Company Registration No. 08221003 (England and Wales)

LIFESTORY GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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	105-107 Bath Road Cheltenham Gloucestershire United Kingdom GL53 7PR
Auditor	Deloitte LLP London United Kingdom

LIFESTORY GROUP LIMITED

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LIFESTORY GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present the strategic report for the year ended 30 June 2021.

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 2021, group turnover was £101.2m (2020: £89.5m), representing 127 home sales (2020: 123) and land sales of £19.6m (2020: £11.6m). In 2021, sales continued to be impacted negatively by covid, restricting visits and delaying the conveyancing process. The stamp duty incentive was a welcome boost and helped underpin and accelerate some completions, but not enough to make a significant impact on the year's results. The group's operating loss for the year from continuing operations was £49.7m (2020: £56.0m). An impairment review of sites was undertaken and resulted in an impairment charge of £20.1m (2020: £32.6m). This impairment arose as a result of a strategic decision on a historic where a change of use was agreed on a premium site, as well as historic build rectification costs and reductions in forecast sales prices.

The results reflect the second year since the operational merger with Anthology Group and completes the transition period in the strategic plan. During this period, the business model has been re-set. Significant time and resources have been employed to bring our homes to the exacting standards we set, specifically dealing with legacy supply issues. We are proud of the product that bears the 'Lifestory' name and our customers have seen first-hand the dedication of the team to ensure their homes are at the highest standard. This final stage of remediation work has had a negative bearing on the financial results for the group during this period, but it has been our highest priority expenditure and any works of this nature are fully accounted for in the year.

Customer service and choice remains at the heart of our operations. It is particularly pleasing to see the increased interest to the expanded rental proposition that is now offered, which provides our new customers real choice, with the option to purchase, to rent, or to rent before purchase. This reflects the work we have done to constantly challenge the business to provide the very best experience through the sales journey and then the post sales community, which is carefully supported by the Lifestory hosts. The rental portfolio has been well received by the market and has now grown to 89 homes at the year-end (2020: 29).

The rationalisation of the portfolio has also continued, with the sale of land bank sites that did not meet the new return aspirations set for investment. Those sales included land at Weybridge, Tunbridge Wells, Windlesham and Sutton Coldfield. The completed development at Sevenoaks was sold to a specialist care provider in December 2020 and since the balance sheet date, the 126-home development in Portishead achieved planning for a change of use and the sale completed on 13 September 2021 to a housing association. Looking ahead, the site at Guildford is in contract for sale and Sidmouth is under offer. This will then conclude the land bank changes identified.

The next phase of the strategy is to continue building for the future, with a very focussed land purchase strategy that is well under way. In the year we had sites exchanged at Maidenhead and Solihull. Since the year end, the purchase of sites at Lichfield and Lymington were completed. Together these represent a new pipeline of developments that seed the beginning of the future investment for growth. The group is actively looking for new land across the country, with a clear remit on scale, location and returns to ensure we deliver great homes for our future customers, whilst establishing a highly accretive business model that will drive future sustainable profit.

Trading since the lockdown restrictions were lifted in the early summer has picked up significantly, with a fantastic positive reaction to the numerous events and marketing that have showcased the Lifestory developments. The visitor rates since the balance sheet date are now consistently above the pre-pandemic level and this has led to reservations that support our target for the new financial year.

On 29 January 2021 OCM Luxembourg Pegasus Holdings S.A.R.L., capitalised £294,857,000 in loans to new share capital, this showed the parent company's commitment to supporting the group. As part of the ordinary treasury operations of business there were loan facilities entered into during the year with sister group, Anthology Group Limited for £42,000,000, and Daiwa Capital Markets Europe Limited for £9,475,000.

Hackwood Homes Limited, a subsidiary company of Lifestory Group by way of an option to control it, appointed administrators on 4 March 2021. The company is working with the administrators to understand the next steps for this business. The administration has had an insignificant impact to the group.

Key performance indicators

	Year ended 30 June 2021	Year ended 30 June 2020
Homes sold	127	123
Operating loss from continuing activities	(£49.7m)	(£56.0m)
Sites acquired during the year	-	3
	At 30 June 2021	**At 30 June 2020**
Shareholders' funds/(deficit)	£134.2m	(£69.6m)
Employees (average)	160	213
Completed sites	25	24
Sites under construction	6	7
Undeveloped sites	9	15
Total sites	40	46
Landbank homes completed	521	512
Landbank homes under construction	241	258
Landbank homes in the pipeline	279	407
Total landbank homes	1,041	1,177
GDV pipeline at year end	£695m	£812m

Homes sold, sites acquired, and the operating loss are discussed in the review of the group's business. Shareholders' funds have increased significantly during the year with the capitalisation of £294,857,000 from the parent company loan, which offset the loss for the year. In the year total sites and undeveloped sites have decreased due to the sale of sites and selling out sites. Completed sites increased by one and sites under construction decreased by one as sites completed during the year, offset by selling out sites, and some undeveloped sites beginning construction.

The number of homes in the pipeline, total landbank homes, and GDV pipeline have all reduced as stock has sold through and no new sites were purchased in the year. Completed homes have increased slightly, in line with completed sites. Landbank homes under construction has increased as work has commenced on previously undeveloped sites. Since the balance sheet date, the pipeline has been building with new site acquisitions, as discussed in the review of the group's business, and this will continue to be the strategy.

Employee numbers have decreased during the year due to the derecognition of Hackwood Homes Limited and a reduction in recruitment during Government lockdowns, this is somewhat offset by staff being transferred into the group from sister company, Anthology Group Limited. The derecognition of Hackwood Homes has resulted in a decrease of 36 employees compared to the prior year. 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.

Funding and going concern

On 4 July 2019, the group completed a £525m, 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 operating throughout the financial year and the group has remained covenant compliant throughout the reporting period and to the reporting date and to the date at which this report is signed.

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 £294.9m 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.

Funding and going concern (continued)
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.

On 9 March 2021, the business entered into a £35m loan agreement with its sister company, Anthology Group Limited and on 25 June 2021 this facility was increased to £42m, of which £17m had been drawn at the year end. This loan is unsecured and repayable on 9 March 2024. On 7 December 2021 the facility was increased to £62.0m, with a further £41m drawn in the period to 31 January 2022.

On 23 June 2021, the group entered into a £9.48m loan facility agreement with Daiwa Capital Markets Europe Limited. It is a 15-month facility, is secured against certain land within the group.

At the date of this report, when sensitising the cash flow forecast for the reasonably possible worst-case scenario, a further £27m of funds is expected to be required in the foreseeable future to support the continued growth of the business and to also ensure liquidity and covenants are being met.

Within the Lifestory Group there are certain expected funding events over the next 12 months that had not yet been concluded at the date of signing this report, further information on these can be found in the going concern section of the directors' report.

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 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.

Events after the reporting date
On 13 September 2021 the 126-home development in Portishead achieved planning for a change of use and was sold to a housing association for £27,800,000.

On 16 September 2021 41 rented properties were transferred for a value of £15,000,000 to a newly formed business outside of the Lifestory group but with a common ultimate parent company. At the same time a framework agreement was completed to allow all future rented homes to be transferred to this same entity, subject to certain criteria being met. The letting agency business operated by Lifestory will continue to provide letting services for the purchaser.

On 14 October 2021 the group completed the acquisition on a site in Lymington for £4,800,000.

On 15 October 2021 the group completed a development loan for three sites at Bath, Wooburn Green, and Cranleigh, with Cheyne Capital Limited with a facility totalling £40,000,000 with a repayment date of April 2024.

On 29 November 2021 the group completed the acquisition on a site in Lichfield for £2,900,000.

On 7 December 2021, the company increased the facility with sister company, Anthology Group Limited to £62,000,000.

On 8 February 2022 the Midas group entered administration. Midas was a main contractor for one of our completed sites however only rectification work remained outstanding, and management has assessed that the impact to the group is insignificant, and the works will be completed by Lifestory on a construction management basis.

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
- No start on site until KPI target enquiries / reservations hit

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

Risk: Market slowdown

Mitigation
- Selling off-plan extends sales period and gives visibility of pipeline
- Alternative structures: 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

S172 statement
S172 statement is presented on pages 5 - 7.

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

....
Mr Mark Dickinson
Director

17 March 2022
....

LIFESTORY GROUP LIMITED

S172 STATEMENT

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 group and 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.

S172(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. At the date of the signing of this report 7% of the workforce is on a graduate or apprenticeship programme, the goal is for this figure to reach 10%.

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 group 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 and regular training is performed across the business.

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, together with 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.

For further details on key decisions made in the year please see the review of the group's business on page 1.

The directors present their annual report and audited financial statements for the year ended 30 June 2021.

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 considerations towards key stakeholders can be found in the s172 statements. Information on the group's financial risk management objectives is provided in note 26 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

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

No ordinary dividends were paid (2020: £nil). The directors do not recommend payment of a further dividend.

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 2020 to 30 June 2021, 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 330,969 kWh (2020: 655,442 kWh) being 102.27 tCO2e (2020: 202.57 tCO2e), of this, Scope 1 emissions represented 286,323 kwh and 88.47 tCO2e. As a measure of efficiency, the company intensity ratio is the number of employees over carbon dioxide consumed which is a ratio of 0.64 tCO2e (2020: 0.95 tCO2e) per employee. Due to a reorganisation which saw staff transferred from sister company Anthology Group Limited it is more appropriate to use a combined figure for the Lifestory and Anthology groups, which gives a 0.7 tCO2e (2020: 1.0 tCO2e) per employee, reflecting an improvement in the group travel policy as well as a reduced footprint due to less office use during the Covid-19 lockdown periods.

The company has made assumptions and estimations in calculating the emissions output. This included using a 2020 assessment 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 were used as a basis for the current financial year reporting.

Engagement with suppliers, customers and others
The group's practices for the engagement with suppliers, customers and others is given within the Section 172 statement.

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 assessing the going concern position of the group and company, the directors have conducted a rigorous assessment of the group's ability to operate for the foreseeable future. This assessment included an in-depth review of the group cash flow forecasts taking into consideration the latest operating environment. 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 £27m of funding is required in the foreseeable future.

In consideration of the mitigations available to the Group, the Directors acknowledge that the group has a £62m loan facility with its sister company, Anthology Group Limited. The loan term is 3 years and ends in March 2024. On 30 June 2021 the loan was £17m, and up to 28 February 2022 a further £44m had been drawn, bringing the loan balance to £61m. At the date of this report there have been no further drawdowns. The directors, who are common to both groups, with two of Anthology Group's directors also being Lifestory Group directors, will manage the flow of funds from Anthology Group Limited to Lifestory Group Limited. This will provide up to £1m of additional funding for Lifestory Group Limited under the inter-group facility. 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.

Further funding is expected within Lifestory Group from certain funding events over the next 12 months that have not yet been concluded at the date of signing this report. Those events are:

- the completion of a £50.0m 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 have been agreed with the lender for this facility and will be subject to lender diligence and credit committee approval. This is expected to complete within 1 month of the date of this report
- The sale of rental properties totalling £30.5m to a UK entity which is under common control within the Fund managed by Oaktree European Principal Fund III. This is expected to complete within 1 month of the date of this report.
- A £24.0m refinance of a completed development, with a stock loan replacing developer finance. Loan terms from lenders have been received and the facility is expected to be in place within 2 months of the date of this report.
- A development loan to be put in place which will release £10.5m of funding. The development loan is for five 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 discussed with lenders.

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 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
Deloitte LLP has expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed re-appointed as auditor in the absence of an annual general meeting.

LIFESTORY GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

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. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

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Mr Mark Dickinson
Director

17 March 2022

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LIFESTORY GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

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.

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

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 2021 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 33.

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 that there are certain expected funding events required to take place in the next 12 months that had not yet been concluded at the date of signing this report. 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's and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

LIFESTORY GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LIFESTORY GROUP LIMITED

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

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

We have nothing to report in this regard.

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.

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included construction and environmental regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- The carrying value of inventories as a result of impairment due to estimation applied in forecast costs to complete and expected selling prices. We agreed construction costs to complete to third party cost forecasts; challenged the other costs to complete based on past performance and other external evidence; and challenged forecast selling prices for developments in light of historical prices achieved, reservations agreed and recent open market selling prices achieved in the locale of the development.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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
London, United Kingdom

17 March 2022

LIFESTORY GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £'000	2020 £'000
Continuing operations			
Revenue	4	101,216	89,466
Cost of sales		(103,957)	(90,876)
Impairment of inventories	6	(20,074)	(32,555)
Gross loss		(22,815)	(33,965)
Administrative expenses		(30,758)	(22,952)
Other operating income	5	3,921	938
Operating loss	6	(49,652)	(55,979)
Finance costs	11	(39,849)	(47,522)
Loss before taxation		(89,501)	(103,501)
Tax on loss	12	(430)	892
Loss from continuing operations		(89,931)	(102,609)
Discontinued operations			
Loss on discontinued operations	13	(982)	(962)
Loss and total comprehensive loss for the financial year		(90,913)	(103,571)
Total comprehensive loss from continuing operations is attributable to:			
- Owners of the parent company		(89,931)	(102,609)
- Non-controlling interests		-	-
		(89,931)	(102,609)
Total comprehensive loss from discontinued operations is attributable to:			
- Owners of the parent company		(368)	2,207
- Non-controlling interests		(614)	(3,169)
		(982)	(962)

The accompanying notes on pages 24 - 52 form an integral part of these financial statements.

LIFESTORY GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

Consolidated	**Notes**	**2021 £'000**	**2021 £'000**	**2020 £'000**	**2020 £'000**
Non-current assets					
Property, plant and equipment	**14**		159		1,074
Investment properties	**15**		33,869		12,630
Right of use assets	**25**		774		1,985
Deferred tax asset	**27**		-		500
			34,802		16,189
Current assets					
Inventories	**20**	513,458		602,137	
Trade and other receivables	**21**	8,646		6,166	
Cash and cash equivalents		27,439		9,421	
			549,543		617,724
Total assets			**584,345**		**633,913**
Current liabilities					
Trade and other payables	**22**		(34,366)		(27,322)
Leases	**25**		(226)		(103)
			(34,592)		(27,425)
Non-current liabilities					
Loans and borrowings	**24**	(401,716)		(660,743)	
Leases	**25**	(568)		(1,923)	
Other payables	**23**	(13,250)		(13,250)	
Deferred tax liability	**27**	-		(154)	
			(415,534)		(676,070)
Total liabilities			**(450,126)**		**(703,495)**
Net assets/(liabilities)			**134,219**		**(69,582)**

LIFESTORY GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2021

Consolidated	Notes	2021 £'000	2020 £'000
Equity attributable to owners of the parent company			
Share capital	28	-	-
Share premium	28	294,857	-
Capital contribution	28	280,000	280,000
Retained earnings	28	(440,638)	(350,339)
Equity attributable to owners of the parent company		134,219	(70,339)
Non-controlling interest		-	757
Total equity		**134,219**	**(69,582)**

The accompanying notes on pages 24 - 52 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 17 March 2022 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 2021

Company	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Non-current assets					
Property, plant and equipment	14		157		324
Investment properties	15		1,522		1,522
Right of use assets	25		774		993
Investments	16		11,757		441
Deferred tax asset	27		-		500
			14,210		3,780
Current assets					
Inventories	20	1,979		11,940	
Trade and other receivables	21	411,757		364,941	
Cash and cash equivalents		5,106		338	
			418,842		377,219
Total assets			**433,052**		**380,999**
Current liabilities					
Trade and other payables	22		(40,409)		(45,059)
Leases	25		(226)		(194)
			(40,635)		(45,253)
Non-current liabilities					
Loans and borrowings	24	(46,031)		(252,402)	
Leases	25	(568)		(816)	
			(46,599)		(253,218)
Total liabilities			**(87,234)**		**(298,471)**
Net assets			**345,818**		**82,528**

LIFESTORY GROUP LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2021

Company	Notes	2021 £'000	2020 £'000
Equity			
Share capital	28	-	-
Share premium	28	294,857	-
Capital contribution	28	280,000	280,000
Retained earnings	28	(229,039)	(197,472)
Total equity		**345,818**	**82,528**

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 £31,567,000 (2020: £52,429,000 loss).

The accompanying notes on pages 24 - 52 form an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 17 March 2022 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 2021

Consolidated	Share capital	Share premium	Capital contrib-ution	Retained earnings	Total controlling interest	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 July 2019	-	-	280,000	(249,937)	30,063	3,926	33,989
Year ended 30 June 2020:							
Total comprehensive loss	-	-	-	(100,402)	(100,402)	(3,169)	(103,571)
Balance at 30 June 2020	-	-	280,000	(350,339)	(70,339)	757	(69,582)
Year ended 30 June 2021:							
Issue of share capital (note 28)	-	294,857	-	-	294,857	-	294,857
Total comprehensive loss	-	-	-	(90,299)	(90,299)	(614)	(90,913)
Disposal of subsidiary (note 13)	-	-	-	-	-	(143)	(143)
Balance at 30 June 2021	**-**	**294,857**	**280,000**	**(440,638)**	**134,219**	**-**	**134,219**

The accompanying notes on pages 24 - 52 form an integral part of these financial statements.

LIFESTORY GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

Company	**Share capital £'000**	**Share premium £'000**	**Capital contribution £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 1 July 2019	-	-	280,000	(145,043)	134,957
Year ended 30 June 2020:					
Total comprehensive loss	-	-	-	(52,429)	(52,429)
Balance at 30 June 2020	-	-	280,000	(197,472)	82,528
Year ended 30 June 2021:					
Issue of share capital (note 28)	-	294,857	-	-	294,857
Total comprehensive loss	-	-	-	(31,567)	(31,567)
Balance at 30 June 2021	**-**	**294,857**	**280,000**	**(229,039)**	**345,818**

The accompanying notes on pages 24 - 52 form an integral part of these financial statements.

LIFESTORY GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

Consolidated	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Cash flows from operating activities					
Cash generated/(absorbed) by operations	30		19,587		(46,470)
Interest and issue costs paid			(24,965)		(27,539)
Net cash outflow from operating activities			(5,378)		(74,009)
Investing activities					
Purchase of property, plant and equipment		(34)		(191)	
Cash transferred on disposal of subsidiary		(5)		-	
Proceeds on disposal of property, plant and equipment		-		142	
Net cash used in investing activities			(39)		(49)
Financing activities					
Proceeds from borrowings		16,221		485,148	
Repayment of borrowings		(73,114)		(458,098)	
Loans from parent undertakings		63,680		47,200	
Loans from related parties		18,000		-	
Repayment of related party loans		(1,000)		-	
Repayment of leases		(352)		(367)	
Net cash generated from financing activities			23,435		73,883
Net increase/(decrease) in cash and cash equivalents			18,018		(175)
Cash and cash equivalents at beginning of year			9,421		9,596
Cash and cash equivalents at end of year			27,439		9,421

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 105-107 Bath Road, Cheltenham, Gloucestershire, GL53 7PR.

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 properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 £31,567,000 (2020: £52,429,000 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 (continued)*

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.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the company gains control until the date when the company ceases to control the subsidiary.

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.

1.3 Going concern

In assessing the going concern position of the group and company, the directors have conducted a rigorous assessment of the group's ability to operate for the foreseeable future. This assessment included an in-depth review of the group cash flow forecasts taking into consideration the latest operating environment. 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 £27m of funding is required in the foreseeable future.

In consideration of the mitigations available to the Group, the Directors acknowledge that the group has a £62m loan facility with its sister company, Anthology Group Limited. The loan term is 3 years and ends in March 2024. On 30 June 2021 the loan was £17m, and up to 28 February 2022 a further £44m had been drawn, bringing the loan balance to £61m. At the date of this report there have been no further drawdowns. The directors, who are common to both groups, with two of Anthology Group's directors also being Lifestory Group directors, will manage the flow of funds from Anthology Group Limited to Lifestory Group Limited. This will provide up to £1m of additional funding for Lifestory Group Limited under the inter-group facility. 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.

1 Accounting policies (continued)

1.3 Going concern (continued)

Further funding is expected within Lifestory Group from certain funding events over the next 12 months that have not yet been concluded at the date of signing this report. Those events are:

- the completion of a £50.0m 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 have been agreed with the lender for this facility and will be subject to lender diligence and credit committee approval. This is expected to complete within 1 month of the date of this report
- The sale of rental properties totalling £30.5m to a UK entity which is under common control within the Fund managed by Oaktree European Principal Fund III. This is expected to complete within 1 month of the date of this report.
- A £24.0m refinance of a completed development, with a stock loan replacing developer finance. Loan terms from lenders have been received and the facility is expected to be in place within 2 months of the date of this report.
- A development loan to be put in place which will release £10.5m of funding. The development loan is for five 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 discussed with lenders.

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 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, land, 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.

1.5 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 Accounting policies (continued)

1.6 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. Impairments to investment properties are recognised within administrative expenses.

1.7 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.

1.8 Impairment of non-current assets

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 are reviewed for possible reversal at each reporting date.

1.9 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.

1.10 Cash and cash equivalents

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

1.11 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the group or company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset, and the net amount reported in the 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 or company intends to settle on a net basis or realise the asset and liability simultaneously.

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

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. The group or company's financial assets consist of financial assets at amortised cost and derivative financial instruments.

1 Accounting policies (continued)

1.11 Financial instruments (continued)

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.

Impairment of financial assets

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

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 fair value through profit and loss (FVTPL). The respective fair value movements are reflected within the statement of comprehensive income as other gains and losses. The group or company's derivative financial instruments comprise the Hackwood option (note 19).

Derecognition of financial assets

The group or company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group or company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group or company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group or company retains substantially all the risks and rewards of ownership of a transferred financial asset, the group or company 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 or company becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the group or company's financial liabilities approximate to their fair values. The group or company's financial liabilities consist of financial liabilities measured at amortised cost.

1 Accounting policies (continued)

1.11 Financial instruments (continued)

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 fair value through profit and loss (FVTPL), are measured subsequently at amortised cost using the effective interest method. The group or company's financial liabilities measured at amortised cost comprise trade and other payables, and loans and borrowings. The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts/payments through the expected life of the financial asset/liability or, where appropriate, a shorter period.

Derecognition of financial liabilities

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

1.12 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.

1.13 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.

1.14 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 or company 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 Accounting policies (continued)

1.15 Retirement benefits

A defined contribution pension plan is a post-employment benefit plan under which the group or company 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.

1.16 Leases

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.

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.

1 Accounting policies (continued)

1.16 Leases (continued)

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.

The group did not have any finance leases.

1.17 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

Impact of initial application of other amendments to IFRS Standards and Interpretations

In the current year, the group has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Annual Improvements to IFRS Standards 2018-2020 Cycle - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the group in future periods.

3 Critical judgements and key sources of estimation uncertainty

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

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

3 Critical judgements and key sources of estimation uncertainty (continued)

Critical judgements

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

Recognition & subsequent derecognition of subsidiary

Hackwood Homes Limited has previously 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.

On 4 March 2021 Hackwood Homes Limited entered administration, on this date it was derecognised as a subsidiary by the group. This is because the group deemed this a loss of control as the unrestricted option to acquire the remaining 66.7% would no longer obtain unrestricted voting rights over 100% of the company and there was no intention or economic benefit to exercising the option.

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.

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 homes. 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 £20,755,000 (2020: £32,555,000) and a reversal of a previous impairment charge of £681,000 (2020: £nil). 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 20.

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 not be sufficient future taxable profits against which some of the losses could be relieved. Accordingly, there is no deferred tax asset (2020: £500,000) recognised by the group and company.

3 Critical judgements and key sources of estimation uncertainty (continued)

Carrying value of intercompany balances held by the company

Intercompany balances held by the company against fellow group members are subject to an annual assessment as to their recoverability. To assess the recoverable amounts from receivable balances held, the group maintains a financial appraisal for each entity within the group. Where the financial appraisal demonstrates that the discounted cashflows generated will exceed the intercompany payable then no impairment is required on the intercompany receivable held by the company. Where the projected discounted cashflows are less than the intercompany payables, the extent to which there is a shortfall is written off in the company through the statement of comprehensive income. Following the assessment, a total impairment of £4,851,000 (2020: £nil) was recognised in the company's profit and loss.

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:

	2021 £'000	2020 £'000
Legal completions on retirement property	81,576	78,020
Land sales	19,640	11,577
	101,216	89,597

Of the above £nil (2020: £131,000) relates to discontinued operations, see note 13.

Contract assets and liabilities

Contract assets arise when the group has right to consideration in exchange for residential housing that it has transferred to a customer but not yet invoiced. The group did not have any contract assets at the reporting date (2020: none).

Contract liabilities arise when a customer pays consideration in advance before the residential housing is transferred to the customer. The group did not have any contract liabilities at the reporting date (2020: none).

5 Other operating income

	2021 £'000	2020 £'000
Rental income	1,203	687
Other income	31	251
Related party service agreement	2,687	-
	3,921	938

Related party service agreement relates to a service recharge charged to sister company London Real Estate Development Limited. Further detail can be found in note 29.

6 Operating loss

	2021 £'000	2020 £'000
Operating loss for the year is stated after charging/(crediting):		
Depreciation of owned property, plant and equipment	201	630
Amortisation of right of use assets	258	293
Cost of inventories recognised as an expense	97,388	82,700
Inventories impairment losses recognised	20,755	32,555
Reversal of previous inventory impairment charges	(681)	-
Impairment of investment property	1,583	-

During the year the group received furlough payments of £109,000 (2020: £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 £nil (2020: £1,424,000).

7 Auditor's remuneration

	2021 £'000	2020 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	144	93
Audit of the financial statements of the company's subsidiaries	188	157
	332	250
For other services		
Taxation compliance services	54	53
Other taxation services	77	16
	131	69

8 Employees

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

	2021 Number	2020 Number
Administration	111	165
Sales	49	48
	160	213

Their aggregate remuneration comprised:

	Group 2021 £'000	2020 £'000
Wages and salaries	11,284	13,803
Social security costs	1,522	1,838
Pension costs	350	412
	13,156	16,053

9 Directors' remuneration

	Group 2021 £'000	2020 £'000
Remuneration for qualifying services	889	1,404

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

	2021 £'000	2020 £'000
Remuneration for qualifying services	839	849

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 £nil (2020: £320,000).

10 Retirement benefit schemes

	2021 £'000	2020 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	350	412

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 £76,000 (2020: £51,000) were payable to the scheme and are included within other payables (note 22).

11 Finance costs

	2021 £'000	2020 £'000
Interest payable on bank loans	25,155	27,842
Interest payable on other loans and leases	82	109
Amortisation of bank facility costs	6,853	6,728
Interest payable to group undertakings	7,608	12,856
Interest payable to related parties	198	-
	39,896	47,535

Of the above £47,000 (2020: £13,000) relates to discontinued operations, see note 13.

12 Taxation

	2021 £'000	2020 £'000
Current tax		
UK corporation tax on profits for the current period	(191)	-
Adjustments in respect of prior periods	(541)	-
Total current tax credit	(732)	-

	2021 £'000	2020 £'000
Deferred tax		
Origination and reversal of temporary differences	(70)	(392)
Change in recognised deferred tax assets	500	(500)
Change in recognised deferred tax liabilities	(84)	-
Total deferred tax	346	(892)
Total tax credit	(386)	(892)

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

From continuing operations	2021 £'000	2020 £'000
Loss before taxation	(89,501)	(102,609)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(17,005)	(19,496)
Change in recognised deferred tax assets	500	(500)
Unrelieved tax losses	17,005	19,496
Short-term temporary differences	(70)	(392)
Taxation charge/(credit)	430	(892)

From discontinued operations	2021 £'000	2020 £'000
Loss before taxation	(1,798)	(962)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(342)	(183)
Change in recognised deferred tax liabilities	(84)	-
Unrelieved tax losses utilised	(541)	183
Tax effect of expenses that are not deductible in determining taxable profit	151	-
Taxation credit	(816)	-

13 Discontinued operations

On 4 March 2021, Hackwood Homes Limited entered administration, at this date the Group no longer recognised Hackwood Homes Limited as a subsidiary and it was derecognised from the consolidated set of financial statements. As a result of its administration process the operation was considered discontinued.

The results of the discontinued operations, which have been included in the loss for the year, were as follows:

	2021 £'000	2020 £'000
Revenue	-	131
Cost of sales	(682)	-
Gross (loss)/profit	(682)	131
Administrative expenses	(1,004)	(1,080)
Loss on disposal	(65)	-
Operating loss	(1,751)	(949)
Finance costs	(47)	(13)
Loss before taxation	(1,798)	(962)
Tax on loss	816	-
Loss for the financial year	(982)	(962)

In the above, the group has recognised its share of the loss totalling £65,000 that arose on the disposal of Hackwood Homes Limited.

Hackwood Homes Limited had the following impact on the consolidated cash flow statement; net cash outflow from operating activities of £2,746,000, net cash inflow from investing activities of £629,000, and net cash inflow from financing activities of £1,990,000, with a total decrease in cash of £127,000 for the period to 4 March 2021.

The 2020 comparative figures included in the statement of total comprehensive income was represented, with the £962,000 removed from continuing operations and presented as a loss from discontinued operations.

14 Property, plant and equipment

Group	Machinery & vehicles £'000	Fixtures, fittings & equipment £'000	Computers & software £'000	Total £'000
Cost				
At 1 July 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
At 1 July 2020	1,359	1,394	2,768	5,521
Additions	-	1	33	34
Disposal of subsidiary	(1,171)	(533)	(78)	(1,782)
At 30 June 2021	188	862	2,723	3,773
Depreciation				
At 1 July 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
At 1 July 2020	965	1,032	2,450	4,447
Depreciation charge	-	11	190	201
Disposal of subsidiary	(779)	(197)	(58)	(1,034)
At 30 June 2021	186	846	2,582	3,614
Carrying amount				
At 30 June 2021	2	16	141	159
At 30 June 2020	394	362	318	1,074

14 *Property, plant and equipment (continued)*

Company	Fixtures, fittings & equipment £'000	Computers & software £'000	Total £'000
Cost			
At 1 July 2019	626	2,548	3,174
Additions	18	157	175
At 30 June 2020	644	2,705	3,349
At 1 July 2020	644	2,705	3,349
Additions	1	18	19
Disposals	-	-	-
At 30 June 2021	645	2,723	3,368
Depreciation			
At 1 July 2019	601	2,111	2,712
Depreciation charge	24	289	313
At 30 June 2020	625	2,400	3,025
At 1 July 2020	625	2,400	3,025
Depreciation charged	11	175	186
At 30 June 2021	636	2,575	3,211
Carrying amount			
At 30 June 2021	9	148	157
At 30 June 2020	19	305	324

15 Investment properties

	Group £'000	Company £'000
Valued at cost less impairment		
At 1 July 2019	7,583	1,582
Additions	8,081	-
Disposals	(3,034)	(60)
At 30 June 2020	12,630	1,522
Additions	26,774	-
Disposals	(3,952)	-
Impairment losses	(1,583)	-
At 30 June 2021	33,869	1,522

15 Investment properties (continued)

Investment properties comprise £1,522,000 (2020: £1,522,000) of residual interests in sold properties where there is no set redemption date and no rent or interest is charged, and £32,343,000 (2020: £11,108,000) of investment properties which are fully owned and rented out.

The fair value of investment properties within the group at 30 June 2021 was £33,869,000 (2020: £12,630,000) and the company was £1,522,000 (2020: £1,522,000). For investment property of residual interests, the fair value is calculated using the UK house price index, then applying this to the cost of the investment and factoring when acquired.

For investment properties rented out, the fair value and the recoverable value is determined by rentals yields, which is calculated using the current book value and estimated annual rental income for 12 months. This rental yield is compared to the benchmark UK market yields for equivalent property, which is calculated using latest market reports published by reputable property valuers. If the rental yields are lower an impairment position is identified, and the book value would be written down until the required yield level is met. In the current year an impairment of £1,583,000 (2020: £nil) was charged in the year. This was recognised and is presented in the total comprehensive income statement within administrative expenses. Investment properties of £32,343,000 (2020: £11,108,000) have been pledged as security for certain of the group's borrowings and trade and other payables.

Total rental income earned in the year from investment properties was £1,203,000 (2020: £687,000). Direct operating expenses arising from investment property that generated rental income was £292,000 (2020: £179,000). Direct operating expenses arising from investment property that did not generate rental income was £nil (2020: £nil).

16 Investments

	Notes	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Investments in subsidiaries	17	-	-	11,757	441

The company has investments in subsidiary undertakings as listed in note 17. All subsidiaries are included in the consolidated financial statements of Lifestory Group Limited.

Movements in non-current investments

Company	Shares in group undertakings £'000
At 30 June 2020	441
Acquisitions	11,316
Disposals	-
At 30 June 2021	11,757

On 23 June 2021 PegasusLife Property Holdings Limited transferred its £1 share capital relating to a 100% shareholding in PegasusLife Cobham Limited to Lifestory Group Limited. The consideration for this transfer totalled £11,316,000.

On 4 March 2021 Hackwood Homes Limited was derecognised from the Group. Hackwood Homes Limited entered administration and Lifestory Group Limited lost control of the subsidiary at this date. Hackwood Homes Limited was held indirectly through PegasusLife Renaissance Holdings Limited. At the date of derecognition Hackwood Homes Limited had net assets of £207,000. With a share of 33.3% of these net assets a loss on disposal of £65,000 has been recognised in the loss from discontinued operations in the statement of comprehensive income.

17 Subsidiaries and related undertakings

At 30 June 2021, the company had investments in 100% of the ordinary share capital of the following subsidiaries, all of which are incorporated in the UK and have a registered address of 105-107 Bath Road, Cheltenham, Gloucestershire, GL53 7PR:

Name	Principal activity	Control
PegasusLife Renaissance Holdings Limited	Holding company	Direct
All of us (Care) Limited	Holding company	Direct
PegasusLife Group Limited	Holding company	Direct
PegasusLife Cobham Limited	Property development	Direct
PegasusLife Development Limited	Property development	Indirect
PegasusLife Lyndhurst Limited	Property development	Indirect
PegasusLife Development (Bartrams) Limited	Property development	Indirect
PegasusLife Development (OBR) Limited	Property development	Indirect
PegasusLife Development (Westminster) Limited	Property development	Indirect
PegasusLife Development - (QVH) Limited	Property development	Indirect
All of us (Development) Limited	Property development	Indirect
Helicon Management Limited	Management of real estate	Indirect
Pegasus Life Limited	Holding company	Indirect
PegasusLife Holdings Limited	Holding company	Indirect
PegasusLife Landlord Limited	Holding company	Indirect
PegasusLife Rental Limited	Letting and real estate operations	Indirect
Lifestory Development Holdings Limited	Holding company	Direct
Lifestory Development Land Limited	Property development	Indirect
Lifestory Development (Wooburn Green) Limited	Property development	Indirect
Lifestory Development (Cranleigh) Limited	Property development	Indirect
Lifestory Development (West Byfleet) Limited	Property development	Indirect
Lifestory Development (Bath) Limited	Property development	Indirect
Lifestory Development (Quonians) Limited	Property development	Indirect
PegasusLife Landlord - Crowthorne Limited	Letting and real estate operations	Indirect
PegasusLife Landlord - Rustington Limited	Letting and real estate operations	Indirect
PegasusLife Landlord Ace Sandbanks Limited	Letting and real estate operations	Indirect
PegasusLife Landlord The Landing Limited	Letting and real estate operations	Indirect
PegasusLife Landlord Carriages Limited	Letting and real estate operations	Indirect
PegasusLife Landlord Chapter House Limited	Letting and real estate operations	Indirect
PegasusLife Landlord Woodlands Limited	Letting and real estate operations	Indirect
PegasusLife Landlord Hortsley Limited	Letting and real estate operations	Indirect
PegasusLife Landlord Chapelwood Limited	Letting and real estate operations	Indirect
PegasusLife Landlord No. 79 Fitzjohns Avenue Limited	Letting and real estate operations	Indirect
PegasusLife Landlord Steepleton Limited	Letting and real estate operations	Indirect
PegasusLife Landlord - Sandhurst Limited	Letting and real estate operations	Indirect
PegasusLife Landlord - Leyton Road Limited	Letting and real estate operations	Indirect

17 Subsidiaries and related undertakings

Name	Principal activity	Control
PegasusLife Landlord JDH Limited	Letting and real estate operations	Indirect
PegasusLife Landlord - Marina Gardens Limited	Letting and real estate operations	Indirect
PegasusLife Landlord - Moors Nook Limited	Letting and real estate operations	Indirect
PegasusLife Landlord - Belle Vue Limited	Letting and real estate operations	Indirect
PegasusLife Landlord The Vincent Limited	Letting and real estate operations	Indirect
PegasusLife Landlord - The Fitzroy Limited	Letting and real estate operations	Indirect
PegasusLife Landlord Wildernesse House Limited	Letting and real estate operations	Indirect
PegasusLife Landlord One Bayshill Road Limited	Letting and real estate operations	Indirect
PegasusLife Landlord Chimes Limited	Letting and real estate operations	Indirect
Renaissance Freehold Limited	Letting and real estate operations	Indirect
Lifestory Customer Operations Limited	Management of real estate	Indirect
Fleur De Lis Tea Rooms Christchurch Limited	Unlicensed cafe	Indirect
Renaissance Retirement Limited	Property development	Indirect
Renaissance Assets Limited	Property development	Indirect
PegasusLife Landlord - Holmwood Limited	Letting and real estate operations	Indirect
PegasusLife Landlord - Poole Limited	Letting and real estate operations	Indirect
PegasusLife Landlord - Vivere Limited	Letting and real estate operations	Indirect
PegasusLife Landlord - Taylor Place Limited	Letting and real estate operations	Indirect
PegasusLife Landlord - Kingsbury Grove Limited	Letting and real estate operations	Indirect
PegasusLife Landlord - Bourne End Limited	Letting and real estate operations	Indirect
PegasusLife Landlord - Wimborne Limited	Letting and real estate operations	Indirect
PegasusLife Landlord - Babbacombe Limited	Letting and real estate operations	Indirect
PegasusLife Property Limited	Holding company	Indirect
PegasusLife Property Holdings Limited	Holding company	Indirect

18 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 2021 by virtue of section 479A and 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)
- Lifestory Development Holdings Limited (Registration number:13029782)

19 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 an IPO within the group.

The fair value of the Hackwood Option is £nil (2020: £nil) calculated on the assumption that since the company has entered administration 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.

20 Inventories

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Completed homes	330,990	350,526	-	-
Work in progress	157,089	172,665	-	-
Land	25,379	78,946	1,979	11,940
	513,458	602,137	1,979	11,940

Inventories of £499,394,000 (2020: £565,002,000) have been pledged as security for certain of the group's borrowings and trade and other payables. The company has not pledged any of its inventory as security for the company's borrowings (2020: £nil). Cost of inventory recognised as an expense during the year was £97,388,000 (2020: £82,700,000).

21 Trade and other receivables

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Amounts owed by subsidiary undertakings	-	-	399,606	363,386
Amounts owed by related parties (note 29)	2,574	-	11,017	-
Other receivables	4,485	4,182	530	844
Prepayments	1,587	1,984	604	711
	8,646	6,166	411,757	364,941

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.

More detail on amounts owed by related parties can be seen in note 29.

22 Trade and other payables

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Current				
Trade payables	5,985	9,775	1,301	2,772
Amounts owed to subsidiary undertakings	-	-	32,715	37,359
Other payables	2,168	4,213	2,055	1,955
Accruals	26,213	13,334	4,338	2,973
	34,366	27,322	40,409	45,059

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 28 days (2020: 31 days). For the company, this was 61 days (2020: 42 days).

23 Other payables

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Non-current				
Other payables	13,250	13,250	-	-

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

24 Loans and borrowings

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Bank loans	369,557	428,526	-	-
Issue costs	(13,872)	(20,185)	-	-
Loans from parent undertakings	28,833	252,402	28,833	252,402
Loans from related parties	17,198	-	17,198	-
	401,716	660,743	46,031	252,402
Payable within one year	-	-	-	-
Payable after one year	401,716	660,743	46,031	252,402

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 S.à.r.l. ceases to hold, directly or indirectly, more than 50% of the issued share capital in, or business assets of, the company.

On 9 March 2021, the group entered into a £35,000,000 loan agreement with its sister company, Anthology Group Limited. On 25 June 2021 this facility was increased to £42,000,000. The loan is unsecured, repayable on 9 March 2024, and attracts interest of 5.00%. On 7 December 2021 the facility was increased to £62,000,000.

Bank loans comprise:

Sculptor Petrel Investment S.à.r.l.
A £525,000,000 loan facility with Sculptor Petrel Investment S.à.r.l. was agreed on 28 June 2019 with the first drawdown made on 4 July 2019. 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 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.

Daiwa Loan
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.

25 Leases

	Leasehold Property Total £'000
Group	
Right of use assets	
At 30 June 2020	1,985
Amortisation	(258)
On disposal of subsidiary	(953)
At 30 June 2021	774
Group	
Lease liabilities	
At 30 June 2020	(2,026)
Lease payments made	352
Unwinding of a discount	(82)
On disposal of subsidiary	962
At 30 June 2021	(794)
Current	(226)
Non-current	(568)
	(794)

	Leasehold Property Total £'000
Company	
Right of use assets	
At 30 June 2020	993
Amortisation	(219)
At 30 June 2021	774
Company	
Lease liabilities	
At 30 June 2020	(1,010)
Lease payments made	261
Unwinding of a discount	(45)
At 30 June 2021	(794)
Current	(226)
Non-current	(568)
	(794)

26 Financial instruments

	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Carrying amount of financial assets				
Trade and other receivables	7,059	4,182	411,153	364,230
Cash and cash equivalents	27,439	9,421	5,106	338
Carrying amount of financial liabilities				
Measured at amortised cost	449,332	660,737	86,440	46,069

The company does not have any financial instruments measured at fair values. The group holds the Hackwood option at fair value of £nil (2020: £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 (2020: £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.

Market risk

Financial risk management
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments.

Exposure to market risk
The group has no material exposure to foreign currency risk as all purchases and finance are currently denominated in sterling.

The group is only exposed to the risk of interest rate movements on the non-fixed rate bank lending outstanding at the reporting date. The directors constantly review the necessity to hedge this risk of movements in LIBOR but the exposure is not currently expected to be material. Where loans are at a variable rate and an increase in this rate will have a material impact on returns, suitable financial instruments are used to limit this exposure. Loans are regularly reviewed to assess if fixing the interest would be prudent, based on the term of the loan outstanding and view of the current market.

£52,713,000 (2020: £252,402,000) of the group's borrowings is at fixed rate with £362,614,000 (2020: £428,526,000) at variable rate. A 1% movement in LIBOR would cause an increase in interest of £3,626,000 per annum.

26 Financial instruments (continued)

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 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
Bank and related party loan facilities with maturity dates through to 2024				
- Amounts used	386,643	414,609	17,000	-
- Amounts unused	189,832	110,391	25,000	-
	576,475	525,000	42,000	-

Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The group's overall strategy remains unchanged from 2020.

The capital structure of the group consists of net debt (borrowings disclosed in note 24 after deducting cash and bank balances) and equity of the group (comprising issued capital, share premium, 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.

27 Deferred taxation

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

Group	Liabilities 2021 £'000	Liabilities 2020 £'000	Assets 2021 £'000	Assets 2020 £'000
Tax losses	-	-	-	500
Acquisition of subsidiaries	-	154	-	-
	-	154	-	500

27 **Deferred taxation (continued)**

Company	Liabilities 2021 £'000	Liabilities 2020 £'000	Assets 2021 £'000	Assets 2020 £'000
Tax losses	-	-	-	500

Movements in the year are shown below

Movements in the year:	Group 2021 £'000	2020 £'000	Company 2021 £'000	2020 £'000
At 1 July 20	(346)	546	(500)	-
Debit/(credit) to profit or loss (continuing operations)	430	(892)	500	(500)
Debit/(credit) to profit or loss (discontinued operations)	(84)	-	-	-
At 30 June 21	-	(346)	-	(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 £331,853,000 (2020: £242,352,000) available to offset against future profits. The company had unused losses of £264,343,000 (2020: £238,127,000). 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 not been recognised on these losses (2020: £500,000). Unrelieved tax losses have no expiry date.

28 **Share capital and reserves**

Group and Company	Group & Company 2021 £	Group & Company 2020 £
Ordinary share capital		
Issued and fully paid		
3 (2020: 1) ordinary shares of £1 each	3	1

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

On 29 January 2021 OCM Luxembourg Pegasus Holdings S.A.R.L., capitalised £294,857,000 in loans to new share capital. Two new ordinary shares of £1 were issued and a share premium arose of £294,856,998.

The group's and company's reserves comprise:

Share premium: Share premium represents amounts subscribed for share capital in excess of nominal value.

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.

29 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 £nil (2020: £3,000) were undertaken in the year and £nil balance was outstanding at year end (2020: £nil).

The group made purchases in the year of £1,250,000 (2020: £16,009,000) from Hackwood Homes Limited. The group also advanced loan finance of £nil (2020: £3,615,000) to Hackwood Homes Limited. At the year-end, a balance of £69,000 (2020: £1,277,000) was owed from Hackwood Homes Limited which is included in amounts due from related parties.

The company made purchases in the year of £nil (2020: £3,285) from Hackwood Homes Limited. The company also advanced loan finance of £nil (2020: £3,615,000) to Hackwood Homes Limited. At the year-end, a balance of £8,512,000 (2020: £8,548,000) was owed from Hackwood Homes Limited which is included in amounts due from related parties. In the previous year this balance was included in amounts due from subsidiary undertakings as Hackwood was previously a subsidiary.

Anthology Group Limited group companies have a director in common with Mark Dickinson; and are under the same control as Lifestory Group. The company recharged £2,687,350 (2020: was recharged £522,000) for services to, and £134,031 for costs incurred on behalf of, London Real Estate Development Limited (LRED). A further £224,515 was recharged to the group by LRED for costs incurred on the group's behalf. At the year-end £2,076,258 (2020: owed £522,000) was due from LRED. The company was recharged £nil (2020: £130,000) for services by Anthology Group Limited and £130,000 (2020: £130,000) was outstanding at the year-end. The company recharged £158,026 (2020: £nil) for costs incurred on behalf of Anthology Deptford Foundry Limited and £158,026 (2020: £nil) was outstanding at the year-end. The company recharged £198,195 (2020: £nil) for costs incurred on behalf of Anthology Hale Works Limited and £198,195 (2020: £nil) was outstanding at the year-end. The company recharged £71,451 (2020: £nil) for costs incurred on behalf of Anthology Hoxton Press Limited and £71,451 (2020: £nil) was outstanding at the year-end. The company recharged £38,224 (2020: £nil) for costs incurred on behalf of Anthology Stratford Mill Limited and £38,224 (2020: £nil) was outstanding at the year-end. The company recharged £92,723 (2020: £nil) for costs incurred on behalf of Anthology Wembley Parade Limited and £92,723 (2020: £nil) was outstanding at the year-end.

On 9 March 2021 the Group entered into a £35,000,000 loan agreement with sister company, Anthology Group Limited, on 25 June 2021 this facility was increased to £42,000,000. During the year Anthology Group Limited provided loan finance of £18,000,000 (2020: £nil) to the company and group during the year, of which £1,000,000 (2020: £nil) was repaid. At the year-end £17,198,000 (2020: £nil) of the loan finance was outstanding. During the year interest was charged at a fixed rate of 5.00% being £198,000 (2020: £nil). The loan is unsecured, repayable on 9 March 2024.

OCM Luxembourg Pegasus Holdings S.à.r.l., the immediate parent undertaking, provided a loan finance of £63,700,000 (2020: £47,200,000) to the company and group during the year. During the year OCM Luxembourg Pegasus Holdings S.à.r.l. acquired 2 ordinary shares for consideration of £294,857,000 which was settled via the intercompany account. At the year-end £28,833,000 (2020: £252,402,000) of the loan finance was outstanding. During the year interest was charged on this loan finance of £7,608,000 (2020: £12,860,000).

Key management personnel

Key management personnel are considered to be solely the directors. Their remuneration is disclosed in note 8.

30 Cash absorbed by group operations

	2021 £'000	2020 £'000
Loss for the year after tax	(90,913)	(103,571)
Adjustments for:		
Taxation (credited)	(386)	(892)
Finance costs	39,896	47,535
Amortisation of right of use assets	258	293
Depreciation of property, plant and equipment	201	630
Impairment of inventories and investment property	21,657	32,555
Movements in working capital:		
Increase/(decrease) in inventories	45,784	(8,503)
(Increase) in trade and other receivables	(5,577)	(776)
Increase/(decrease) in trade and other payables	8,667	(13,741)
Cash generated/(absorbed) by operations	19,587	(46,470)

31 Analysis of changes in net debt - group

	1 July 2020 £'000	Cash flows £'000	Non-cash changes £'000	30 June 2021 £'000
Cash at bank and in hand	9,421	18,018	-	27,439
Borrowings	(660,743)	(23,787)	282,814	(401,716)
Leases	(2,026)	352	880	(794)
	(653,348)	(5,417)	283,694	(375,071)

Included within non-cash changes is an acquisition of shares by parent company, OCM Luxembourg Pegasus Holdings S.A.R.L., of £294,857,000 that was settled via intercompany account.

32 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.

33 Events after the reporting date

On 13 September 2021 the 126-home development in Portishead achieved planning for a change of use and was sold to a housing association for £27,800,000.

On 16 September 2021 41 rented properties were transferred for a value of £15,000,000 to a newly formed business outside of the Lifestory group but with a common ultimate parent company. At the same time a framework agreement was completed to allow all future rented homes to be transferred to this same entity, subject to certain criteria being met. The letting agency business operated by Lifestory will continue to provide letting services for the purchaser.

On 14 October 2021 the group completed the acquisition on a site in Lymington for £4,800,000.

On 15 October 2021 the group completed a development loan for three sites at Bath, Wooburn Green, and Cranleigh, with Cheyne Capital Limited with a facility totalling £40,000,000 with a repayment date of April 2024.

On 29 November 2021 the group completed the acquisition on a site in Lichfield for £2,900,000.

On 7 December 2021, the company increased the facility with sister company, Anthology Group Limited to £62,000,000.

On 8 February 2022 the Midas group entered administration. Midas was a main contractor for one of our completed sites however only rectification work remained outstanding, and management has assessed that the impact to the group is insignificant, and the works will be completed by Lifestory on a construction management basis.