Company Registration No. 08221003 (England and Wales)

LIFESTORY GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

LIFESTORY GROUP LIMITED

COMPANY INFORMATION

Directors	Mr Mark Dickinson Ms Alison Endemano Mr Stefano Mazzoli Mr David Simpson Mr James Van Steenkiste
Secretary	Mr Jeremy Williams
Company number	08221003
Registered office	Unit 3 Royal Court Church Green Close Kings Worthy Winchester Hampshire United Kingdom SO23 7TW
Auditor	Deloitte LLP Gatwick United Kingdom

LIFESTORY GROUP LIMITED

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LIFESTORY GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The directors present the strategic report for the year ended 30 June 2020.

The business model
The principal activity of the company and the group is the development and sale of retirement accommodation.

Review of the group's business
In the year ended 30 June 2020, group turnover was £89,597,000 (2019: £69,766,000), representing 123 unit sales (2019: 112) and land and freehold title sales of £11,577,000 (2019: £1,746,000). In 2020, sales were improved by the availability of finished stock with the handover of 8 (2019: 8) new sites in the year, however, this increase was restricted by the Covid 19 lockdown in the last 3 months. The group's operating loss for the year was £56,928,000 (2019: £33,731,000 loss). This was impacted by an impairment review of sites resulting in an impairment charge in cost of sales of £32,555,000 (2019: £13,534,000). This impairment arose as a result of strategic decisions to not develop certain sites, reductions in forecast GDVs, cost overruns and reductions in expectations of sales prices on sites to be sold as land.

Trading in the year started well with reservations building steadily and helped by a number of new sites coming to the market before the end of 2019. Visitor numbers were good, and conversion of reservations was at a normal rate. The ongoing Brexit deal negotiations created uncertainty more widely across the housing market, however, with the company's customer base not heavily reliant on mortgages or other financing to purchase properties, there was no observed significant reductions in the levels of demand for units around this time. The impact of Covid 19 was much greater with our customers particularly concerned about their safety during this period of the first lockdown. Most of the reservations that were held at the start of lockdown were not lost and communication was maintained with our customers to reassure them during this difficult period.

Since the year end, trading has resumed and, with the right safety measures in place across the sales suites, allowing them to open, visitor numbers have returned, and sales have gradually improved. The company, like others in the market, has suffered from slower completions with chains progressing to completion more slowly than before the lockdowns.

In anticipation of these changes in the current market, the availability of the company's rental offer has been significantly expanded and has been very well received in the post lockdown period after the year end. The sales offer to customers has been simplified and expanded to provide real choice. At the time of this report, the company has seen a significant take up of rental homes and this is seen as a very exciting channel for future growth.

One of the key areas of focus in the year has been to re-set the business for growth and future profitability. A full review of operations has been performed resulting in the divisionalisation of the business into three geographic regions. This has already started to have a very positive impact on the operational control over delivery, sales process and customer service. The new structure has resulted in a re-focus of personnel as part of this process, which has reduced headcount by 78 in the year. It has now matched the excellent talent within the organisation to best effect, with the team engaged and highly motivated to build value for all of our stakeholders.

The new divisions have been aligned to the core principles of excellent customer service and the company has worked tirelessly to set itself on the right course to be a market leader in this regard. It will be achieved by the choice offered to customers, the attention and care by the Lifestory team and quality of its product. In the year, a significant amount of time and resource has been employed in re-working quality issues that have arisen from the insolvency of one its main contractors and other legacy supply chain issues. This has impacted the profit in the year, but we believe that where affected the buildings have now been returned to the exacting standards which we set and in two isolated cases the issues have been identified and they are in the course of being resolved.

The outbreak of Covid 19 has been an extraordinary team effort within the business to ensure that our customers and the communities we serve, have been kept safe. Planning and execution have been meticulous, with government guidance being followed at all times. It has been particularly rewarding to see how our hosts have put their communities often ahead of their own needs, to ensure their safety through this period. It is this drive and passion to build positive communities for our customers that is at the heart of what Lifestory believes in, and the pandemic has been evidence of how this is at the core of who we are. During the initial lockdown it became necessary to furlough a number of staff, as a result of following the government's guidance on Covid 19. A total of £472,000 was claimed. The company deferred PAYE and National Insurance valued at £1,424,000, which was repaid in instalments by January 2021, but VAT was not deferred.

At the end of the financial year, the group had 50 sites (2019: 55 sites). There were 24 sites completed and available for sale, 7 under construction, a landbank of 17 and 2 sites under contract. As part of the strategic review, 6 sites in the landbank have been identified for sale and at the time of this report, 2 of these are now in contract and one has completed.

During the year, 3 sites were acquired (2019: 3 sites) at Wooburn Green, (Buckinghamshire), Cranleigh (Surrey) and Sidmouth (Devon). Planning consents were also successfully obtained at 4 sites including Cobham, West Byfleet as well as two of the new acquisitions. An appeal was lost at our Lymington site and we hope to gain approval later in 2021.

The reservation pipeline continues to build and at the date of this report, stood at 19 reservations (£18.3 million) and 1 exchange (£1.0 million).

Key performance indicators

	Year ended 30 June 2020	**Year ended 30 June 2019**
Units sold	123	112
Sites acquired	3	3
Operating loss	£56.9 million	£33.7 million

	As at 30 June	**As at 30 June**
Sites under construction at year end	7	18
Landbank units at year end	1,177	1,751
Shareholders' (deficit)/ funds	(£70.3) million	£30.1 million
GDV pipeline at year end	£812 million	£1,104 million
Employees (average)	213	291

Units sold, sites acquired, and the operating loss are discussed in the review of the group's business above. Shareholders' funds have reduced into a deficit due to the loss for the year.

The number of sites under construction at year end has reduced as more sites were completed than commenced construction. Landbank units and the GDV pipeline at year end have both reduced as the units and value of sites acquired has been exceeded by units sold in the year and units on existing sites which are not considered viable to develop.

Employee numbers have decreased as part of the strategic review as noted above. The directors are dedicated to developing our employees and supporting them to undertake a variety of training and development activities and measure the impact of these on the individual's and company's performance.

Operational merger with Anthology Group Limited
On 1 October 2019 we announced the operational merger of the business with its sister company Anthology Group Limited, a London based property developer focused on open market sales and affordable homes. Lifestory will act as an umbrella brand, bringing together these strong customer-facing brands to deliver on our goal of transforming customer experience when buying a new home, whatever stage of life our customers are at. This flexible approach allows us to address the needs of a wider range of different customers and communities across the country.

The merger has not impacted the legal structure of the businesses; however, both have the same ultimate parent company. There has been a sharing of teams, operational process and looking ahead this will provide a new platform for both entities to access opportunities. The progress on this merger has been an important part of the refocus for the group and the shared qualities will underpin the strategy for future success.

Funding and going concern
On 4 July 2019, the group completed a £525 million, 5-year loan facility with a syndicate of lenders including Sculptor Petrel Investment S.a.r.l, AIG and Lloyds Bank. This facility has been operated throughout the financial year and, despite the pressures from Covid 19, the group has remained covenant compliant throughout the reporting period.

The business has experienced a long period of expansion, which has been fully supported by its parent company, Oaktree European Principal Fund III. This has been further underwritten by the £294.9 million conversion of its intercompany loan into equity on 29 January 2021, providing a significant boost to the net asset value of the business from this point.

The business constantly monitors its funding position against the forward-looking plan to ensure there is sufficient headroom and this is done with the full visibility and input by the Fund. At the date of this report, when sensitising the cash flow forecast for the reasonably possible worst-case scenario, a further £65 million of funds is expected to be required in the foreseeable future to support the continued growth of the business and also to ensure liquidity and covenants are being met.

On 9 March 2021, the business entered into a £35 million loan agreement with its sister company, Anthology Group Limited and on 25 June 2021 this facility was increased to £42 million, of which £17 million has been drawn to the date of this report. When combined with a number of transactions which are anticipated to complete in the near future, the directors are satisfied that the financial statements can be prepared on a going concern basis and that there is sufficient liquidity to meet the needs of the business.

These transactions are in the normal course of trading for the group but would have a material impact on the liquidity of the group as explained in note 1, as a result there is a material uncertainty in relation to going concern at the date of this report.

Events after the reporting date
The impact of the Covid 19 outbreak has become more stable with the rollout of the vaccination programme. The situation is being monitored and government's guidelines are being followed and communicated to staff. At the date of this report all of the customer operations staff at our developments had received a vaccination as well as the majority of our residents.

At this stage we have seen sales steadily build since the three lockdowns. and supported by SDLT holidays provided to June 2021, but management will continue to monitor this closely. With the increased possibility of insolvency brought about by Covid 19 and Brexit in the build and supply chain the company has increased the scrutiny and performance measurement of partners and contractors. These measures provide an early warning mechanism allowing the company to take any avoidance measures.

Against this backdrop of Covid 19, Hackwood Homes Limited, a subsidiary company of Lifestory Group, appointed administrators on 4 March 2021. The company is working with the administrators to understand the next steps for this business.

On 29 January 2021 the parent undertaking, OCM Luxembourg Pegasus Holdings S.A.R.L, supported their commitment to the group by capitalising an amount owed in loans, standing at £294,857,000 to new share capital. Two new ordinary shares of £1 were issued and a share premium arose of £294,856,998.

On 9 March 2021, the company also entered into a £35,000,000 loan agreement with its sister company, Anthology Group Limited. Lifestory Group Limited is the borrower. On 25 June 2021 this facility was increased to £42,000,000. The loan is unsecured and repayable on 9 March 2024.

On 23 June 2021, the group entered into a £9,475,000 loan facility agreement with Daiwa Capital Markets Europe Limited. It is a 15-month facility, is secured against certain land sites within the group and attracts interest at 6.75% per annum.

Principal risks and uncertainties

Risk: Planning delays / failure to get consent

Mitigation
- Conditional contracts or fall-back positions including the sale of land
- As business matures, individual site delays have less impact on overall performance

Risk: Build cost inflation / surety of supply

Mitigation
- Alternative forms of construction being reviewed
- Mix of procurement methods utilised such as two-stage tendering and construction management
- Explore new connections with mid-sized construction companies for ongoing programme of work
- Use of fixed price contracts where appropriate
- No start on site until KPI target enquiries / reservations hit

Risk: Market slowdown

Mitigation
- Selling off-plan extends sales period and gives visibility of pipeline
- Alternative structures: discounted 'Home for Life', rent to buy, assured tenancy rental
- Work with Part Exchange providers
- Site appraisals and forecast margins allow for reductions in revenues without causing losses to be made

Risk: Retention of high performing talent

Mitigation
- Appropriate reward structures where employees can benefit from value created

Risk: Covid 19

Mitigation
- Current plans are in place to deal with the government guidelines on Covid 19. Plans will evolve according to changing requirements and conditions

Risk: Brexit- supply of raw materials

Mitigation
- Identifying shortages of materials and appropriate alternative and substitutes
- Advance ordering processes to take account of extended lead time

S172 statement
S172 statement is presented on pages 6 - 8.

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

....
Mr Mark Dickinson
Chief Executive Officer

1/7/21

Directors are required to explain how they consider the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the company and the group under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company and the group.

The S172 statement explains who the company's and the group's stakeholder groups are, their material issues and how the directors of Lifestory Group engage with them, and the effect of that regards, including on the principal decisions taken by the company and the group during the financial year. The S172 statement focuses on matters of strategic importance to Lifestory Group, and the level of information disclosed is consistent with the size and the complexity of the business.

When making decisions, each director ensures that he/she acts in the way he/she considers, in good faith, would most likely promote the company's and the group's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S172(1) (A) The likely consequences of any decision in the long term:
The directors and senior management are supported by an information system that provides timely alerts to matters impacting the business in the short and longer term. This covers all aspects of the operations from health and safety on site, procurement, delivery and sales. The information is used to make the right decisions to ensure the best outcomes in all of these areas and generally, the operations of the company.

On an annual basis a 5-year plan is approved by the board and the performance against this plan is monitored closely, with rolling profit and cash flow projections produced monthly. This identifies, from a financial and cash management perspective, where actions can be taken to optimise the outcomes.

There is a depth of knowledge within the business that ensures the likely impact of external factors is minimised, but this is also supported with active engagement across the business with key stakeholders including the planning authorities, industry bodies, financing stakeholders, investors, the supply chain and our customers.

The directors use all of this information to avoid negative impact of decisions on its stakeholders and to continually build its reputation as a market leader in customer service, design and quality.

172(1) (B) The interests of Lifestory Group's employees:
Lifestory Group's employees are core to the business and fundamental to its long-term success. Significant efforts are made to ensure that Lifestory Group remains a responsible employer from pay and benefits to health, safety and workplace environment. The business actively pursues a practice of gender equality and diversity that reflects society.

The group invests in its employees through a development programme including leadership training, apprenticeships, and specific skills training. The employees are actively encouraged to discuss development needs; and these are factored into the annual review process, to ensure they are captured and actioned.

The group is also proud to have run its graduate recruitment programme for many years and strongly believes in providing the future generations the opportunity to build their careers in the business and set them up to succeed. The goal is for 10% of the workforce to be on a graduate or an apprenticeship programme.

Regular communication is essential and is a key part of the Lifestory approach. A weekly group-wide newsletter is produced, and the Chief Executive presents company updates to all employees every two months. There is also an annual employee survey which provides the team a chance to give honest feedback and is used to inform direction for the future. In the latest survey, it was very pleasing to see that over 90% would recommend Lifestory as a great place to work.

Underlying the day to day team management is a very clear set of policies on health and safety, anti-bribery, anti-money laundering and modern slavery. The processes are clearly defined to support these policies.

S172(1) (C) The need to foster Lifestory Group's business relationships with suppliers, customers and others and S172(1) (D) The impact of Lifestory Group's operations on the community and the environment:

Strong and mutually beneficial relationships with suppliers, customers and government are fundamental pillars for Lifestory Group's operational success. The group seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships. In particular:

Customers
- An ethos of listening to our customers' needs are at the heart of the trust that is built with our customers.
- Encouraging engagement with the community which they are entering before a purchase is completed.
- Offering clear guidance on the purchase, so our customers are fully supported in their decision making.
- Supporting the conveyancing, sales progression and move to make the process as easy as possible.
- Offer a simple choice between purchase or rental.

Partner and suppliers
- Tendering to ensure equal opportunities for suppliers and best commercial outcome for the business.
- Health and Safety control programs to improve safety across the value chain.

Government and regulators
- Maintaining regular dialogue with government and engaging in policy debates that are of concern to Lifestory Group and the communities in which it operates.
- Maintaining an active role in industry groups that present industry views to government.

Society and environment
- Continuous monitoring of environmental management through robust design principles that ensure the homes are built to sustainable standards.
- Full compliance with the current regulations.
- Selecting contractors that have a strong track record of being considerate to the neighbourhood during construction.
- Engaging with our customers to explain the environmental features of their homes, so that they can minimise the impact on the environment.
- Engaging with local communities through social medial, community workshops and training.
- Supporting local community social and charitable programmes as part of our marketing approach and local engagement.

S172(1) (E) The desirability of Lifestory Group maintaining a reputation for high standards of business conduct:
The directors set the highest standards of governance to ensure the business operates in a responsible manner and ensures its reputation and trust of its stakeholders is not questioned.

Regular communication amongst the board and employees and effective, formally recorded board meetings ensure such standards are maintained. Where appropriate, independent legal advice is obtained to support the decision-making process. The directors also receive training on an annual basis to refresh their knowledge on latest requirements.

S172(1) (F) The need to act fairly between members of the company and the group:
The directors are responsible for choosing the course of actions which enables Lifestory Group to achieve its long-term strategy, taking into consideration the impact on stakeholders. In doing so, the directors act fairly between the company's and the group's members. This approach is also further enhanced with a majority of the directors being representatives of the parent undertaking.

The directors and key managers have undertaken a review of operations which has resulted in a reorganisation into three geographical regions. This has improved efficiency, operational control, the sales process and customer service. The improved efficiency and identification of duplicated posts has resulted in a headcount reduction of 78 staff in the year. The teams are now focused on quality, customer service and building value for all the company's stakeholders.

The decision to merge the organisation behind the sister company Anthology with Lifestory will bring a number of benefits. Branding under the Lifestory umbrella will allow clear messaging to customers. Sharing of team skills and processes in both companies will improve efficiency.

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

Disclosure of the future developments of the group and events after the reporting date is given in the Strategic report. Information on the group's financial risk management objectives is provided in note 27 to these financial statements.

Directors

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

Mr Mark Dickinson	
Ms Alison Endemano	
Mr Stefano Mazzoli	
Mr David Simpson	
Mr James Van Steenkiste	
Mr Christopher Compton-Goddard	(Resigned 30 July 2019)
Mr Dion Petri	(Resigned 19 February 2020)
Mr Ian Sutcliffe	(Resigned 30 September 2019)
Mr Ian Trinder	(Resigned 30 September 2019)
Ms Aletheia Powell	(Resigned 30 September 2019)

Results and dividends

The results for the year are set out on page 16.

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

A dividend of £nil (2019: £198,000) was paid by a subsidiary to the non-controlling interest.

Qualifying third party indemnity provisions

The company provided qualifying third-party indemnity provisions to certain directors during the financial year and at the date of this report.

Greenhouse gas emission reporting

This section has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the large and medium-size companies and groups (accounts and reports) regulations 2008 as amended.

During the reporting period 1 July 2019 to 30 June 2020, our annual quantity of emissions in tonnes of carbon dioxide resulting from the purchase of fuel, electricity, heat, steam or cooling consumed in the operation of our vehicles and offices was 655,442 KwH being 202.57 tCO2e. With this being the first year of greenhouse gas emissions reporting a prior-year comparison is not presented. As a measure of efficiency, the company intensity ratio is the number of employees over carbon dioxide consumed which is a ratio of 1.0 tCO2e per employee.

The company has made assumptions and estimation in calculating the emissions output. This included using assessments produced to comply with the Energy Saving Opportunity Scheme (ESOS) Regulation 2014. The methodology used to determine the emissions output was a blend of benchmarking, extrapolating figures and obtaining meterage readings to calculate a reasonable estimate of the company's energy profile. These calculations are prepared by an energy consultancy company, and the company sees reasonable in estimating the usage in the reporting period. The company will seek to improve the recording of energy data where it is currently missing or not available.

Employee involvement
The company promotes equal opportunities and opportunities by applying procedures and practices as set out in our equal opportunities policy covering disabled people. The company will not discriminate in opportunities for recruitment, training, and promotion. The company seeks to continually develop and improve its workforce and is dedicated to developing its employees and supporting them to undertake a variety of training and development activities and measures the impact of these on the individual's and company's performance.

Going concern
In July 2019, a £525 million, 5-year loan facility agreement with Sculptor Petrel Investment S.a.r.l. was completed providing long-term debt funding for the group. This loan has remained covenant compliant throughout the reporting period.

In assessing the going concern position of the group and company, the directors have conducted an in-depth review and prepared detailed cash flow forecasts taking into account the latest operating environment including the implications over Covid-19. A base case scenario was prepared against which the directors expect to deliver, over which a number of downside sensitivities were overlaid to forecast the impact of reasonably possible outcomes. In order to address the reasonably worst-case scenario, and to support continued growth of the business, the directors have determined that a further £65 million of funding is required in the foreseeable future.

The group entered into a £35 million 3-year loan facility with its sister company, Anthology Group Limited on 9 March 2021. On 25 June 2021 this facility was increased to £42 million, of which £17 million has been drawn to the date of this report. The directors, who are common to both groups, with three of Anthology Group's four directors also LifeStory Group directors, will manage the flow of funds from Anthology Group Limited to Lifestory Group Limited. This will provide sufficient funding for Lifestory Group Limited. The directors have assessed the ability of Anthology Group Limited, through sensitised cash flow forecasts, to provide the required level of cash funding as and when required by Lifestory Group Limited. The directors were satisfied that sufficient funding would be available as required. However, in making that assessment, there are certain factors that had not yet been concluded at the date of signing this report. Those factors are:

- the completion of a £40 million development loan for three new sites in Lifestory Group Limited that supports the delivery of these sites over the next 18 months. At the date of this report, terms are being agreed with a lender for this facility and will be subject to lender diligence and credit committee approval;
- in Anthology Group Limited, approximately £11 million of additional funding has not been closed at the date of signing this report, restricting the full amount of the £42 million intercompany loan facility until completed, by this amount; and
- in Anthology Group Limited, the legal completion on the sale of four freehold titles on completed developments within 3 months of the date of approval of these financial statements. This will restrict the full amount of the £42 million intercompany loan facility, until completed, by this amount.

These matters are all in the normal course of trading for the group and reflect the ongoing treasury activities at the current point in time. The business is very experienced in closing these transactions and considers all of these items to be low risk. As a result, the directors believe that the going concern basis of preparation is appropriate in these financial statements. However, given these have not yet concluded at the date of approval of these financial statements, they, in combination, create a material uncertainty that may cast significant doubt on the group's and company's ability to continue as a going concern which in turn may result in the group and company being unable to realise its assets and discharge its liabilities in the normal course of business.

Auditor
The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

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

....
Mr Mark Dickinson
Director

Date: 1/7/21

LIFESTORY GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and company for that period.

In preparing the parent company financial statements, the directors are required to:

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

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LIFESTORY GROUP LIMITED

Opinion
In our opinion:

- the financial statements of Lifestory Group Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2020 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 35.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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

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

Material uncertainty related to going concern
We draw attention to note 1 in the financial statements, which indicates the group and company are reliant on the completion of certain debt funding which has not yet been formally agreed with its lenders and the sale of certain freehold titles. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1 indicate that a material uncertainty exists that may cast significant doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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

In preparing the financial statements, the directors are responsible for assessing the 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

- the information given in the 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept 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.

We have nothing to report in respect of these matters.

Use of our report

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

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

1 July 2021

LIFESTORY GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 £'000	2019 £'000
Revenue	4	89,597	69,766
Cost of sales		(90,876)	(68,613)
Impairment of inventories	6	(32,555)	(13,534)
Reversal of impairment of inventories	6	-	4,486
Gross loss		(33,834)	(7,895)
Administrative expenses		(24,032)	(27,107)
Other operating income	5	938	1,271
Operating loss	6	(56,928)	(33,731)
Finance costs	11	(47,535)	(48,716)
Other gains and (losses)	12	-	(1,764)
Loss before taxation		(104,463)	(84,211)
Tax on loss	13	892	(4,746)
Loss for the financial year		(103,571)	(88,957)
Loss for the financial year is attributable to:			
- Owners of the parent company		(100,402)	(90,754)
- Non-controlling interests		(3,169)	1,797
		(103,571)	(88,957)
Total comprehensive loss for the year is attributable to:			
- Owners of the parent company		(100,402)	(90,754)
- Non-controlling interests		(3,169)	1,797
		(103,571)	(88,957)

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

The accompanying notes on pages 24 - 57 form an integral part of these financial statements.

LIFESTORY GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Non-current assets					
Intangible assets	14		-		-
Property, plant and equipment	15		1,074		1,655
Investment properties	16		12,630		7,583
Right of use assets	26		1,985		-
Deferred tax asset	28		500		-
			16,189		9,238
Current assets					
Inventories	21	602,137		631,236	
Trade and other receivables	22	6,166		5,390	
Cash and cash equivalents		9,421		9,596	
		617,724		646,222	
Total assets			633,913		655,460
Current liabilities					
Trade and other payables	23	(27,322)		(41,063)	
Loans and borrowings	25	-		(400,397)	
Leases	26	(103)		-	
		(27,425)		(441,460)	
Non-current liabilities					
Loans and borrowings	25	(660,743)		(179,465)	
Leases	26	(1,923)		-	
Other payables	24	(13,250)		-	
Deferred tax liability	28	(154)		(546)	
		(676,070)		(180,011)	
Total liabilities			(703,495)		(621,471)
Net (liabilities)/assets			(69,582)		33,989

LIFESTORY GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Equity attributable to owners of the parent company					
Share capital	29		-		-
Capital contribution	29		280,000		280,000
Retained earnings	29		(350,339)		(249,937)
Equity attributable to owners of the parent company			(70,339)		30,063
Non-controlling interest			757		3,926
Total equity			(69,582)		33,989

The accompanying notes on pages 24 - 57 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 1/7/21 and are signed on its behalf by:

....

Mr Mark Dickinson
Director

Company Registration No. 08221003

LIFESTORY GROUP LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Non-current assets					
Property, plant and equipment	**15**		324		462
Investment properties	**16**		1,522		1,582
Right of use assets	**26**		993		-
Investments	**17**		441		-
Deferred tax asset	**28**		500		-
			3,780		2,044
Current assets					
Inventories	**21**	11,940		6,383	
Trade and other receivables	**22**	364,941		351,724	
Cash and cash equivalents		338		238	
		377,219		358,345	
Total assets			380,999		360,389
Current liabilities					
Trade and other payables	**23**	(45,059)		(3,932)	
Loans and borrowings	**25**	-		(29,039)	
Leases	**26**	(194)		-	
		(45,253)		(32,971)	
Non-current liabilities					
Loans and borrowings	**25**	(252,402)		(192,461)	
Leases	**26**	(816)		-	
		(253,218)		(192,461)	
Total liabilities			(298,471)		(225,432)
Net assets			82,528		134,957

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Equity					
Share capital	29		-		-
Capital contribution	29		280,000		280,000
Retained earnings	28		(197,472)		(145,043)
Total equity			82,528		134,957

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £52,429,000 (2019 - £32,265,000 loss).

The accompanying notes on pages 24 - 57 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 1/7/21 and are signed on its behalf by:

....

Mr Mark Dickinson
Director

Company Registration No. 08221003

LIFESTORY GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Share capital	Capital contribution	Retained earnings	Total controlling interest	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2018	-	280,000	(159,183)	120,817	2,327	123,144
Year ended 30 June 2019:						
Loss and total comprehensive loss for the year	-	-	(90,754)	(90,754)	1,797	(88,957)
Subsidiary dividend to non-controlling interest	-	-	-	-	(198)	(198)
Balance at 30 June 2019	-	280,000	(249,937)	30,063	3,926	33,989
Year ended 30 June 2020:						
Loss and total comprehensive loss for the year	-	-	(100,402)	(100,402)	(3,169)	(103,571)
Balance at 30 June 2020	-	280,000	(350,339)	(70,339)	757	(69,582)

The accompanying notes on pages 24 - 57 form an integral part of these financial statements.

LIFESTORY GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	Share capital £'000	Capital contribution £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2018	-	280,000	(112,778)	167,222
Year ended 30 June 2019:				
Loss and total comprehensive loss for the year	-	-	(32,265)	(32,265)
Balance at 30 June 2019	-	280,000	(145,043)	134,957
Year ended 30 June 2020:				
Loss and total comprehensive loss for the year	-	-	(52,429)	(52,429)
Balance at 30 June 2020	-	280,000	(197,472)	82,528

The accompanying notes on pages 24 - 57 form an integral part of these financial statements.

LIFESTORY GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash absorbed by operations	32		(46,470)		(101,989)
Interest paid			(27,539)		(26,860)
Net cash outflow from operating activities			(74,009)		(128,849)
Investing activities					
Purchase of property, plant and equipment		(191)		(592)	
Proceeds on disposal of property, plant and equipment		142		-	
Net cash used in investing activities			(49)		(592)
Financing activities					
Proceeds from borrowings		485,148		27,722	
Repayment of borrowings		(458,098)		-	
Loans from parent undertakings		47,200		90,000	
Repayment of leases		(367)		-	
Dividends paid to non-controlling interest		-		(198)	
Net cash generated from financing activities			73,883		117,524
Net decrease in cash and cash equivalents			(175)		(11,917)
Cash and cash equivalents at beginning of year			9,596		21,513
Cash and cash equivalents at end of year			9,421		9,596

1 Accounting policies

Company Information
Lifestory Group Limited ("the company") is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The registered office is Unit 3 Royal Court, Church Green Close, Kings Worthy, Winchester, Hampshire, United Kingdom, SO23 7TW.

The group consists of Lifestory Group Limited and all of its subsidiaries.

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

1.1 Basis of preparation
The group financial statements consolidate those of the company and its subsidiaries (together referred to as the "group"). The company financial statements present information about the company as a separate entity and not about its group.

The group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act 2006 applicable to companies reporting under IFRSs. The group and company financial statements have been prepared under historical cost convention as modified for financial assets and liabilities at fair value as set out below.

The company financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council as the company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100).

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of a cash flow statement and certain related party transactions.

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

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £52,429,000 (2019 - £32,265,000 loss).

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

1 Accounting policies

1.2 Basis of consolidation

All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group.

The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the group takes into consideration potential voting rights that are currently exercisable.

The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1 Accounting policies

1.3 Going concern

In July 2019, a £525 million, 5-year loan facility agreement with Sculptor Petrel Investment S.a.r.l. was completed providing long-term debt funding for the group. This loan has remained covenant compliant throughout the reporting period.

In assessing the going concern position of the group and company, the directors have conducted an in-depth review and prepared detailed cash flow forecasts taking into account the latest operating environment including the implications over Covid-19. A base case scenario was prepared against which the directors expect to deliver, over which a number of downside sensitivities were overlaid to forecast the impact of reasonably possible outcomes. In order to address the reasonably worst-case scenario, and to support continued growth of the business, the directors have determined that a further £65 million of funding is required in the foreseeable future.

The group entered into a £35 million 3-year loan facility with its sister company, Anthology Group Limited on 9 March 2021. On 25 June 2021 this facility was increased to £42 million, of which £17 million has been drawn to the date of this report. The directors, who are common to both groups, with three of Anthology Group's four directors also LifeStory Group directors, will manage the flow of funds from Anthology Group Limited to Lifestory Group Limited. This will provide sufficient funding for Lifestory Group Limited. The directors have assessed the ability of Anthology Group Limited, through sensitised cash flow forecasts, to provide the required level of cash funding as and when required by Lifestory Group Limited. The directors were satisfied that sufficient funding would be available as required. However, in making that assessment, there are certain factors that had not yet been concluded at the date of signing this report. Those factors are:

- the completion of a £40 million development loan for three new sites in Lifestory Group Limited that support the delivery of these sites over the next 18 months. At the date of this report, terms are being agreed with a lender for this facility and will be subject to lender diligence and credit committee approval;
- in Anthology Group Limited, approximately £11 million of additional funding has not been closed at the date of signing this report, restricting the full amount of the £42 million intercompany loan facility until completed, by this amount; and
- in Anthology Group Limited, the legal completion on the sale of four freehold titles on completed developments within 3 months of the date of approval of these financial statements. This will restrict the full amount of the £42 million intercompany loan facility, until completed, by this amount.

These matters are all in the normal course of trading for the group and reflect the ongoing treasury activities at the current point in time. The business is very experienced in closing these transactions and considers all of these items to be low risk. As a result, the directors believe that the going concern basis of preparation is appropriate in these financial statements. However, given these have not yet concluded at the date of approval of these financial statements, they, in combination, create a material uncertainty that may cast significant doubt on the group's and company's ability to continue as a going concern which in turn may result in the group and company being unable to realise its assets and discharge its liabilities in the normal course of business.

1.4 Revenue

Revenue is generated from sale of individual residential homes, freeholds and leaseholds.

Revenue for all revenue streams is recognised upon legal completion of contracts at which point the group's performance obligations are met. Revenue is recognised at the agreed contract price which is typically due on legal completion.

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

1 Accounting policies

1.5 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to a group of CGUs, that is expected to benefit from the synergies of the combination. Each group of CGUs to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

1.6 Intangible assets other than goodwill

Brands acquired by the group are stated at cost less accumulated amortisation and accumulated impairment losses which are recognised in other gains and losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Brand	10 years

1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Machinery and vehicles	5 years
Fixtures, fittings and equipment	5 years
Computers and software	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

1.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at cost less provision for impairment.

1.9 Non-current investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1 Accounting policies

1.10 Impairment of non-current assets

Impairment tests on goodwill are undertaken annually at the end of each reporting period. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise land and development costs. Net realisable value is based on estimated selling price less cost to completion and disposal. Impairments and impairment reversals are recognised in cost of sales.

1.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

1.13 Financial instruments

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

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

Financial assets

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

Classification of financial assets

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

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

1 Accounting policies

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

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

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

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

Derivative financial instruments
Derivative financial instruments are initially recognised at fair value on the date a contract is entered into and are subsequently re-measured at FVTPL. The respective fair value movements are reflected within the statement of comprehensive income as other gains and losses. The group's derivative financial instruments comprise the Hackwood option (note 20).

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

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

1 Accounting policies

1.15 Taxation

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

Current tax

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

Deferred tax

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

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

1.16 Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.17 Retirement benefits

A defined contribution pension plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

1.18 Leases

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

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

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

1 Accounting policies

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

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

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

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

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

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

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

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

1 Accounting policies

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

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

The group did not have any finance leases.

Operating lease income
Operating lease income is recognised in line with lease agreements. Lease incentives are recognised over the life of the lease.

2 Change in accounting policy

New standards, amendments and interpretations effective in 2019
A number of new and amended standards and interpretations issued by IASB have become effective for the first time for financial periods beginning on (or after) 1 January 2019 and have been applied by the company in these financial statements. With the exception of IFRS 16 "Leases", none of these new and amended standards and interpretations had a significant effect on the group or company because they are either not relevant to the group's or company's activities or require accounting which is consistent with the group's or company's current accounting policies.

Details of the impact the adoption of IFRS 16 has had on these financial statements are given in note 31.

New standards, amendments and interpretations that are not yet effective and have not been early adopted
There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods and which have not been adopted early. None of these are expected to have a significant effect on the company, in particular:

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

3 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Recognition of subsidiary

Hackwood Homes Limited has been recognised under the acquisition method despite the company holding 33.3% of the ordinary share capital, given the company has an unrestricted option to acquire the remaining 66.7% of share capital and therefore has unrestricted potential voting rights over 100% of the company.

Going concern

The directors have judged it appropriate to prepare the financial statements on a going concern basis. In drawing that conclusion, they have made judgements in relation to the occurrence of specific events within twelve months of the date of approval of these financial statements. Further details on those judgements are provided in note 1.3.

3 Judgements and key sources of estimation uncertainty

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

Carrying value of inventories and estimation of costs to complete and achievable revenues
Inventories are stated at the lower of cost and net realisable value. Such inventories include land, work in progress and completed units. Residential development is largely speculative by nature and it is normal that not all inventories are covered by forward sales contracts. To assess the net realisable value of land held for development and sites in the course of construction and completed sites, the group maintains a financial appraisal of the likely revenue which will be generated when these inventories become residential retirement properties for sale and are sold. Where the financial appraisal demonstrates that the revenue will exceed the costs of the inventories and other associated costs of constructing the residential retirement properties, the inventories are stated at cost. Where the projected revenue is lower, the extent to which there is a shortfall is written off through the statement of comprehensive income leaving the inventories stated at net realisable value. To the extent that the revenues which can be generated change, or the final cost to complete for the site varies from estimates, the realisable value of inventories may be different.

Appraisals taking into account estimated achievable revenues, actual inventory and costs to complete as at each reporting date have been completed and identified an impairment of £32,555,000 (2019: £13,534,000) and an impairment reversal of £nil (2019: £4,486,000). Impairment reversals have resulted from increases in estimated sales prices achievable on land site sales based on latest market offers, and strategic decisions to develop sites previously planned to be aborted. These estimates were made by management having regard to actual sales prices, together with competitor and marketplace evidence. Should there be a future significant decline in UK house pricing, impairments of land, work in progress and completed sites may be necessary. Further detail on the value of inventories is in note 21.

Deferred tax
Management assesses whether there will be sufficient future profits to utilise deferred tax assets recognised by reference to the estimated profits generated by the sites where planning has been granted, construction has commenced or are completed, based on the appraisals noted above. The current year position has been arrived at by undertaking the assessment of future profits and applying an appropriate future tax rate, over a future period of three years. These assessments indicated there would be sufficient future taxable profits against which some of the losses could be relieved. Accordingly, a deferred tax asset of £500,000 (2019: £nil) has been recognised which is limited to the amount of estimated future taxable profits. The increase in the year has been driven by more profitable sites being sold in later years in the forecast.

4 Revenue

Revenue in the year represents income from sale of sheltered accommodation for the elderly as well as land and freehold title sales. It arises entirely in the United Kingdom.

Revenue can be analysed as follows:

	2020 £'000	2019 £'000
Legal completions on retirement property	78,020	68,020
Land sales	11,577	1,130
Freehold title sales	-	616
	89,597	69,766

5 Other operating income

	2020 £'000	2019 £'000
Net rental income	687	980
Other income	251	291
	938	1,271

6 Operating loss

	2020 £'000	2019 £'000
Operating loss for the year is stated after charging/(crediting):		
Depreciation of owned property, plant and equipment	630	1,080
Amortisation of right of use assets	293	-
Impairment of investment property	-	382
Cost of inventories recognised as an expense	82,700	62,765
Inventories impairment losses recognised	32,555	13,534
Inventories impairment losses reversed	-	(4,486)

During the year the group received furlough payments of £472,000. The deferral of PAYE and national insurance contributions, which forms part of the UK government's Covid 19 support initiative was valued at £1,424,000.

7 Auditor's remuneration

	2020	2019
Fees payable to the company's auditor and associates:	£'000	£'000
For audit services		
Audit of the financial statements of the group and company	93	89
Audit of the financial statements of the company's subsidiaries	157	163
	250	252
For other services		
Audit-related assurance services	-	8
Taxation compliance services	53	40
Other taxation services	16	85
All other non-audit services	-	245
	69	378

8 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	Group 2020 Number	2019 Number
Administration	165	204
Sales	48	87
Total	213	291

Their aggregate remuneration comprised:

	Group 2020 £'000	2019 £'000
Wages and salaries	13,803	15,406
Social security costs	1,838	1,552
Pension costs	412	194
	16,053	17,152

9 Directors' remuneration

	2020 £'000	2019 £'000
Remuneration for qualifying services	1,404	1,718

9 Directors' remuneration

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £'000	2019 £'000
Remuneration for qualifying services	849	421

No directors were enrolled in any money purchase pension schemes during either the current or prior year. During the year compensation for loss of office amounted to £320,000.

10 Retirement benefit schemes

Defined contribution schemes	2020 £'000	2019 £'000
Charge to profit or loss in respect of defined contribution schemes	412	194

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

At the reporting date, contributions amounting to £51,000 (2019: £63,000) were payable to the scheme and are included within other creditors (note 23).

11 Finance costs

	2020 £'000	2019 £'000
Interest payable on bank loans	27,842	19,318
Interest payable on other loans and leases	109	4,875
Amortisation of bank facility costs	6,728	15,515
Interest payable to group undertakings	12,856	8,372
Loan exit costs	-	636
	47,535	48,716

12 Other gains and (losses)

	Notes	2020 £'000	2019 £'000
Fair value gains/(losses) on financial instruments			
Change in the fair value of deferred consideration		-	5,192
Change in the fair value of Hackwood option	20	-	(2,000)
		-	3,192
Other gains/(losses)			
Impairment of goodwill	14	-	(2,486)
Impairment of intangible assets	14	-	(2,470)
		-	(1,764)

13 Taxation

	2020 £'000	2019 £'000
Deferred tax		
Origination and reversal of temporary differences	(392)	(992)
Change in recognised deferred tax assets	(500)	5,738
Total deferred tax	(892)	4,746

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

	2020 £'000	2019 £'000
Loss before taxation	(104,463)	(84,211)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(19,848)	(16,000)
Tax effect of expenses that are not deductible in determining taxable profit	-	15
Change in recognised deferred tax assets	(500)	5,738
Unrelieved tax losses	19,848	15,985
Short-term temporary differences	(392)	(992)
Taxation (credit)/charge	(892)	4,746

14 Intangible assets

Group	Goodwill	Brand	Total
	£'000	£'000	£'000
Cost			
At 1 July 2018 and 30 June 2019	2,486	2,600	5,086
At 1 July 2019 and 30 June 2020	2,486	2,600	5,086
Amortisation and impairment			
At 1 July 2018	-	130	130
Impairment losses	2,486	2,470	4,956
At 30 June 2019 and 30 June 2020	2,486	2,600	5,086
Carrying amount			
At 30 June 2020	-	-	-
At 30 June 2019	-	-	-

15 Property, plant and equipment

Group	**Machinery and vehicles**	**Fixtures, fittings and equipment**	**Computers and software**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Cost				
At 1 July 2018	1,623	1,184	2,250	5,057
Additions	38	196	358	592
Disposals	(37)	-	-	(37)
At 30 June 2019	1,624	1,380	2,608	5,612
Additions	-	31	160	191
Disposals	(265)	(17)	-	(282)
At 30 June 2020	1,359	1,394	2,768	5,521
Depreciation				
At 1 July 2018	772	662	1,443	2,877
Depreciation charge	207	161	712	1,080
At 30 June 2019	979	823	2,155	3,957
Depreciation charge	126	209	295	630
Disposals	(140)	-	-	(140)
At 30 June 2020	965	1,032	2,450	4,447
Carrying amount				
At 30 June 2020	394	362	318	1,074
At 30 June 2019	645	557	453	1,655

15 Property, plant and equipment

Company	Fixtures, fittings and equipment	Computers and software	Total
	£'000	£'000	£'000
At 1 July 2018	623	2,192	2,815
Additions	3	356	359
At 30 June 2019	626	2,548	3,174
Additions	18	157	175
At 30 June 2020	644	2,705	3,349
Depreciation			
At 1 July 2018	513	1,412	1,925
Depreciation charged in the year	88	699	787
At 30 June 2019	601	2,111	2,712
Depreciation charged in the year	24	289	313
At 30 June 2020	625	2,400	3,025
Carrying amount			
At 30 June 2020	19	305	324
At 30 June 2019	25	437	462

16 Investment properties

	Group	Company
	£'000	£'000
Valued at cost less impairment		
At 1 July 2018	2,242	1,964
Additions	6,502	-
Disposals	(779)	-
Impairment losses	(382)	(382)
At 30 June 2019	7,583	1,582
Additions	8,081	-
Disposals	(3,034)	(60)
At 30 June 2020	12,630	1,522

16 Investment properties

Investment properties comprise £1,522,000 (2019: £1,582,000) of residual interests in sold properties where there is no set redemption date and no rent or interest is charged, and £11,108,000 (2019: £6,001,000) of investment properties which are fully owned and rented out.

The fair value of investment properties within the group at 30 June 2020 was £12,630,000 (2019: £7,583,000) and the company was £1,522,000 (2019: £1,582,000). The fair value is calculated using the UK house price index, then applying this to the cost of the investment and factoring when acquired.

An impairment of £nil (2019: £382,000) was charged in the year against the residual interest in equity value of sold units in light of post year end, open market sales prices achieved.

Total rental income earned in the year from investment properties was £687,000 (2019: £291,000).

17 Investments

		Group		Company	
		2020	2019	2020	2019
	Notes	£'000	£'000	£'000	£'000
Investments in subsidiaries	18	-	-	441	-

The company has investments in subsidiary undertakings as listed in note 18. All subsidiaries are included in the consolidated financial statements of Lifestory Group Limited.

During the year the company acquired the entire share capital of PegasusLife Group Limited comprising 1 ordinary share of £1 for a consideration of £441,000.

Movements in non-current investments

Company	Shares in group undertakings
	£'000
Cost	
At 1 July 2019	-
Additions	441
At 30 June 2020	441
At 30 June 2019	-

18 Subsidiaries and related undertakings

At 30 June 2020, the company had investments in 100% of the ordinary share capital of the following subsidiaries:

Name	Country of incorporation	Registered address	Principal activity	Control	% Held
PegasusLife Renaissance Holdings Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Holding company	Direct	100
All of us (Care) Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Holding company	Direct	100
PegasusLife Group Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Holding company	Direct	100
PegasusLife Development Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Property development	Indirect	100
PegasusLife Lyndhurst Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Property development	Indirect	100
PegasusLife Cobham Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Property development	Indirect	100
PegasusLife Development (Bartrams) Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Property development	Indirect	100
PegasusLife Development (OBR) Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Property development	Indirect	100
PegasusLife Development (Westminster) Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Property development	Indirect	100
PegasusLife Development - (QVH) Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Property development	Indirect	100
All of us (Development) Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Property development	Indirect	100

18 Subsidiaries and related undertakings

Name	Country of incorporation	Registered address	Principal activity	Control	% Held
Helicon Management Limited	UK	105-107 Bath Road, Cheltenham, Gloucestershire, GL53 7PR	Management of real estate	Indirect	100
PegasusLife Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Holding company	Indirect	100
PegasusLife Holdings Limited	UK	105-107 Bath Road, Cheltenham, Gloucestershire, GL53 7PR	Holding company	Indirect	100
PegasusLife Landlord Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Holding company	Indirect	100
PegasusLife Rental Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord-Avail 1 Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord - Avail 2 Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord Ace Sandbanks Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord The Landing Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord Carriages Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord Chapter House Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord Woodlands Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100

18 Subsidiaries and related undertakings

Name	Country of incorporation	Registered address	Principal activity	Control	% Held
PegasusLife Landlord Hortsley Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord Chapelwood Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord No. 79 Fitzjohns Avenue Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord Steepleton Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord Shell Cove Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord Park House Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord JDH Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord Portishead Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord Horsell Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord Hampstead Green Studios Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord The Vincent Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord Falmouth Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100

18 Subsidiaries and related undertakings

Name	Country of incorporation	Registered address	Principal activity	Control	% Held
PegasusLife Landlord Wildernesse House Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord One Bayshill Road Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord Chimes Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
Renaissance Freehold Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
Lifestory Customer Operations Limited	UK	105-107 Bath Road, Cheltenham, Gloucestershire, GL53 7PR	Management of real estate	Indirect	100
Fleur De Lis Tea Rooms Christchurch Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Unlicensed cafe	Indirect	100
Renaissance Retirement Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Property development	Indirect	100
Renaissance Assets Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Property development	Indirect	100
PegasusLife Landlord - Holmwood Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord - Poole Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord - Jesmond Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord - Dorking Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100

18 Subsidiaries and related undertakings

Name	Country of incorporation	Registered address	Principal activity	Control	% Held
PegasusLife Landlord - Court House Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Landlord - Bourne End Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Letting and real estate operations	Indirect	100
PegasusLife Property Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Holding company	Indirect	100
PegasusLife Property Holdings Limited	UK	Unit 3 Royal Court, Kings Worthy, Winchester, Hampshire, SO23 7TW	Holding company	Indirect	100
Hackwood Homes Limited*	UK	1st Floor 69-70 Long Lane, London, United Kingdom, EC1A 9EJ	Building company	Indirect	33

*Hackwood Homes Limited entered administration on 4 March 2021.

19 Subsidiary companies audit exemptions

The following group entities are exempt from the requirements of the Companies Act 2006 relating to the audit of their individual accounts for the year ended 30 June 2020 by virtue of section 479C of the Companies Act 2006:

- PegasusLife Lyndhurst Limited (Registration number: 10304225)
- PegasusLife Renaissance Holdings Limited (Registration number: 10304306)
- PegasusLife Cobham Limited (Registration number: 10670355)
- PegasusLife Development (Bartrams) Limited (Registration number: 10468955)
- PegasusLife Development (OBR) Limited (Registration number: 10470894)
- PegasusLife Development (Westminster) Limited (Registration number: 10416531)
- PegasusLife Development - (QVH) Limited (Registration number: 10421199)
- All of us (Care) Limited (Registration number: 09731746)
- All of us (Development) Limited (Registration number: 09732947)
- PegasusLife Limited (Registration number: 09569232)
- PegasusLife Holdings Limited (Registration number: 09553221)
- PegasusLife Landlord Limited (Registration number: 08804304)
- PegasusLife Property Limited (Registration number: 11698628)
- PegasusLife Group Limited (Registration number: 11787441)
- Fleur De Lis Tea Rooms Christchurch Limited (Registration number: 09243990)
- Renaissance Retirement Limited (Registration number: 3259684)

20 Derivative financial instruments

The group acquired a call option to purchase the remaining 66.7% interest in Hackwood Homes Limited. The call option is exercisable at any time at the discretion of Lifestory Group Limited, expiring on the earlier of the 5th anniversary of the acquisition on 21 December 2017 and IPO within the group.

The fair value of the Hackwood Option is £nil (2019: £nil) calculated using a Monte Carlo simulation. In performing the valuation estimates were made of the probability of exercise of the option in any one year and the range of EBITDA results that may be achieved. In 2018, the model used 10,000 iterations and a discount rate of 13%. In 2019 and 2020, based on latest forecasts the level of EBITDA generated by Hackwood over the option period is not expected to be sufficient to place the option in-the-money. Accordingly, the option is forecast to be out-of-the-money and has £nil value. The movement in the fair value of the option in the year has been recognised in other gains and losses in the consolidated statement of comprehensive income.

21 Inventories

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Completed stock	350,526	239,531	-	-
Work in progress	172,665	324,980	-	-
Land	78,946	66,725	11,940	6,383
	602,137	631,236	11,940	6,383

Inventories of £565,002,000 (2019: £623,372,000) have been pledged as security for certain of the group's borrowings. The company has not pledged any of its inventory as security for the company's borrowings (2019: £nil).

Cost of inventory recognised as an expense during the year was £82,700,000 (2019: £62,765,000).

22 Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts owed by subsidiary undertakings	-	-	363,386	349,905
Other receivables	4,182	3,595	844	1,218
Prepayments	1,984	1,795	711	601
	6,166	5,390	364,941	351,724

The directors consider that the carrying values of trade and other receivables approximate their fair value.

Amounts owed by subsidiary undertakings are repayable on demand, unsecured and are non-interest bearing.

23 Trade and other payables

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Current				
Trade payables	9,775	12,075	2,772	1,665
Amounts owed to subsidiary undertakings	-	-	37,359	-
Other payables	4,213	1,437	1,955	439
Accruals	13,334	27,551	2,973	1,828
	27,322	41,063	45,059	3,932

The directors consider that the carrying values of trade and other payables approximate their fair value.

Amounts owed to subsidiary undertakings are repayable on demand, unsecured and are non-interest bearing.

The average credit period taken for trade purchases by the group is 31 days (2019: 26 days). For the company, this was 42 days (2019: 42 days).

24 Other payables

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Non-current				
Other payables	13,250	-	-	-

Other payables relate to loan exit fees on the Sculptor facility which will be payable on 4 July 2023.

25 Loans and borrowings

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Bank loans	428,526	400,397	-	29,039
Loans from parent undertakings	252,402	192,461	252,402	192,461
Issue costs	(20,185)	(12,996)	-	-
	660,743	579,862	252,402	221,500
Payable within one year	-	400,397	-	29,039
Payable after one year	660,743	179,465	252,402	192,461

25 Loans and borrowings

The loans from parent undertakings incur annual interest of 6% and are due for repayment on the earlier of 30 September 2025 and the date on which OCM Luxembourg EPF III Sarl ceases to hold, directly or indirectly, more than 50% of the issued share capital in, or business assets of, the company.

Bank loans comprise:

Sculptor Petrel Investment S.a.r.l.
A £525 million loan facility with Sculptor Petrel Investment S.a.r.l was agreed on 28 June 2019 with the first drawdown made on 4 July 2019. The facility was used to repay existing loans. It has a 4-year term ending 4 July 2023 and incurs annual interest of 5.45% above LIBOR for 3 years, then increases to 6.5% in year 4. The option to extend the term by 1 year is available to the company and this would incur interest of 5.75%. The Sculptor Petrel Investment S.a.r.l. loan transaction costs include an additional £13,250,000 recognised in the year, which are categorised as non-current liabilities and will be amortised over the duration of the loan. In the current year £6,728,000 have been amortised. The loan is secured by way of a first charge over the assets of PegasusLife Developments Limited, Renaissance Assets Limited and PegasusLife Rental Limited, and a debenture over the shares of PegasusLife Group Limited.

AIG loan
The loan had a 7-year term ending 26 June 2022. It incurred annual interest of 5.50% above LIBOR and was secured by way of a first charge over the assets of PegasusLife Developments Limited and a debenture over the shares of PegasusLife Holdings Limited, its immediate parent company. At 30 June 2019 the loan amounted to £324,240,000 and was repaid in full on 4 July 2020 following the signing of Sculptor Petrel Investment S.a.r.l. loan facility agreement which replaced the AIG loan.

Leumi loan
A loan in the amount of £1,332,000 was advanced on 28 October 2016 and had the initial repayment date on 28 October 2018. The loan was extended by 12 months to 28 October 2019 and was repaid in full on 4 July 2019. The loan incurred annual interest of 5% above LIBOR and was secured by way of a charge over a land site.

Barclays loans
A loan in the amount of £7,100,000 was advanced on 28 April 2017 and was repayable on 30 June 2019. The loan was repaid in full on 4 July 2019. It incurred annual interest of 3% above LIBOR and was secured by way of a charge over a land site.

A loan in the amount of £29,040,000 was advanced on 16 May 2018 and was repayable on 21 August 2019. The loan was repaid in full on 22 August 2019. It incurred annual interest of 1% above LIBOR and was secured by way of a charge over a land site.

UTB loan
A loan in the amount of £1,770,000 was acquired on 21 December 2017 and was repayable on demand. The loan was repaid in full on 4 July 2019. It incurred annual interest of 9% above LIBOR and was secured by way of a charge over a number of development sites.

Titlestone loan
A loan in the amount of £36,916,000 was acquired on 21 December 2017 and was repayable on demand. The loan was repaid in full on 4 July 2019. It incurred interest between 10.5% - 11.0% per annum and was secured by way of a charge over a number of development sites.

26 Leases

Group	Notes	Total £'000
Right of use assets		
At 1 July 2019		-
Recognised on adoption of IFRS 16	31	1,990
Additions in the year		288
Amortisation		(293)
At 30 June 2020		1,985

Group	Notes	Total £'000
Lease liabilities		
At 1 July 2019		-
Recognised on adoption of IFRS 16	31	(1,990)
Additions in the year		(288)
Lease payments made		367
Unwinding of a discount		(115)
At 30 June 2020		(2,026)
Current		(103)
Non-current		(1,923)
		(2,026)

Company	Notes	Total £'000
Right of use assets		
At 1 July 2019		-
Recognised on adoption of IFRS 16	31	940
Additions in the year		288
Amortisation		(235)
At 30 June 2020		993

26 Leases

Company	Notes	Total
		£'000
Lease liabilities		
At 1 July 2019		-
Recognised on adoption of IFRS 16	31	(940)
Additions in the year		(288)
Lease payments made		276
Unwinding of a discount		(58)
At 30 June 2020		(1,010)
Current		(194)
Non-current		(816)
		(1,010)

27 Financial instruments

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Carrying amount of financial assets				
Trade and other receivables	4,182	2,188	364,230	350,352
Cash and cash equivalents	9,421	9,596	338	238
Carrying amount of financial liabilities				
Measured at amortised cost	660,737	633,921	46,069	225,432

The company does not have any financial instruments measured at fair values. The group holds the Hackwood option at fair value of £nil (2019: £nil). Financial instruments not measured at fair values include cash and cash equivalents, trade and other receivables, trade and other payables and borrowings.

The carrying values of the group's and company's financial instruments approximate their fair values.

No collateral is held as security for the group's and company's financial assets.

At the reporting date there were no trade receivables which were past due but not impaired (2019: £nil).

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Given the nature and legal framework of the UK housing industry the group has a low level of exposure to credit risk.

27 Financial instruments

Interest rate risk management
Interest rate risk is the exposure to interest rates movements on the non-fixed rate bank lending outstanding at the reporting date. The group constantly reviews the necessity to hedge this risk of movements in LIBOR. Where loans are at variable rates and an increase in this rate will have material impact on returns, suitable financial instruments would be used to limit this exposure.

Liquidity risk management
The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Details of additional undrawn facilities that the group has at its disposal to further reduce liquidity risk are set out below.

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loan facilities with maturity dates through to 2024				
- Amounts used	414,609	-	-	-
- Amounts unused	110,391	525,000	-	-
	525,000	525,000	-	-

Capital risk management
The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from 2019.

The capital structure of the group consists of net debt (borrowings disclosed in note 25 after deducting cash and bank balances) and equity of the group (comprising issued capital, capital contributions and retained earnings as disclosed in the statement of changes in equity).

The group is not subject to any externally imposed capital requirements.

28 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities	Liabilities	Assets	Assets
	2020	2019	2020	2019
Group	£'000	£'000	£'000	£'000
Tax losses	-	-	500	-
Acquisition of subsidiaries	154	546	-	-
	154	546	500	-

28 Deferred taxation

Company	Liabilities 2020 £'000	Liabilities 2019 £'000	Assets 2020 £'000	Assets 2019 £'000
Tax losses	-	-	500	-

Movements in the year:	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
At 1 July	546	1,539	-	-
Credit to profit or loss	(392)	(993)	(500)	-
At 30 June	154	546	(500)	-

Deferred tax liabilities relate to temporary differences arising on fair value adjustments on acquisitions.

At the reporting date, the group had unused losses of £499,000,000 (2019: £394,500,000) available to offset against future profits. The company had unused losses of £339,773,000 (2019: £287,000,000). Based on the probable taxable profits available in the foreseeable future, being 3 years, based on the current sites with planning permission under construction or completed, a deferred tax asset has been recognised on these losses of £500,000 (2019: £nil). Unrelieved tax losses have no expiry date.

29 Share capital and reserves

	Group and company 2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
1 ordinary share of £1 each	1	1

The company has one class of ordinary shares which carry no rights to fixed income.

The group's and company's reserves comprise:

Capital contribution
The capital contribution reserve represents capital contributions received from a parent undertaking.

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

30 Related party transactions

Transactions between the company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Transactions with other related parties are noted below:

The company purchased goods from the Naked Grape Wine Limited of which C. Compton-Goddard is a director. The transactions to the value of £3,000 (2019: £8,000) were undertaken in the year and no balance was outstanding at year end (2019: £nil).

The company made purchases in the year of £3,285 (2019: £2,815) from Hackwood Homes Limited. The company also advanced loan finance of £3,615,000 (2019: £4,974,000) to Hackwood Homes Limited. At the year end, a balance of £8,548,000 (2019: £4,971,000) was owed from Hackwood Homes Limited which is included in amounts due from subsidiary undertakings. Anthology group companies have a director in common with Mark Dickinson; and are under the same control as Lifestory Group. The company was recharged £522,000 for services by London Real Estate Development Limited and the full amount was outstanding at the year end. The company was recharged £130,000 for services by Anthology Group Limited and the full amount was outstanding at the year end.

OCM Luxembourg Pegasus Holdings S.A.R.L, the immediate parent undertaking, provided a loan finance of £47,200,000 (2019: £98,732,000) to the company and group during the year. At the year-end £252,402,000 (2019: £192,461,000) of the loan finance was outstanding. During the year interest was charged on this loan finance of £12,856,000 (2019: £8,372,000).

Key management personnel
Key management personnel are considered to be solely the directors. Their remuneration is disclosed in note 9.

31 Effects of changes in accounting policies

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

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

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

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

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

31 Effects of changes in accounting policies

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

	£'000
Measurement of lease liabilities	
Operating lease commitments at 30 June 2019	2,278
Lease commitments discounted using incremental borrowing rate of 6%	(288)
Lease liabilities recognised at 1 July 2019	1,990

32 Cash absorbed by group operations

	2020 £'000	2019 £'000
Loss for the year after tax	(103,571)	(88,957)
Adjustments for:		
Taxation (credited)/charged	(892)	4,746
Finance costs	47,535	48,716
Loss on disposal of property, plant and equipment	-	36
Amortisation of right of use assets	293	-
Depreciation of property, plant and equipment	630	1,080
Impairment of inventories	32,555	-
Other gains and losses	-	1,764
Movements in working capital:		
Increase in inventories	(8,503)	(82,620)
(Increase)/decrease in trade and other receivables	(776)	855
(Decrease)/increase in trade and other payables	(13,741)	12,391
Cash absorbed by operations	(46,470)	(101,989)

33 Analysis of changes in net debt - group

	1 July 2019	Cash flows	Non-cash changes	30 June 2020
	£'000	£'000	£'000	£'000
Cash at bank and in hand	9,596	(175)	-	9,421
Borrowings	(579,862)	(74,250)	(6,631)	(660,743)
Leases	-	(367)	(1,659)	(2,026)
	(570,266)	(74,792)	(8,290)	(653,348)

34 Immediate and ultimate controlling party

The immediate holding company is OCM Luxembourg Pegasus Holdings S.A.R.L, a company registered in Luxembourg and the ultimate holding company and controlling party is Brookfield Asset Management Inc., a company incorporated in Canada.

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

35 Events after the reporting date

The impact of the Covid 19 outbreak has become more stable with the rollout of the vaccination programme. The situation is being monitored and government's guidelines are being followed and communicated to staff. At the date of this report all of the customer operations staff at our developments had received a vaccination as well as the majority of our residents.

At this stage we have seen sales steadily build since the three lockdowns, and supported by SDLT holidays provided to June 2021, but management will continue to monitor this closely. With the increased possibility of insolvency brought about by Covid 19 and Brexit in the build and supply chain, the company has increased the scrutiny and performance measurement of partners and contractors. These measures provide an early warning mechanism allowing the company to take any avoidance measures.

Against this backdrop of Covid 19, Hackwood Homes Limited, a subsidiary company of Lifestory Group, appointed administrators on 4 March 2021. The company is working with the administrators to understand the next steps for this business.

On 29 January 2021 the parent undertaking, OCM Luxembourg Pegasus Holdings S.A.R.L, supported their commitment to the group by capitalising an amount owed in loans, standing at £294,857,000 to new share capital. Two new ordinary shares of £1 were issued and a share premium arose of £294,856,998.

On 9 March 2021, the company also entered into a £35,000,000 loan agreement with its sister company, Anthology Group Limited. Lifestory Group Limited is the borrower. On 25 June 2021 this facility was increased to £42,000,000. The loan is unsecured and repayable on 9 March 2024.

On 23 June 2021, the group entered into a £9,475,000 loan facility agreement with Daiwa Capital Markets Europe Limited. It is a 15-month facility, is secured against certain land sites within the group and attracts interest at 6.75% per annum.