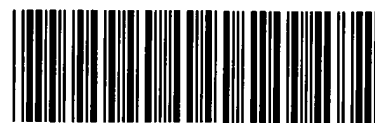


Raven Development Homes Limited

Financial Statements For the Year Ended 31 March 2020

Company Registration Number 10653135

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Board and Company information

BOARD OF DIRECTORS

Jonathan Higgs
Mark Baker
Victor O'Brien (*resigned 20 September 2019*)
David Gannicott (*resigned 20 September 2019*)

SECRETARY

Mark Baker

REGISTERED OFFICE

29 Linkfield Lane
Redhill, Surrey
RH1 1SS

AUDITOR

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

BANKERS

Barclays Bank plc
Barclays Commercial Bank
Level 12
1 Churchill Place
London
E14 5HP

SOLICITORS

Anthony Collins
134 Edmund Street
Birmingham
B3 2ES

COMPANY REGISTRATION NUMBER

10653135

Directors' report

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

Principal activities

The principal activity of Raven Development Homes Limited (the Company) during the year was the development of homes for outright sale.

Business review

Raven Development Homes Limited has been trading as 'Raven Homes' since it was incorporated in March 2017. Raven Homes' purpose is to generate profits from market sale housing in order to bolster the Raven Group's finances.

The Company is currently developing two sites: Burrstone Gardens and Rosebay Close.

Burrstone Gardens is being delivered via Construction Management. Works started on site in 2018. As a result of delays with two works packages (Mechanical and Electrical and Carpentry) and the impact of the Coronavirus sales will now commence in Q3 2020-21. The site is forecast to be practically complete by December 2020. Raven Homes Board has approved the associated cost increase.

Rosebay Close is being delivered via a Design and Build contract with William Lacey. Works are progressing well, although there has been some delay as a result of the Coronavirus (est. 4-6 weeks). Values are holding and sales will commence in spring 2021.

The loss on ordinary activities for 2019/20 of £0.25m represents the level of overheads and financing costs for the year relating to the period of construction on the two sites.

The Company has a loan facility in place with Raven Housing Trust which was extended to £25m to October 2021. This continues to fund the

development activity, in advance of receiving sales proceeds.

Raven Homes continues to seek additional opportunities for Build for Sale.

Key risks

Raven Homes faces two key risks. Cost and supply chain issues (mainly Burrstone) as a result of Brexit and recently exacerbated by the Coronavirus and the main risk to the Company is the sales market. Officers and the Board continue to monitor this closely. Risk mitigation and exit strategies are clear to seek to limit the impact on any price drops.

In addition, future delivery is a live risk. Raven Homes is seeking additional land acquisitions. Success in the area has been an issue previously. There are signs that our position in the market is improving with positive responses to recent offers. We continue to monitor this and direct resources here.

The Company continues to track risk and operates a risk register, which fits with the wider framework, operated within the Raven Group.

Independent auditor

BDO LLP were appointed as auditors in November 2016 for the Raven Group after undergoing a competitive tender process.

Disclosure of information to auditor

At the date of making this report each of the Company's Directors, as set out within Board and Company information, confirm the following:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps

Director's report (continued)

that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence in the foreseeable future given the on-lending facility agreed by Raven Housing Trust Limited's Board. Since the introduction of restrictions on the population and economy of the UK in March 2020, Raven Development Homes Limited have re-forecast the 2020/21 budget and business plan. It is anticipated that the current projects of Burrstone Gardens and Rosebay Close will remain profitable, although the timings of cashflows have been delayed. The agreed loan extension to October 2021 from Raven Housing Trust provides the required liquidity support that the business plan requires for this period. As such Raven Development Homes Limited continues to

operate on a going concern basis.

Directors

Those who held office as Directors during the period are listed, within Board and Company Information.

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

Signed on behalf of the Board of Directors



Jonathan Higgs

Director

16/09/2020

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for 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.

Auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAVEN DEVELOPMENT HOMES LIMITED

Opinion

We have audited the financial statements of Raven Development Homes Limited ("the Company") for the year-ended 31 March 2020 which comprise the Statement of Profit and Loss and Retained Earnings, the Balance Sheet and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

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

Conclusions relating to going concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the 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

Auditor's report (continued)

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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

We have nothing to report in respect of the

following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

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

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

Auditor's report (continued)

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.



Philip Cliftlands (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK

Date: 17 September 2020

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

Statement of Income and Retained Earnings for the year ended 31 March 2020

	Note	2020 £	2019 £
Turnover		-	-
Cost of sales		-	-
Gross loss		-	-
Administrative expenses		(132,888)	(68,502)
Operating loss		(132,888)	(68,502)
Interest payable and similar charges	6	(123,235)	(77,511)
Loss on ordinary activities before taxation	4	(256,123)	(146,013)
Taxation	5	52,354	24,064
Loss and total comprehensive expenditure for the financial period		(203,769)	(121,949)
Retained loss at the beginning of the period		(157,637)	(35,688)
Loss for the period		(203,769)	(121,949)
Retained earnings at the end of the period attributable to the owners		(361,406)	(157,637)

All amounts relate to continuing activities.


The notes on pages 11 to 16 form part of these financial statements.

Statement of Financial Position as at 31 March 2020


Company registration number: 10653135	Note	2020 £	2019 £
Current assets			
Debtors	7	179,074	131,430
Stock	8	14,787,380	8,226,908
Cash at bank and in hand		71,597	92,223
		<u>15,038,051</u>	<u>8,450,561</u>
Creditors: amounts falling due within one year	9	(15,399,456)	(8,608,197)
Net current liabilities		<u>(361,405)</u>	<u>(157,636)</u>
Total assets less current liabilities		<u>(361,405)</u>	<u>(157,636)</u>
Creditors: amounts falling due after one year		-	-
Total net liabilities		<u>(361,405)</u>	<u>(157,636)</u>
Capital and reserves			
Called up share capital	10	1	1
Retained earnings		(361,406)	(157,637)
Total Capital and reserves		<u>(361,405)</u>	<u>(157,636)</u>

The financial statements have been prepared in accordance with the provision applicable to small companies within Part 15 of the Companies Act 2006.

These financial statements were approved by the Board of Management and authorised for issue on 16 September 2020 and signed on their behalf by:



Jonathan Higgs
Director
16/09/2020



Mark Baker
Company Secretary
16/09/2020

The notes on pages 11 to 16 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2020

1. Legal status

Raven Development Homes Limited is a private limited company incorporated in England and Wales. The address of the registered office is 29 Linkfield Lane, Redhill, Surrey RH1 1SS.

Information regarding the principal activities of the Company is included in the Directors' report.

2. Accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102) and the Companies Act 2006.

The financial statements have been prepared under the historic cost convention in accordance with the Company's accounting policies. All amounts are stated in pound sterling.

The Company has taken advantage of the following disclosure exemptions available under FRS102:

- the exemption from preparing a statement of cash flows;
- the exemption from disclosing key management personnel compensation; and
- the exemption from certain financial instruments disclosures, as equivalent disclosures have been included in the consolidated financial statements of Raven Housing Trust Limited.

2.2 Going concern

The Directors expect that the Company has adequate resources to continue in operation for the foreseeable future. Since the introduction of restrictions on the population and economy of the UK in March 2020, Raven Development Homes

Limited have re-forecast the 2020/21 budget and business plan. It is anticipated that the current projects of Burrstone Gardens and Rosebay Close will remain profitable, although the timings of cashflows have been delayed. The agreed loan extension to October 2021 from Raven Housing Trust provides the required liquidity support that the business plan requires for this period. As such Raven Development Homes Limited continues to operate on a Going Concern basis. For this reason they adopt the going concern basis in preparing the financial statements.

2.3 Revenue

All revenue is derived from sales proceeds from properties that have been developed specifically for outright sale. Revenue is recognised when a contract is legally complete. All turnover relates to activity in the United Kingdom.

2.4 Stock

Stock represents raw materials, work in progress and completed properties, including housing properties developed for outright sale.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. It also includes interest relating to loans advanced in order to finance specific development projects. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

An assessment of whether there is any impairment is made at each reporting date. Where an impairment loss is identified, it is immediately recognised in the statement of consolidated income.

Notes to the Financial Statements for the year ended 31 March 2020 *(continued)*

On disposal, sales proceeds are included in turnover and the costs of sales, including costs incurred in the development of properties, marketing and other incidental costs are included in operating expenses.

2.5 Taxation

The tax expense represents the sum of the tax currently payable.

The current tax charge is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences between taxable profits and total comprehensive income that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when

there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle on a net basis.

2.6 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank, in hand, deposits, bank overdrafts and short term investments with an original maturity of three months or less.

2.7 Financial instruments

The Company accounts for financial instruments as basic, in accordance with the recognition criteria in Section 11 of FRS 102.

Basic financial assets, including trade and other debtors, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. In this case, the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar instrument. Basic financial instruments are subsequently measured at amortised cost using the effective interest method.

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction. In this case, the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Basic financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Financial assets and liabilities that are classified as payable or receivable within one year on initial recognition are measured at the undiscounted amounts of the cash or other consideration

Notes to the Financial Statements for the year ended 31 March 2020 (continued)

expected to be paid or received, net of impairment.

2.8 Key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice, requires management to make estimates and judgements that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

(a) Estimation of costs to complete

In order to determine the profit that the Company is able to recognise on its developments in a specific period, it is necessary to allocate development costs between units built in the current year and in future years. It also has to estimate costs to complete for such

developments. There is a degree of uncertainty in making these assessments. The Company uses internal controls to assess and review carrying values.

(b) Assessment of cost vs Net Realisable Value

Based on the costs to complete, the Company then determine the recoverability of the cost of properties developed for outright sale. The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11 March 2020, has impacted many sectors. As at the valuation date, we are faced with an unprecedented set of circumstances on which to base a judgement. This judgement is based on best estimate of sales value based on economic conditions within the area of development.

3. Directors' emoluments

In the year ended 31 March 2020, the total emoluments paid to Chair of the Company were £0 (2019: £4,519). The total expenses were £0 (2019: £1,207). The value of time spent on Raven Homes' activities by other Directors equates to £0 (2019: £9,856).

4. Loss on ordinary activities before taxation

	2020	2019
	£	£
Auditor's remuneration (excluding VAT)	2,575	1,575

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**5. Taxation**

	2020 £	2019 £
Current tax		
In respect of current period	-	-
Deferred tax	(52,354)	(24,064)
Total tax credit for the period	(52,354)	(24,064)

The tax assessed for the period is the same as the standard rate of corporation tax of 19% (2019: 19%) in the UK. The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(256,123)	(146,013)
Group relief	-	4,461
Tax loss available to be carried forward	(256,123)	(141,552)
Tax on loss at the standard rate of corporation tax	(48,663)	(27,742)
Effects of:		
Surrender as group relief	-	848
Adjust closing deferred tax to average rate of 17%	-	2,830
Adjust opening deferred tax to average rate of 19%	(3,691)	-
Tax credit for the period	(52,354)	(24,064)

Subject to the UK tax authority's agreement, the Company has tax losses of approximately £441K (2019: £185K) available for carry forward and offset against future profits. The Company has a deferred tax asset of £84k (2019: £31k), which has been recognised in the financial statements.

6. Interest payable

	2020 £	2019 £
On loans from group undertakings	643,192	274,381
Interest capitalised on construction of housing properties	(519,957)	(196,870)
	123,235	77,511

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**7. Debtors**

	2020 £	2019 £
Other debtors	72,781	72,780
Other taxes and social security costs	22,565	27,276
Deferred corporation tax	83,728	31,374
	179,074	131,430

8. Stock

	2020 £	2019 £
Assets held for sale under construction	14,413,228	8,226,908
Assets held for sale completed	374,152	-
	14,787,380	8,226,908

Properties developed for sale included capitalised interest of £725k (2019: £205k).

9. Creditors

	2020 £	2019 £
Trade creditors	1	174
Other creditors	17,584	-
Accruals	301,871	239,581
Amounts due to group undertakings	-	3,600
Loan from parent company	15,080,000	8,364,842
	15,399,456	8,608,197

The Company has an agreed borrowing facility £18.33 m agreed on the 18 June 2018. The fixed interest rate is 5.5% and the loan is available over a five year period. As at 31 March 2020 Raven Homes had drawn £15,080k (2019: £8,365k) from this facility which is secured by a floating charge on assets. In November 2019 the loan facility was increased to £25m for a period of 12 months, which has been subsequently extended till October 2021. The facility term has been extended until 31 March 2025.

Notes to the Financial Statements for the year ended 31 March 2020 (continued)**10. Called up Share Capital**

	2020 £	2019 £
Authorised		
1 ordinary share of £1 each	1	1
Called up, allotted and fully paid		
1 ordinary share of £1 each	1	1

11. Reserves

Retained earnings relates to the cumulative retained earnings less amounts distributed to shareholders.

12. Ultimate Parent Company

Raven Development Homes Limited is a wholly owned subsidiary of Raven Housing Trust Limited, which is the ultimate parent and ultimate controlling entity. Raven Housing Trust Limited is incorporated in the United Kingdom under the Co-Operative and Community Benefit Societies Act. The financial statements of the ultimate parent are available from 29 Linkfield Lane, Redhill, Surrey RH1 1SS.

13. Capital commitments

	2020 £	2019 £
Commitments contracted but not provided for	5,331,778	11,405,977
	5,331,778	11,405,977

Capital commitments are in relation to the development programme that the Board approved. Capital commitments will be financed through on- lend facility from the parent entity and early sales proceeds from Burrstone Gardens.