaged and Environmentally Responsible.

This is detailed further in the following matters set out in Section 172(1) of the Act:

a) The likely consequence of any decisions in the long-term: Devonshire Homes has a governance structure that includes an effective Group Board and Senior Management Team, which brings together a wide range of commercial, housebuilding and financial experience. Collectively they are responsible for the long-term success of the group. The group's approved strategy is designed to have a long-term beneficial impact and to contribute to its success in producing good quality homes for our customers achieved by carefully selecting new sites, delivering high quality workmanship, whilst maintaining a safe, enjoyable working environment, treating our business partners with integrity, providing high levels of customer service.

b) The interests of the group's employees: our employees are a key resource, dedicated to building excellence and selling homes that our customers value. Our proposition towards and expectation of our employees is outlined in the table below:

Stakeholder Group	Our Proposition Towards	Our Expectations Of:
Employees	<ul style="list-style-type: none">• To be supportive• Flexible• Aspire to IIP values• Act with integrity• Retain a family ethos• Promote a safe working environment	<ul style="list-style-type: none">• Support the group values.• Support each other in the attainment of company objectives.• Take responsibility for tasks, people and assets entrusted to them.• Be prepared to go the extra mile for their customers inside and outside the business.• Work safely and help others to do so too.

Our employees actively pursue opportunities for personal development and career progression with the support of management; a culture of inclusion and diversity; compensation and benefits; the ability to make a difference. We positively seek employee feedback in regular engagement surveys and a Suggestion Scheme to seek opinions, questions, and ideas.

c) The need to foster the group's business relationship with customers, business partners and others - we are committed to providing high levels of customer service which is evidenced through achieving credible satisfaction levels. This is independently verified, but we aspire to achieve a higher standard. Our business partners are key stakeholders in the business and facilitate our delivery of homes that our customers want. They allow us to position and show our brand in the market. Our proposition towards and expectation of our customers and business partners is outlined in the table below:

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

Stakeholder Group	Our Proposition Towards	Our Expectations Of:
Customers	<ul style="list-style-type: none"> • Meet our Customer Charter obligations. • Deliver a Quality home. • Aspire to achieve a minimum 90% recommendation rate from buyers. 	<ul style="list-style-type: none"> • Aren't abusive of our staff. • Judge us fairly against the standards we offer • Get the most from their homes environmentally friendly features.
Business partners	<ul style="list-style-type: none"> • To be constructive and fair • To provide clear instructions . • Pay when due. 	<ul style="list-style-type: none"> • Engage constructively with company requirements. • Be proactive. • Be responsible for the quality and timeliness of their service • Should deal with our staff in a respectful manner

We have several valuable long-term business partners. We hold periodic contractor and supplier forums to ensure that they are informed and aligned with group's future plans.

The impact of the group's operations on the community and environment - our culture and values are demonstrated through the way that we engage with our communities. Our proposition towards and expectation of our communities and society in general is outlined in the table below:

Stakeholder Group	Our Proposition Towards	Our Expectations Of:
Communities and society in general	<ul style="list-style-type: none"> • To provide good quality homes and jobs • Carefully monitor and manage our environmental impact. • Engage positively with local communities. • We try to put something back. 	<ul style="list-style-type: none"> • Aren't abusive of our staff.

Our aim is to always enhance the locations in which we develop. We take a holistic approach to site planning and focus on delivering public open spaces and amenities to enhance the built environments that we deliver. We aim to minimise and mitigate our impact on the environment. We have robust policies in place to address issues around ecology, resource use and biodiversity which sees us manage environmental impacts throughout the build environment development lifecycle.

d) The desirability of the group maintaining a reputation for high standards and business conduct - the Board of Directors strive to behave responsibly and ensure that our Senior Leadership Team operate the business in a responsible manner, operating within high standards of business conduct. Our good governance structure contributes to the delivery of our plan.

e) The need to act fairly between members of the group - our intention is to behave responsibly towards our shareholders. Our proposition towards and expectation of our shareholders is outlined in the table below:

DEVONSHIRE HOMES LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

Stakeholder Group	Our Proposition Towards	Our Expectations Of:
Shareholders	<ul style="list-style-type: none">• To provide competitive performance over the economic cycle.• Safe, risk managed business model and practices.• Outward looking and socially engaged.• Do business in a manner reflecting the Company Ethos and that of our founders.	<ul style="list-style-type: none">• To be supportive of the Company Values.• Engaged with the company's development and fortunes.• Any dealings with staff should be in a respectful manner.

Other major stakeholder groups include the group's insurers, bankers, advisors, auditors, contractors, suppliers and HMRC. With all these stakeholder groups, the Directors and Senior Leadership Team maintain regular and open dialogue to ensure that all parties are kept informed. This includes holding periodic contractor and supplier forums to ensure that they are informed and aligned with group's future plans. We believe this is essential to maintaining and building strong working relationships.

This report was approved by the board and signed on its behalf.

D Heathcoat-Amory

David Heathcoat-Amory

David Heathcoat Amory
Director

Date: 26 March 2024

DEVONSHIRE HOMES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors present their report and the financial statements for the year ended 30 September 2023.

PRINCIPAL ACTIVITY

The principal activity of the Company is the development of residential property in the South West of England.

DIRECTORS

The directors who served during the year were:

Rt. Hon. D P Heathcoat Amory Chairman
C P Cobb (resigned 31 May 2023)
G C R Langworthy
O M O'Callaghan
A D Cook
J M Pearce
P M Coombes

FUTURE DEVELOPMENTS

The directors continue to monitor the housing market to ensure build and sales are in line. The company is in active pursuit of new land acquisitions.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

Devonshire Homes is proud of the quality of the homes that we build for our customers. We measure ourselves against independent customer satisfaction surveys each year.

We work closely with our suppliers and others to ensure health & safety requirements are met and that the quality of work is to our required standards.

DEVONSHIRE HOMES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

GREENHOUSE GAS EMISSIONS, ENERGY CONSUMPTION AND ENERGY EFFICIENCY ACTION

Streamline energy and carbon reporting

Energy consumption and GHG emissions	2023 Oct-Sept	2022 Jan-Sept
<i>Energy consumption used to calculate emissions (kWh)</i>	276,662	252,510
Scope 1 emissions in metric tonnes CO ₂ e		
Own transport - commercial vehicles - diesel & petrol	30.97	43.03
<u>Total Scope 1</u>	30.97	43.03
Scope 2 emissions in metric tonnes CO ₂ e		
Purchased electricity	64.50	58.87
<u>Total Scope 2</u>	64.50	58.87
Scope 3 emissions in metric tonnes CO ₂ e		
Business travel in employee owned vehicle - diesel & petrol	15.53	12.08
<u>Total Scope 3</u>	15.53	12.08
<u>Total gross emissions in metric tonnes CO₂e</u>	111.00	113.98
Intensity Ratio		
Tonnes per CO ₂ e per group turnover (£m)	2.71	3.97

Intensity Ratio

Because this year's consumption now includes the whole group's energy consumption, we have decided that the most relevant intensity ratio for measurement and peer group comparison is the group's turnover, one that will be common for all sectors and best fits with the consumption of the energy used. The chosen intensity ratio is the total gross emission measured in tonnes CO₂e per group turnover.

Methodology Used

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol - Corporate Standard, the 2020 UK Government's Conversion Factors For Company Reporting and our 2019 Energy Savings Opportunity Scheme (ESOS) assessment.

Measures Taken to Improve Energy Efficiency

The company has taken a number of measures to improve energy efficiency that include:

- commencing to replace our company car fleet with the purchase of electric vehicles;
- the installation of electric car charging points at head office to aim to reduce our emissions from business travel of both our company car fleet and employee owned vehicles; and
- the replacement of older commercial vehicles with newer more energy efficient models.

We have seen and will continue to see the benefits of implementing technology that supports video conferencing and more collaborative working; which will reduce the necessity for staff to travel to different locations for meetings. We continue to replace our company car fleet with the purchase of electric vehicles. We also plan to review the installation of solar panels at our head office.

DEVONSHIRE HOMES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

POST BALANCE SHEET EVENTS

On 15 February 2024 Devonshire Homes (RGI) Limited transferred its 100% shareholding in Devonshire Homes (Mabe) Limited to Devonshire Homes Limited.

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

D Heathcoat-Amory

David Heathcoat-Amory

David Heathcoat Amory
Director

Date: 26 March 2024

Gotham House
Hammett Square
Phoenix Lane
Tiverton
Devon
EX16 6LT

DEVONSHIRE HOMES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 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). 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 the Group and of the profit or loss of the Group 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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DEVONSHIRE HOMES LIMITED

OPINION

We have audited the financial statements of Devonshire Homes Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity the Consolidated Analysis of Net Debt and the related notes, 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 Group's and of the parent Company's affairs as at 30 September 2023 and of the Group's 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 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

DEVONSHIRE HOMES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DEVONSHIRE HOMES LIMITED (CONTINUED)

OPINION 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 Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 9, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DEVONSHIRE HOMES LIMITED
(CONTINUED)**

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 Group financial statements.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we have considered the following:

- We have considered the nature of the industry and sector, control environment, and business performance;
- We have considered the results of enquiries with management and the directors in relation to their own identification and assessment of the risks of irregularities within the entity; and
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating effectively, in line with documentation.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- Revenue recognition cut-off; and
- Work in progress valuation

In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, FRS 102 and UK tax legislation. In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or avoid a material penalty. These included building regulation laws, health and safety legislation, environmental legislation, employment legislation and data protection laws.

Our procedures to respond to risks identified included the following:

- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, evaluation whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud;
- Discussions with management, including consideration of known or suspected instances of non-compliance of laws and regulations and fraud; and
- Reviewing board meeting minutes.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

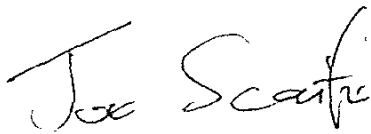
DEVONSHIRE HOMES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DEVONSHIRE HOMES LIMITED
(CONTINUED)**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

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 Auditors' 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.



Joseph Scaife FCA (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
10 Temple Back
Bristol
BS1 6FL
Date: 28 March 2024

DEVONSHIRE HOMES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2023

		12 months ended 30 September 2023 £	As restated for the 9 months ended 30 September 2022 £
	Note		
Turnover	3	40,911,502	28,741,109
Cost of sales		(36,211,468)	(26,326,170)
Gross profit		4,700,034	2,414,939
Administrative expenses		(3,773,554)	(2,412,194)
Operating profit	4	926,480	2,745
Income from joint ventures		1,208,123	694,758
Interest payable and similar expenses	8	(858,466)	(247,214)
Profit before taxation		1,276,137	450,289
Tax on profit	9	25,863	(30,878)
Profit for the financial year		1,302,000	419,411
Profit for the year attributable to:			
Owners of the parent Company		1,302,000	419,411
		1,302,000	419,411

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 22 to 42 form part of these financial statements.

DEVONSHIRE HOMES LIMITED
REGISTERED NUMBER:02769742

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

		2023	As restated 2022
	Note	£	£
Fixed assets			
Tangible assets	10	169,596	135,125
Investments	11	3,191,497	1,983,323
		<u>3,361,093</u>	<u>2,118,448</u>
Current assets			
Stocks	12	29,855,791	26,810,400
Debtors: amounts falling due after more than one year	13	48,985	48,985
Debtors: amounts falling due within one year	13	8,340,254	4,033,417
Cash at bank and in hand	14	6,084,500	7,641,662
		<u>44,329,530</u>	<u>38,534,464</u>
Creditors: amounts falling due within one year	15	(29,593,547)	(23,827,872)
Net current assets		<u>14,735,983</u>	<u>14,706,592</u>
Total assets less current liabilities		<u>18,097,076</u>	<u>16,825,040</u>
Provisions for liabilities			
Deferred taxation	16	-	(25,863)
Other provisions		(78,200)	(82,301)
		<u>(78,200)</u>	<u>(108,164)</u>
Net assets		<u><u>18,018,876</u></u>	<u><u>16,716,876</u></u>
Capital and reserves			
Called up share capital	18	100,000	100,000
Profit and loss account	19	17,918,876	16,616,876
		<u><u>18,018,876</u></u>	<u><u>16,716,876</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D Heathcoat-Amory
David Heathcoat-Amory

David Heathcoat Amory
Director

Date: 26 March 2024

The notes on pages 22 to 42 form part of these financial statements.

DEVONSHIRE HOMES LIMITED
REGISTERED NUMBER:02769742

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

			2023 £	As restated 2022 £
	Note			
Fixed assets				
Tangible assets	10		169,596	135,125
Investments	11		5,293	5,243
			174,889	140,368
Current assets				
Stocks	12	29,855,791	26,810,400	
Debtors: amounts falling due after more than one year	13	48,985	48,985	
Debtors: amounts falling due within one year	13	8,296,270	3,975,312	
Cash at bank and in hand	14	6,073,431	7,638,265	
		44,274,477	38,472,962	
Creditors: amounts falling due within one year	15	(29,993,419)	(24,221,404)	
Net current assets			14,281,058	14,251,558
Total assets less current liabilities			14,455,947	14,391,926
Provisions for liabilities				
Deferred taxation	16	-	(25,863)	
Other provisions		(78,200)	(82,301)	
			(78,200)	(108,164)
Net assets			14,377,747	14,283,762
Capital and reserves				
Called up share capital	18	100,000	100,000	
Profit and loss account	19	14,277,747	14,183,762	
		14,377,747	14,283,762	

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

D Heathcoat-Amory
David Heathcoat-Amory

David Heathcoat Amory
Director

Date: 26 March 2024

The notes on pages 22 to 42 form part of these financial statements.

DEVONSHIRE HOMES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022 (as previously stated)	100,000	17,152,077	17,252,077
Prior year adjustment	-	(583,612)	(583,612)
At 1 January 2022 (as restated)	100,000	16,568,465	16,668,465
Profit for the period (as restated)	-	419,411	419,411
Dividends paid	-	(371,000)	(371,000)
At 1 October 2022 (as previously stated)	100,000	17,692,911	17,792,911
Prior year adjustment	-	(1,076,035)	(1,076,035)
At 1 October 2022 (as restated)	100,000	16,616,876	16,716,876
Profit for the year	-	1,302,000	1,302,000
At 30 September 2023	100,000	17,918,876	18,018,876

DEVONSHIRE HOMES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	100,000	14,822,956	14,922,956
Loss for the period (as restated)	-	(268,194)	(268,194)
Dividends paid	-	(371,000)	(371,000)
At 1 October 2022 (as previously stated)	100,000	14,576,922	14,676,922
Prior year adjustment	-	(393,160)	(393,160)
At 1 October 2022 (as restated)	100,000	14,183,762	14,283,762
Profit for the year	-	93,985	93,985
At 30 September 2023	100,000	14,277,747	14,377,747

The notes on pages 22 to 42 form part of these financial statements.

DEVONSHIRE HOMES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	2023 £	As restated 2022 £
Cash flows from operating activities		
Profit for the financial year	1,302,000	419,411
Adjustments for:		
Depreciation of tangible assets	52,364	26,265
Profit on disposal of tangible assets	(16)	-
Interest paid	858,466	247,214
Taxation charge	(25,863)	30,878
(Increase) in stocks	(3,045,391)	(5,219,493)
(Increase)/decrease in debtors	(892,656)	707,613
Decrease/(increase) in amounts owed by groups	235,170	(231,858)
(Increase) in amounts owed by joint ventures	(2,450,868)	(20,127)
Increase in creditors	605,725	2,187,525
(Decrease)/increase in provisions	(4,101)	19,599
Share of profit in joint ventures	(1,208,123)	(694,758)
Corporation tax (paid)	(11,148)	(37,961)
Net cash generated from operating activities	(4,584,441)	(2,565,692)
Cash flows from investing activities		
Purchase of tangible fixed assets	(87,318)	(92,824)
Sale of tangible fixed assets	499	-
Purchase of shares in joint ventures	(50)	-
Net cash from investing activities	(86,869)	(92,824)

DEVONSHIRE HOMES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	2023 £	2022 £
Cash flows from financing activities		
New secured loans	5,918,739	2,465,336
Repayment of loans	(1,978,833)	(957,791)
Other new loans	1,500,000	-
Repayment of other loans	(1,467,292)	(940,971)
Dividends paid	-	(371,000)
Interest paid	(858,466)	(247,214)
Net cash used in financing activities	3,114,148	(51,640)
Net (decrease) in cash and cash equivalents	(1,557,162)	(2,710,156)
Cash and cash equivalents at beginning of year	7,641,662	10,351,818
Cash and cash equivalents at the end of year	6,084,500	7,641,662
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,084,500	7,641,662
	6,084,500	7,641,662

The notes on pages 22 to 42 form part of these financial statements.

DEVONSHIRE HOMES LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	At 1 October 2022 £	Cash flows £	At 30 September 2023 £
Cash at bank and in hand	7,641,662	(1,557,162)	6,084,500
Debt due within 1 year	(9,395,977)	(3,972,614)	(13,368,591)
	<u> </u>	<u> </u>	<u> </u>

The notes on pages 22 to 42 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

1. GENERAL INFORMATION

Devonshire Homes Limited is a limited liability company incorporated in England and Wales. The registered office is Gotham House, Phoenix Lane, Tiverton, Devon, EX16 6LT.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The financial statements are prepared in sterling which is the functional currency of the company.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 ASSOCIATES AND JOINT VENTURES

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Statement of Financial Position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. ACCOUNTING POLICIES (continued)

2.4 GOING CONCERN

These accounts are prepared on the going concern basis. The Directors have an expectation that the company will continue in operational existence for the foreseeable future. The Directors have assessed the current economic position and future outlook of the company. Given the current levels of trading, cash reserves held by the group and company and its access to committed borrowing facilities, the Directors believe the going concern basis continues to be appropriate in preparing the financial statements.

2.5 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 TANGIBLE FIXED ASSETS

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

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the period in which they are incurred.

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

Depreciation is provided on the following basis:

Motor vehicles	- 5 years
Fixtures and fittings and office equipment	- 4 years

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

2. ACCOUNTING POLICIES (continued)

2.7 OPERATING LEASES: THE GROUP AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2.8 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.9 STOCKS AND WORK IN PROGRESS

Stocks and work in progress, comprising residential property development projects including land, are stated at the lower of cost and net realisable value.

2.10 CASH AND CASH EQUIVALENTS

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

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

2.11 FINANCIAL INSTRUMENTS

The Group has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Group has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. ACCOUNTING POLICIES (continued)

2.11 FINANCIAL INSTRUMENTS (CONTINUED)

financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instruments any contract that evidences a residual interest in the assets of the Group after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans, other loans and loans due to fellow group companies are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. ACCOUNTING POLICIES (continued)

2.11 FINANCIAL INSTRUMENTS (CONTINUED)

would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are settled, or when the Group transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Group will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

2.12 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

2.15 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

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

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

2.16 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. ACCOUNTING POLICIES (continued)

2.17 PROVISIONS FOR LIABILITIES

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2.18 DEFERRED INCOME

Housing Association income and income received in respect to build costs are treated initially as deferred income and released to the Consolidated Statement of Comprehensive Income when sales are completed on the developments for which the income relates.

2.19 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. TURNOVER

The whole of the turnover is attributable to the sale of residential property in the South West of England.

All turnover arose within the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

4. OPERATING PROFIT

The operating profit is stated after charging:

	12 months ended 30 September 2023 £	9 months ended 30 September 2022 £
Depreciation charge	52,380	26,265
Other operating lease rentals	130,527	35,386
	<u><u> </u></u>	<u><u> </u></u>

5. AUDITORS' REMUNERATION

During the year, the Group obtained the following services from the Company's auditors and their associates:

	12 months ended 30 September 2023 £	9 months ended 30 September 2022 £
Fees payable to the Company's auditors and their associates for the audit of the consolidated and parent Company's financial statements	20,900	18,100
	<u><u> </u></u>	<u><u> </u></u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

DEVONSHIRE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

6. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	3,392,525	2,076,690	3,392,525	2,076,690
Social security costs	445,874	229,443	445,874	229,443
Cost of defined contribution scheme	116,554	87,551	116,554	87,551
	<u>3,954,953</u>	<u>2,393,684</u>	<u>3,954,953</u>	<u>2,393,684</u>

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

	Group 12 months ended 30 September 2023 No.	Group 9 months ended 30 September 2022 No.	Company 12 months ended 30 September 2023 No.	Company 9 months ended 30 September 2022 No.
Directors	5	6	5	6
Head Office	32	23	32	23
Other	28	24	28	24
	<u>65</u>	<u>53</u>	<u>65</u>	<u>53</u>

7. DIRECTORS' REMUNERATION

During the year retirement benefits were accruing to 5 directors (2022: 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £217,803 (2022: £175,643).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £18,458 (2022: £13,300).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	12 months ended 30 September 2023 £	9 months ended 30 September 2022 £
Other loan interest payable	858,466	247,214
	<u>858,466</u>	<u>247,214</u>

9. TAXATION

	12 months ended 30 September 2023 £	9 months ended 30 September 2022 £
CORPORATION TAX		
Current tax on profits for the year	-	11,249
Adjustments in respect of previous periods	-	1,055
	<u>-</u>	<u>12,304</u>
TOTAL CURRENT TAX	<u>-</u>	<u>12,304</u>
DEFERRED TAX		
Origination and reversal of timing differences	(25,863)	18,574
TOTAL DEFERRED TAX	<u>(25,863)</u>	<u>18,574</u>
TAX ON PROFIT	<u>(25,863)</u>	<u>30,878</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

9. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR/PERIOD

The tax assessed for the year/period is lower than (2022: higher than) the standard rate of corporation tax in the UK of 22% (2022: 19%). The differences are explained below:

	12 months ended 30 September 2023 £	As restated 9 months ended 30 September 2022 £
Profit on ordinary activities before tax	1,276,137	450,289
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22% (2022: 19%)	280,750	85,555
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7,286	751
Capital allowances for year/period in excess of depreciation	(8,605)	(3,489)
Utilisation of tax losses	(43,314)	-
Adjustments to tax charge in respect of prior periods	-	1,055
Tax attributable to joint-ventures	(265,787)	(132,004)
Unrelieved tax losses carried forward	-	74,700
Remeasurement of deferred tax	-	4,505
Other differences leading to an increase (decrease) in the tax charge	1,719	(195)
Group relief	2,088	-
TOTAL TAX CHARGE FOR THE YEAR/PERIOD	(25,863)	30,878

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

On 1 April 2023 the standard rate of UK corporation tax increased from 19% to 25%.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

10. TANGIBLE FIXED ASSETS

Group and Company

	Motor vehicles £	Fixtures and fittings and office equipment £	Total £
COST OR VALUATION			
At 1 October 2022	36,920	233,945	270,865
Additions	6,635	80,683	87,318
Disposals	-	(21,538)	(21,538)
At 30 September 2023	<u>43,555</u>	<u>293,090</u>	<u>336,645</u>
DEPRECIATION			
At 1 October 2022	-	135,740	135,740
Charge for the year on owned assets	8,234	44,130	52,364
Disposals	-	(21,055)	(21,055)
At 30 September 2023	<u>8,234</u>	<u>158,815</u>	<u>167,049</u>
NET BOOK VALUE			
At 30 September 2023	<u>35,321</u>	<u>134,275</u>	<u>169,596</u>
At 30 September 2022	<u>36,920</u>	<u>98,205</u>	<u>135,125</u>

DEVONSHIRE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

11. FIXED ASSET INVESTMENTS

Group

	Investment in joint ventures £
COST OR VALUATION	
At 1 October 2022 (as previously stated)	2,666,198
Prior Year Adjustment	(682,875)
	<hr/>
At 1 October 2022 (as restated)	1,983,323
Additions	51
Share of profit/(loss)	1,208,123
	<hr/>
At 30 September 2023	3,191,497
 NET BOOK VALUE	
At 30 September 2023	3,191,497
	<hr/> <hr/>
At 30 September 2022 (as restated)	1,983,323
	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

11. FIXED ASSET INVESTMENTS (CONTINUED)

Company

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
COST OR VALUATION			
At 1 October 2022	2,109,397	1	2,109,398
Additions	-	50	50
Disposals	(2,104,155)	-	(2,104,155)
Transfers intra group	(1)	1	-
At 30 September 2023	5,241	52	5,293
At 1 October 2022	2,104,155	-	2,104,155
Impairment on disposals	(2,104,155)	-	(2,104,155)
At 30 September 2023	-	-	-
NET BOOK VALUE			
At 30 September 2023	5,241	52	5,293
At 30 September 2022	5,242	1	5,243

DEVONSHIRE HOMES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

11. FIXED ASSET INVESTMENTS (CONTINUED)**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Devonshire Homes (Axminster) Limited *	Gotham House, Hammett Square, Phoenix Lane, Tiverton, Devon, United Kingdom, EX16 6LT	Dormant	Ordinary	100%
Devonshire Homes (Belmont) Limited *	Gotham House, Hammett Square, Phoenix Lane, Tiverton, Devon, United Kingdom, EX16 6LT	Dormant	Ordinary	100%
Devonshire Homes (Cullompton) Ltd *	Gotham House, Hammett Square, Phoenix Lane, Tiverton, Devon, United Kingdom, EX16 6LT	Dormant	Ordinary	100%
Devonshire Homes (Landkey) Limited *	Gotham House, Hammett Square, Phoenix Lane, Tiverton, Devon, United Kingdom, EX16 6LT	Dormant	Ordinary	100%

* indicates the subsidiary which Devonshire Homes Limited has provided a parental guarantee for and as such these subsidiaries are exempt from audit under section 479A of the Companies Act 2006.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

11. FIXED ASSET INVESTMENTS (CONTINUED)**JOINT VENTURES**

The following were joint ventures of the Company:

Name	Registered office	Holding
Devonshire Homes (St Austell) Limited	Gotham House, Hammett Square, Phoenix Lane, Tiverton, Devon, United Kingdom, EX16 6LT	50%
Devonshire Homes (RGI) Limited	Gotham House, Hammett Square, Phoenix Lane, Tiverton, Devon, United Kingdom, EX16 6LT	50%
Devonshire Homes (Ilfracombe) Limited	Gotham House, Hammett Square, Phoenix Lane, Tiverton, Devon, United Kingdom, EX16 6LT	50%

Devonshire Homes (St Austell) Limited is jointly owned by the Housing Growth Partnership GP LLP and Devonshire Homes Limited. Devonshire Homes (RGI) Limited is jointly owned by the Housing Growth Partnership GP II LLP. Devonshire Homes (Ilfracombe) Limited is jointly owned by the Housing Growth Partnership GP III LLP.

12. STOCKS

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Land for residential development	6,429,555	9,499,236	6,429,555	9,499,236
Work in progress	23,426,236	17,311,164	23,426,236	17,311,164
	<u>29,855,791</u>	<u>26,810,400</u>	<u>29,855,791</u>	<u>26,810,400</u>

DEVONSHIRE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

13. DEBTORS

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
DUE AFTER MORE THAN ONE YEAR				
Trade debtors	48,985	48,985	48,985	48,985
	<u>48,985</u>	<u>48,985</u>	<u>48,985</u>	<u>48,985</u>
	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
DUE WITHIN ONE YEAR				
Trade debtors	660,346	546,479	652,026	538,159
Amounts owed by joint ventures and associated undertakings	5,716,893	2,302,712	5,716,893	2,302,712
Other debtors	1,590,365	939,212	1,588,401	923,127
Prepayments and accrued income	372,650	245,014	338,950	211,314
	<u>8,340,254</u>	<u>4,033,417</u>	<u>8,296,270</u>	<u>3,975,312</u>

14. CASH AND CASH EQUIVALENTS

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	6,084,500	7,641,662	6,073,431	7,638,265
	<u>6,084,500</u>	<u>7,641,662</u>	<u>6,073,431</u>	<u>7,638,265</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	11,464,923	7,525,017	11,464,923	7,525,017
Other loans	1,903,668	1,870,960	1,903,668	1,870,960
Trade creditors	6,300,740	5,267,146	6,300,740	5,267,146
Amounts owed to group undertakings	4,635,562	4,400,392	5,069,671	4,838,655
Amounts owed to joint ventures	963,313	-	963,313	-
Corporation tax	101	11,249	-	6,653
Other taxation and social security	339,968	195,523	339,968	195,523
Other creditors	3,079,798	2,327,736	3,067,407	2,315,345
Accruals and deferred income	905,474	2,229,849	883,729	2,202,105
	29,593,547	23,827,872	29,993,419	24,221,404

Balances included within the consolidated amounts owed to group undertakings relate to the ultimate parent company London & Devonshire Trust Limited.

Devonshire Homes Limited has an £20 million RCF facility with Lloyds Bank PLC which expires in February 2026. Drawdowns outstanding at 30 September 2023 are £11,464,923 (2022: £7,525,017). The loan is secured by a fixed charge over the developments together with a floating charge over the assets of the company. Certain cross guarantees are in place between the company, its parent company and associated subsidiary companies.

Included in other loans is £Nil (2022: £733,346) due to Westco Properties Limited which is repayable upon the sale of open market houses to be developed on land jointly owned by the company and Westco Properties Limited under a joint arrangement. Interest is charged at 3.5% above the Bank of England base rate. This loan is fully paid off as of 30 September 2023.

The remaining other loan balances relates to amounts received to fund the 'Longston Cross' project. These are secured over the development land and accrue interest at Lloyds Bank plc base rate plus an interest margin of 4% per annum. The loan is to be repaid in instalments at each sale of an open market house until the loan has been repaid in full or as otherwise agreed by the Parties in writing. During the year the Group and Company were advanced additional funding of £1.5m.

DEVONSHIRE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

16. DEFERRED TAXATION

Group

	2023 £
At beginning of year	(25,863)
Charged to the profit or loss	25,863
AT END OF YEAR	-

Company

	2023 £
At beginning of year	(25,863)
Charged to the profit or loss	25,863
AT END OF YEAR	-

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Fixed asset timing differences	-	(25,863)	-	(25,863)
	-	(25,863)	-	(25,863)

17. MAINTENANCE PROVISION

	Group 30 September 2023 £	Company 30 September 2023 £
At 30 September 2022	82,301	82,301
Charged to profit or loss	(4,101)	(4,101)
AT 30 SEPTEMBER 2023	78,200	78,200

MAINTENANCE PROVISION

The maintenance provision represents the Group and Company's estimated liability to repair houses sold under warranty. It is based on the historical level of claims/expenditure on houses sold during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

23. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Not later than 1 year	204,518	31,022	204,518	31,022
Later than 1 year and not later than 5 years	384,818	47,849	384,818	47,849
	589,336	78,871	589,336	78,871

24. RELATED PARTY TRANSACTIONS

Key management personnel:

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total compensation (including remuneration, social security contributions and employer pension contributions) in respect of these individuals is £673,556 (2022: £490,825).

Related party transactions:

As the company is a wholly owned subsidiary of London & Devonshire Trust Limited, the Company is able to take advantage of the exemption under the terms of the Financial Reporting Standard 102 from disclosing related party transactions with wholly owned entities that are part of the group.

Devonshire Homes (St Austell) Limited, a 50% joint venture of Devonshire Homes Limited was charged £5,165,289 (2022: £5,243,272) by Devonshire Homes Limited in relation to work done on their behalf. At the year end Devonshire Homes Limited owed £963,313 to Devonshire Homes (St Austell) Limited (2022: was owed £2,302,712)..

Lowman Manufacturing Company Limited, a company with common owners charged rent to Devonshire Homes Limited of £41,000 (2022: £30,750) for lease of its head office.

Petram Holdings Limited and Rule Five Land Ltd are companies which are each controlled by a director and their respective spouse and have each issued loans of £1.5m to the company. The loan is secured on land held by the company and is repaid in installments at each sale of an open market house until the loan has been repaid in full or as otherwise agreed by the parties in writing. Interest is charged at 4% plus Lloyds Bank plc base rate and during the year interest of £152,319 (2022: £181,139) was charged in relation to the loans. At the year end the company owed £201,834 (2022: £568,807) to Petram Holdings Limited and £1,701,834 (2022: £568,807) to Rule Five Land Ltd. The amount is included within other loans.

25. POST BALANCE SHEET EVENTS

On 15 February 2024 Devonshire Homes (RGI) Limited transferred its 100% shareholding in Devonshire Homes (Mabe) Limited to Devonshire Homes Limited.

DEVONSHIRE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

18. SHARE CAPITAL

	2023 £	2022 £
ALLOTTED, CALLED UP AND FULLY PAID		
100,000 (2022: 100,000) Ordinary shares of £1.00 each	<u>100,000</u>	<u>100,000</u>

19. RESERVES

Profit and loss account

The year end profit and loss account reserve includes all current and prior period retained profits and losses.

20. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made in respect of the Tarka View Crediton development following a review of the costs to date and cost to complete. The company has to allocate site-wide development costs between homes built in the current year and in future years. It also has to estimate costs to complete on such developments. In making these assessments, there is a degree of inherent uncertainty. With respect to the prior year adjustment this represents an error in the estimate that should have been adjusted for in that year. The adjustment has resulted in an increase in cost of sales by £393,160 and a reduction in work in progress by the same amount. The overall impact to the prior year profit and loss was a reduction in profit of £393,160.

The same review also identified an error in respect of the Gwallon Keas St Austell development. As a result a prior year adjustment was made in Devonshire Homes (St Austell) Limited. Please see the financial statements for Devonshire Homes (St Austell) Limited for the year ended 30 September 2023 for further details. The impact of the adjustment in the prior year has resulted in an decrease in the income from joint ventures by £99,263, a reduction in the value of the joint venture investment of £682,875 and a reduction in the brought forward reserves of £583,612.

The overall impact to the prior year profit and loss was a reduction in profit of £492,423 and a total impact on carried forward profit and loss reserves of £1,076,035.

The Group and its joint ventures are continually improving internal controls to assess and review carrying values and the appropriateness of estimates made.

21. CONTINGENT LIABILITIES

At 30 September 2023 the Company had agreed to indemnities totalling £6,024,899 (2022: 3,805,425) in respect of performance bonds.

22. PENSION COMMITMENTS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £116,554 (2022: £87,551). Contributions totalling £33,698 (2022: £27,711) were payable to the fund at 30 September 2022 and are included in other creditors.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

26. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate parent undertaking is London & Devonshire Trust Limited, registered in England and Wales. This is the only group of which the Company is a member and for which group accounts are prepared. Copies of the above group accounts are available from the Secretary of the Company at Gotham House, Hammett Square, Phoenix Lane, Tiverton, Devon, EX16 6LT.