Omar Group Holdings Limited

Annual Report and Financial Statements

Year Ended

30 April 2020

Company Number 10694240

Omar Group Holdings Limited

Company Information

Directors	D A Westmoreland R C Greenacre D R Wardrop T J Scicluna D G Chilton G R Craig
Registered number	10694240
Registered office	Pleszko House 227 London Road Brandon Suffolk IP27 0NE
Independent auditors	BDO LLP 16 The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ

Omar Group Holdings Limited

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Omar Group Holdings Limited

Group Strategic Report
For the Year Ended 30 April 2020

Introduction

The directors present their strategic report and the financial statements for the year ended 30 April 2020.

Business review

These financial statements consolidate the results of Omar Group Holdings Limited and all of its subsidiaries. The main trading subsidiary of the Group remains Omar Park Homes Limited, a company that designs, manufactures, sells and refurbishes park homes and luxury lodges for the UK market. As this is the main trading entity of the Group, the business review principally considers the results of that subsidiary for the 12 month period to 30 April 2020 but, where relevant, it also factors in the activities of the other trading subsidiary, UK Sundecks Ltd. Our review is consistent with the size and nature of our business and is written in the context of the risk of the uncertainties we face.

Omar was on track for another solid year of performance, as we entered March 2020 the Board's expectation was for the Group to deliver EBITDA in line with prior year in spite of relatively tough trading conditions which, to that point, were suggestive of a 3% reduction in sales driven by weaker consumer confidence, a slowdown in the property market and continuing uncertainty related to Brexit all of which undermined Omar's sales activities.

These expectations did not take any account of the COVID-19 pandemic which then very quickly generated severe additional disruptions to Omar's businesses.

Following Boris Johnson's announcement, the Board took the decision to suspend operations during the week commencing 23rd March 2020, in line with Government directions to assist in preventing further spread of the coronavirus COVID-19. By the close of business on the 25th March, all 3 of our facilities, including UK Sundecks Limited, were closed and the Group was effectively furloughed, although a limited number of staff were retained working from home to deal with employee queries, contact with customers, suppliers and other stakeholders.

The closure of our operations meant that we lost a large proportion of March's and all of April's output, our busiest period of the year, and this significantly diminished our full year performance.

In the COVID-disrupted financial year ending 30 April 2020, Group turnover was down 18% which is a reflection of being closed for 6 weeks of the most recent financial year. Group gross profit margin was down for the year by 5.8%, in part due to the failure to recover labour costs and factory overheads during the lockdown. It is a credit to the business and its senior management team that in the face of the pandemic the group still reported EBITDA of £4.7m (2019 - £8.2m), a 10.6% (2019 - 15.1%) return on sales (being EBITDA as a percentage of turnover). Our cash balance at year end was £3.9m (2019 - £5.2m), and this has grown significantly subsequent to the year end, as we have collected the debt for the pre COVID period.

Whilst closed and in lockdown, we engaged with our bank, HSBC UK Bank plc ("HSBC"), regarding our finance agreement. The bank was, and remains to date, extremely supportive. Similarly supportive were our creditors, including our landlords, who worked with us to agree appropriate short term payment plans, all of which were adhered to and are now returned to normal trading terms.

Due to the impact of COVID-19 on the business, the directors performed an impairment review at 30 April 2020, as explained within note 2. Following this review the directors have provided for an impairment in relation to goodwill and intangible assets, as explained within note 10, which totalled £10,994,782. In relation to the brand name and customer relationships which were partially impaired as shown within note 10, the directors will review the position at the end of the next financial year to determine if any of the impairment loss should be reversed in that subsequent period.

Business review (continued)

Following the Government's relaxation of the first period of lockdown restrictions and having made our facilities COVID secure and with safe working practices fully implemented, the Brandon and Cradley Heath sites resumed limited scale operations on 26th May, while the Hull site returned (also on a limited scale) on 1st June. Since then, we have made a graduated return to work across all 3 sites, ramping production up slowly but surely, and we are seeing very strong demand in both the residential park home sector and for luxury lodges, which has, at the time of writing, pushed our order book to 70% higher than it was when we entered lockdown. Unfortunately, in spite of this, we have found it necessary to carry out a limited restructuring of our Brandon workforce to enable safe social distancing. We have expanded production in our Hull facility to compensate for this and now have the manned capacity in place to supply at our pre COVID levels. Refer to note 29 for further details.

With respect to the second lockdown announced by the Government at the end of October 2020, and commencing on 5 November 2020, as manufacturing concerns, Group operations were not obliged to close and, having made our facilities COVID secure, we have continued to operate without significant interruption since the commencement of the second lockdown.

Key performance indicators

The Directors use earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) as a key performance indicator (which is calculated by taking the Loss and total comprehensive income on ordinary activities for the financial year, and adding back interest payable and expenses, taxation, depreciation charge, amortisation charge and impairment charge to arrive at EBITDA), along with turnover, gross profit margins, control over operating costs and working capital management and cash generation as measures to assess the performance of the Group, and those indicators where relevant, have been referred to above within the business review.

Future developments and strategy

Our forecast for the financial year ending 30 April 2021 has been adversely impacted COVID-19, being closed for practically all of May 2020, followed by the graduated return to work to test our COVID-secure protocols and subsequently reduced production capacity at Brandon. However, the order book is strong with demand for residential park homes driven by post COVID urban flight and the stamp duty holiday; and strong demand for luxury lodges, with letting models particularly popular as the UK enjoys a staycation boom given nervousness regarding overseas travel and need to quarantine.

At the time of writing, COVID-19 infection rates in West Suffolk (Brandon), our principle manufacturing site, remain relatively low with, thankfully, no positive cases among our employees reported to date. Infection rates in the local areas around our other 2 sites, Kingston Upon Hull (Hull) and Cradley Heath (UK Sundecks' site in the West Midlands) are higher and present a greater concern with a limited number of the workforce in Hull having tested positive but none, to date, at Cradley Heath. Our COVID-secure protocols in all 3 sites are designed, among other things, to minimise any potential on-site spread of the virus and have, thus far, proved effective; so, for example, immediately on identifying the, then, potential case/s in Hull the individuals and their immediate co-workers were isolated away from site and manufacturing operations have not been significantly affected. The local health authorities have been informed and their review of our protocols has been positive. We have been cleared to continue manufacturing operations under our existing COVID-secure protocols.

Future developments and strategy (continued)

Having made our facilities COVID-secure as explained above, our operations have continued to perform without significant interruption since the commencement of the second lockdown, and that is expected to continue throughout the second lockdown period, due to end on 2 December 2020. As a manufacturer, we are continuing to work through it and have been contacting our suppliers and customers to establish their positions with respect to inward supplies and customers' ability/willingness to take homes. The initial feedback has been positive in that construction was explicitly name checked as staying open and customers remain very keen to get homes on park even if they will be closed for bookings. Our production planning schedule currently stands at £40M with orders stretching well into the financial year ended 30 April 2022, so, while we may need to re shuffle the schedule to cover any customers who may wish to defer, we have no reason at present to amend the current forecasts in place.

Our continuing investment in new product development, most recently; the Image park home, the Woodbury range of letting lodges, the new Kingfisher, the Arden luxury lodge, the Vision park home and the refreshed Alderney lodge have been well received by the market and will drive future growth. Our investment in Omar Park Development Services (OPDS) and in UK Sundecks Ltd enables the Group to offer turnkey solutions which include support right from planning and infrastructure through production and including delivery, siting, decking, cleaning and propping of the unit in situ; which is well regarded by the market. Omar Refurbishment Services adds a further important revenue stream providing park home and lodge owners with the option to renovate their units with the security that comes with the manufacturer's backing, which is proving a popular alternative in the current economic climate.

Group turnover for the year ended 30 April 2021 is forecast to be marginally higher than it was for the year ended 30 April 2020, while profitability is expected to recover somewhat following the recently completed restructuring exercise. Beyond that, our projections are to return to steady year on year growth, given that the fundamental secular tail winds which support this business are strong. These forecasts assume that we continue to live and operate within a COVID-secure environment but do not factor in the potential impacts associated with any further localised, regional or national lockdowns, beyond the current second lockdown which is expected to end on 2 December 2020. The directors do however have confidence that the Group has the resilience to ride out these impacts should the need arise, to this end, the business has built a significant cash war chest.

The Group will continue to invest strategically in talent, business systems, capital equipment and its facilities to ensure that the Group is able to offer market leading products and a customer experience that sets the standard for the industry.

Principal risks and uncertainties

The Directors monitor the key risks that the business faces and take action to mitigate those risks. An overview of these key risks, together with the associated actions are set out below:

1) Risk - Economic climate
Description - The longer term impacts of COVID-19 remain uncertain and we are very aware of the potential impact of localised lockdowns and, the current second full lockdown in England. Any future lockdowns also pose a risk.

Achievement / Action - All 3 sites remain very strictly controlled in terms of adherence to our COVID-secure working protocols, we have maintained our internal social distancing requirements at 2 metres and have made face coverings mandatory in all communal areas on all 3 sites. Accordingly we have been able to continue operations during the initial period of the second lockdown, which is expected to continue to 2 December 2020. We have actively built a cash war chest to maintain liquidity in case of further disruption. The rates of infection in West Suffolk, our headquarters and main production facility remain low.

Principal risks and uncertainties (continued)

2) Risk - Key customer relationships
Description - The Group has several significant customer relationships which, if damaged, would result in reduced sales.

Achievement / Action - All customer accounts have a nominated senior management team contact who is charged with ensuring that good relationships are maintained throughout the customer portfolio.

3) Risk - Supply chain
Description - COVID related disruptions have impacted the inbound supply chain with extended lead times and price inflation.

Achievement / Action - We have an experienced and capable planning and procurement team who continue to work with suppliers to secure the best availability and pricing for Omar through alternate supply, substitute materials and forward buying. In spite of these efforts, we will inevitably need to pass some cost inflation on to our customers.

4) Risk - Brexit
Description - Although our suppliers are UK domiciled, many of them source from within the EU and, in turn, supplies may originate in the Far East. Uncertainty around a trade deal with the EU and the potential for a 'no deal' Brexit may generate further inbound supply chain disruption from 1 January 2021.

Achievement / Action - We are actively engaged with our suppliers to try to understand the potential risks that they are exposed to and work with them to mitigate against the impacts, or at least plan for them through forward buying, carrying additional material stock or engaging with customers to notify them when the impacts cannot be contained.

Directors' statement of compliance with duty to promote the success of the Group

Section 172 of the Companies Act 2006 requires the directors to take into consideration the interests of stakeholders and other matters in their decision making. The directors have a regard for all stakeholders including employees, customers, suppliers, investors, lenders, shareholders and the wider community in considering the impact on the surrounding environment and communities in which the business operates when making decisions.

The Board engages with the stakeholders of the business through communication and collaboration, monthly board meetings include the active participation of all functional leads within the business to facilitate on going, two way dialogue between the Board and operational management. Operational management is in regular contact with employees through Employee Consultative Committees, notice board announcements and private Facebook and Whatsapp groups and through Company briefings (with Q&A) from the CEO held at least twice a year and well as departmental briefings and toolbox talks. Regular and on going contact with customers and suppliers is maintained at an operational level and includes the collation and dissemination of relevant information and decisions.

During the year the Group has continued to support various charities within our local communities and in collaboration with employees, customers and suppliers. The Group embraced the Energy Savings Opportunity Scheme and engaged a 3rd party (Carbon Intelligence) to conduct a review and assessment of the Group's energy performance; this revealed some savings opportunities which have been implemented.

Below is a review of the significant events and decisions along with the impact and actions taken by the directors in response:

Directors' statement of compliance with duty to promote the success of the Group (continued)

1) Significant Events / Decisions - COVID-19 response, decision to suspend all operations at all 3 sites during the week commencing 23 March 2020

Key s172 matter(s) affected - Employees, Customers, Suppliers, HMRC, Lender, Shareholders

Action and Impact - Decision taken as the socially responsible thing to do in the interests primarily of our employees and local communities to avoid contributing to the spread of the virus.

Decision communicated to all affected stakeholders by the close of business on 25 March via verbal and written communication, email and social media.

All but 12 employees were furloughed, those not furloughed worked from home to maintain on going contact with stakeholders as necessary to keep the business 'ticking over'.

Good relationships were maintained with all stakeholders which greatly assisted in our graduated return to work from late May onwards.

2) Significant Events / Decisions - Amendment to Senior Facilities Agreement (banking facilities agreement)

Key s172 matter(s) affected - Lender, Shareholders

Action and Impact - Decision to engage with HSBC UK Bank plc to negotiate an amendment to our banking agreement with them, as we faced liquidity issues resulting from our decision to suspend operations in light of COVID 19.

The bank was (and remains) very supportive, understanding our predicament and agreeing to formal amendments, dated 30 April 2020 and 25 November 2020, which gave us the breathing space and liquidity to ride out the March to May 2020 lockdown and deal with the resulting short-term impact on profitability. The business continues to deliver solid margins and generate cash.

3) Significant Events / Decisions - Dissolution of Omar Franchising Limited and Decking Limited

Key s172 matter(s) affected - Solicitor, Tax Advisor, Auditor, HMRC, Companies House, Lender, Shareholders

Action and Impact - Decision taken to dissolve both entities as they were non trading and their continued incorporation was driving unnecessary cost for the Group.

Consulted all affected stakeholders and, with their permission, applied to have them dissolved.

Both now dissolved.

This report was approved by the Board on 2nd December 2020 and signed on its behalf.

D G Chilton
Director

Omar Group Holdings Limited

The Directors present their report and the financial statements for the year ended 30 April 2020.

The results presented are for the period from 1 May 2019 to 30 April 2020. The prior period results are for the period from 30 April 2018 to 30 April 2019. Accordingly the comparative amounts presented in the financial statements are not entirely comparable.

Principal activity

The Company's principal activity during the year was that of a holding company.

The Group's principal activities during the year was the design, manufacture, sale and refurbishment of park homes and luxury lodges for the UK market, along with the supply and installation of upvc decking and fencing.

Results and dividends

The loss for the year, after taxation, amounted to £15,307,798 (period ended 30 April 2019 - loss of £529,282).

Directors

The Directors who served during the year were:

D A Westmoreland
R C Greenacre
D R Wardrop
T J Scicluna
D G Chilton
G R Craig

Financial instruments & financial risk management

The Group's operations expose it to a variety of other financial risks including credit risk, liquidity risk, market and interest risk and investment risk which the Group seeks to limit the adverse effect of. The directors set risk management policies which are implemented by the Group's management team.

The Group's policy is to finance working capital through retained earnings, and through borrowings where necessary, and to finance the acquisition of subsidiaries through borrowings at either fixed interest rates or prevailing market interest rates.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through internal credit control procedures. The Group's policies are aimed at minimising credit losses. In relation to trade debtors, in tune with the industry and their customers, the Group extends cash flow to customers as they develop their sites. Accordingly the Group's cash flow and debtor book therefore reflect that fact. Details of the Group's debtors are shown in Note 14 to the financial statements. The Directors perform a monthly review of the trade receivables' ageing analysis to help manage credit risk from customers. The directors assess the recoverability of the debtor book at year end, considering factors such as payment history and credit worthiness, and where amounts are not considered recoverable, amounts are provided for. The directors ensure that management have close working relationships with their customer base, with a view to carefully assessing the creditworthiness and recoverability of trade debtors.

Credit risk (continued)

To assist with cash flow, in light of the deferred payment terms offered to customers in some cases, the Group also utilises debt with recourse finance facilities from third party providers, for providing credit to customers. The proceeds the Group receives from these facilities are debt subject to recourse and are secured over the home sold and, under certain circumstances, the finance provider can request that the Group repurchases the homes sold under finance. The amount of trade debtors under this facility at the year end are shown separately within Note 14 to the financial statements as trade debtors under recourse finance. The directors assess the recoverability of these trade debtors subject to recourse at year end, considering factors such as payment history and credit worthiness, and where amounts are not considered recoverable, amounts are provided for. The directors ensure that management have close working relationships with their customer base, with a view to carefully assessing the creditworthiness and recoverability of trade debtors under recourse.

The Company has amounts owed to it by Group companies. The Company is exposed to the usual credit risk and cash flow risk associated with having intercompany debts. The Company manages this through monitoring and assessing the results and forecasts of the Group entities from which the Company is owed money.

Credit risk also arises from cash and cash equivalents and deposits with banks, financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted for holding cash balances. All of the cash balances are held with HSBC UK Bank plc. And for the providers of debt recourse facilities to the Group, the Directors perform an assessment of the suitability of the financial institutions used.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Board reviews rolling 12 month cash flow projections on a monthly basis as well as information regarding cash balances. Additionally, management reviews a rolling 13 week cash flow forecast on a weekly basis as a further control on working capital and cash. These reviews are done at a Group and Company level and monitored by the directors. At the end of the financial period, these projections indicated that the Company and Group expected to have sufficient liquid resources to meet its obligations, subject to the matters explained within the going concern note below, and note 1.3.

Market (price) risk and interest rate risk

The Group, alongside its competitors, is exposed to fluctuation in certain purchased materials and manages this risk, so far as is possible, by having long term relationships with key suppliers that aim to bring a high degree of stability and certainty to material costs.

Market risk arises from the Group's use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), or other market factors (other price risk).

The Group is exposed to cash flow interest rate risk from long term bank borrowings which incorporate a fixed and variable rate. The rate of interest is a fixed upper percentage which can reduce if net leverage reduces, plus a variable rate (LIBOR). The Group previously held a derivative financial instrument to protect bank loans from variable interest rate risks, however that instrument expired before 30 April 2019 and no further similar instruments have been entered into by the Group since that time, and there were none outstanding at 30 April 2020. Derivative financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in the statement of comprehensive income.

For other loans held by the Group which fall due greater than one year, the rate of interest is fixed as explained in note 18.

Investment risk

As the Company is a holding company its activities are limited to its investment in subsidiaries. As such it is exposed to risk of the value of the investment it holds. It manages the value of its investments through monitoring and assessing the impact of any changes in the business model.

The Directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

Going concern

The financial statements have been prepared on a going concern basis. As discussed in this report, in the Strategic Report and in more detail in note 1.3 to the financial statements; the COVID-19 pandemic has adversely impacted the Group's performance in the year to 30 April 2020 and it continues to present operational challenges to not only the Omar Group but also the wider national and global economy.

Demand for the Group's products and services remains strong and is growing, operational capacity has been recovered and is primed to be increased in the coming quarters while continuing to maintain COVID-secure working protocols.

Crucially, both HSBC and the majority loan note holders have to date positively demonstrated their support for the Group and expressed their willingness and desire to continue to do so.

With this in mind and having conducted a detailed review of the Group's and Company's resources and the challenges presented by the current economic environment, the directors are satisfied that the Group and Company have the means and facilities to meet its liabilities as they fall due for at least one year from the date of approval of these financial statements. Therefore, the directors opine that it is appropriate that these financial statements have been prepared on a going concern basis. Refer to note 1.3 for further information.

Post balance sheet events

Details of the post balance sheet events affecting the Company and Group are explained within note 29 to the financial statements, please refer to that note for further information.

Engagement with supplier, customers and others

The Company is committed to establishing and maintaining sound business relationships with all stakeholders, including suppliers, customers and others. This involves regular, on going contact between operational management and all groups. The strength and effectiveness of these relationships was evident before, during and after the lockdown period and has been crucial to our ability to continue to effectively operate through the hiatus and subsequent ramp up in production and growth of our order book.

Energy and Carbon Report

The Group is committed to reducing the amount of energy it uses and ultimately reducing its carbon footprint. The Energy Savings Opportunity Scheme (ESOS) has provided a useful base point from which the Group has already identified and implemented some reduction opportunities, and this awareness will be imbedded as another strand of our continuous improvement ethos.

For the year to 30 April 2020 the Group recorded the following energy and carbon information:

Total UK energy use	- 7,736,830 kWh
Total UK carbon emissions from energy use	- 1,874 TCO2e
Intensity ratios:	- 0.042 TCO2e per £1,000 of Turnover and
	- 4.1 TCO2e per employee

Energy and Carbon Report (continued)

The business will continue to promote awareness of the need to conserve energy and reduce consumption throughout the organisation. All 3 of our sites are leased which limits the opportunities to cost effectively make significant improvements to the inherent fabric of them. However, there is a rolling program to replace all fluorescent and incandescent lighting with energy efficient LED alternatives across the 3 sites. Similarly, energy efficiency is a core criterion in the selection of all new and replacement equipment and vehicles. Heating, which consumes natural gas at our Brandon and Hull sites, is the Group's primary consumer of energy and 2 of the 4 boilers at Brandon were replaced in the year to 30 April 2020 with more efficient models, with the remaining 2 scheduled to be replaced in the coming 12 months, which will reduce gas consumption. Unfortunately, our COVID-secure protocols do require greater levels of ventilation through all work areas, which is at odds with our efforts to minimise heat loss through the colder months.

Employee involvement

The Group has two Employee Consultative Committees, one for Brandon, one for Hull with representatives from all sections of the business. The purpose of these is to be a two way discussion where the representatives are told about the financial and economic factors affecting the performance of the Group and where employees, through their representative, can express views on matters that affect them and the business.

Additionally, operational management is in regular contact with employees through notice board announcements and private Facebook and Whatsapp groups and through Company briefings (with Q&A) from the CEO held at least twice a year and well as departmental briefings and toolbox talks.

Disabled employees

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The Group's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the Group, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the Group. Retraining of employees who become disabled whilst employed by the Group is offered where appropriate.

Matters covered in the strategic report

The directors have included a business review within the Strategic report. Also included in the Strategic report are details of the future developments of the Group, the principal risks and uncertainties and a review of the key performance indicators as assessed by the directors.

Disclosure of information to auditors

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

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

Auditors

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

This report was approved by the Board on 2nd December 2020 and signed on its behalf.

DChilton.

D G Chilton
Director

Omar Group Holdings Limited

Directors' Responsibilities Statement
For the Year Ended 30 April 2020

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

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

Independent Auditor's Report to the Members of Omar Group Holdings Limited

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Opinion

We have audited the financial statements of Omar Group Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 April 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2020 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 1.3 to the financial statements, which indicates that the uncertainties around the full impact of COVID-19 on the business may impact the going concern of the Company and Group. As stated in Note 1.3, these events or conditions, along with other matters as set out in Note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's and Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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 Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Keith Ferguson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Ipswich
United Kingdom

Date: 4 December 2020

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

Omar Group Holdings Limited

Consolidated Statement of Comprehensive Income
For the Year Ended 30 April 2020

	Note	Year ended 30 April 2020 £	Period ended 30 April 2019 £
Turnover	3	**44,449,296**	54,484,860
Cost of sales		**(31,029,709)**	(34,887,467)
Gross profit		**13,419,587**	19,597,393
Administrative expenses		**(13,665,445)**	(15,093,254)
Other operating income	4	**890,449**	-
Operating profit	5	**644,591**	4,504,139
Impairment of intangible assets	10	**(10,994,782)**	-
Interest payable and expenses	8	**(4,996,209)**	(4,495,394)
(Loss)/profit before taxation		**(15,346,400)**	8,745
Taxation on (loss)/profit	9	**38,602**	(538,027)
Loss and total comprehensive income on ordinary activities for the financial year/period		**(15,307,798)**	(529,282)
Loss for the year/period attributable to:			
Owners of the Parent Company		**(15,307,798)**	(529,282)

There was no other comprehensive income for 2020 (period ended 30 April 2019 - £Nil).

The notes on pages 22 to 51 form part of these financial statements.

Non-statutory reconciliation of loss for the year to earnings before interest, tax, depreciation, amortisation and impairment ("EBITDA") for the year ended 30 April 2020.

	Year ended 30 April 2020 £	Period ended 30 April 2019 £
Loss for the year/period attributable to owners of the Parent Company	**(15,307,798)**	(529,282)
Depreciation	**389,678**	317,863
Amortisation	**3,688,717**	3,388,128
Impairment of intangible assets	**10,994,782**	-
Interest payable and expenses	**4,996,209**	4,495,394
Tax	**(38,602)**	538,027
EBITDA	**4,722,986**	8,210,130

Omar Group Holdings Limited
Registered number:10694240

Consolidated Statement of Financial Position
As at 30 April 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	10		**27,303,486**		41,986,985
Tangible assets	11		**927,114**		1,013,509
			28,230,600		43,000,494
Current assets					
Stocks	13	**3,644,893**		2,984,212	
Debtors: amounts falling due within one year	14	**30,069,568**		26,363,406	
Cash at bank and in hand	15	**3,923,859**		5,212,628	
Current liabilities		**37,638,320**		34,560,246	
Creditors: amounts falling due within one year	16	**(24,392,046)**		(23,209,703)	
Net current assets			**13,246,274**		11,350,543
Total assets less current liabilities			**41,476,874**		54,351,037
Creditors: amounts falling due after more than one year	17		**(50,730,713)**		(48,477,768)
Provisions for liabilities					
Deferred taxation	20	**(4,626,168)**		(5,173,714)	
Other provisions	21	**(2,237,491)**		(1,509,255)	
			(6,863,659)		(6,682,969)
Net liabilities			**(16,117,498)**		(809,700)
Capital and reserves					
Called up share capital	22		**104,700**		104,700
Share premium account	23		**895,300**		895,300
Profit and loss account	23		**(17,117,498)**		(1,809,700)
Equity attributable to owners of the Parent Company			**(16,117,498)**		(809,700)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 2nd December 2020.

DGChilton.

D G Chilton
Director

The notes on pages 22 to 51 form part of these financial statements.

Omar Group Holdings Limited
Registered number:10694240

Company Statement of Financial Position
As at 30 April 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Investments	12		1		1
			1		1
Current assets					
Debtors: amounts falling due after more than one year	14	637,428		568,953	
Debtors: amounts falling due within one year	14	549,499		549,499	
		1,186,927		1,118,452	
Net assets			1,186,928		1,118,453
Capital and reserves					
Called up share capital	22		104,700		104,700
Share premium account	23		895,300		895,300
Profit and loss account brought forward		118,453		56,662	
Profit for the year		68,475		61,791	
Profit and loss account carried forward			186,928		118,453
			1,186,928		1,118,453

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
2nd December 2020.

D G Chilton
Director

The notes on pages 22 to 51 form part of these financial statements.

Omar Group Holdings Limited

Consolidated Statement of Changes in Equity
For the Year Ended 30 April 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 May 2019	**104,700**	**895,300**	**(1,809,700)**	**(809,700)**
Comprehensive income for the year				
Loss for the year	-	-	(15,307,798)	(15,307,798)
Total comprehensive income for the year	-	-	(15,307,798)	(15,307,798)
At 30 April 2020	104,700	895,300	(17,117,498)	(16,117,498)

Consolidated Statement of Changes in Equity
For the Period Ended 30 April 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 30 April 2018	**96,500**	**868,500**	**(1,280,418)**	**(315,418)**
Comprehensive income for the period				
Loss for the period	-	-	(529,282)	(529,282)
Total comprehensive income for the period	-	-	(529,282)	(529,282)
Contributions by and distributions to owners				
Shares issued during the period	8,200	26,800	-	35,000
Total transactions with owners	8,200	26,800	-	35,000
At 30 April 2019	104,700	895,300	(1,809,700)	(809,700)

The notes on pages 22 to 51 form part of these financial statements.

Omar Group Holdings Limited

Company Statement of Changes in Equity
For the Year Ended 30 April 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 May 2019	104,700	895,300	118,453	1,118,453
Comprehensive income for the year				
Profit for the year	-	-	68,475	68,475
Total comprehensive income for the year	-	-	68,475	68,475
At 30 April 2020	104,700	895,300	186,928	1,186,928

Company Statement of Changes in Equity
For the Period Ended 30 April 2019

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 30 April 2018	96,500	868,500	56,662	1,021,662
Comprehensive income for the period				
Profit for the period	-	-	61,791	61,791
Total comprehensive income for the period	-	-	61,791	61,791
Contributions by and distributions to owners				
Shares issued during the period	8,200	26,800	-	35,000
Total transactions with owners	8,200	26,800	-	35,000
At 30 April 2019	104,700	895,300	118,453	1,118,453

The notes on pages 22 to 51 form part of these financial statements.

Omar Group Holdings Limited

Consolidated Statement of Cash Flows
For the Year Ended 30 April 2020

	Year ended 30 April 2020 £	As restated Period ended 30 April 2019 £
Cash flows from operating activities		
Loss for the financial year/period	**(15,307,798)**	(529,282)
Adjustments for:		
Amortisation of intangible assets	**3,688,717**	3,388,128
Depreciation of tangible assets	**389,678**	317,863
Impairments of intangible assets	**10,994,782**	-
(Profit)/loss on disposal of tangible assets	**(417)**	15,208
Interest payable	**4,996,209**	4,495,394
Taxation (credit)/charge	**(38,602)**	538,027
(Increase)/decrease in stocks	**(660,681)**	115,877
(Increase)/decrease in debtors	**(4,889,100)**	(4,762,385)
(Decrease)/increase in creditors	**(188,322)**	720,804
Increase in provisions	**728,236**	301,855
Corporation tax paid	**(1,393,866)**	(1,180,025)
Net cash (used in)/generated from operating activities	**(1,681,164)**	3,421,464
Cash flows from investing activities		
Purchase of tangible fixed assets	**(305,991)**	(659,235)
Sale of tangible fixed assets	**3,125**	-
Repayment of loan notes in relation to acquisition of subsidiaries made in the previous year	**(1,702,823)**	-
Interest paid on above loan notes	**(127,971)**	-
Purchase of subsidiary undertaking	**-**	(3,915,944)
Cash acquired with subsidiary undertaking	**-**	1,170,233
Net cash used in investing activities	**(2,133,660)**	(3,404,946)

Omar Group Holdings Limited

Consolidated Statement of Cash Flows (continued)
For the Year Ended 30 April 2020

	Year ended 30 April 2020 £	As restated Period ended 30 April 2019 £
Cash flows from financing activities		
Issue of ordinary shares	-	35,000
New secured bank loans	**6,300,000**	2,600,000
Repayment of bank loans	**(2,715,000)**	(1,430,000)
Interest paid on bank loans	**(909,965)**	(882,956)
Interest paid on debtors with recourse financing facility	**(148,980)**	(67,302)
Net cash generated from financing activities	**2,526,055**	254,742
Net (decrease)/increase in cash and cash equivalents	**(1,288,769)**	271,260
Cash and cash equivalents at beginning of year/period	**5,212,628**	4,941,368
Cash and cash equivalents at the end of year/period	**3,923,859**	5,212,628
Cash and cash equivalents at the end of year/period comprise:		
Cash at bank and in hand	**3,923,859**	5,212,628

Please refer to note 31 for details of the prior period adjustment.

Major non-cash transactions

In the prior period, consideration paid as part of the acquisition of subsidiary undertakings included the issue of loan notes by the Group to the amount of £1,702,823. There was no such non-cash transaction in the current year.

As explained within note 14, the Group utilises recourse finance facilities with third parties providing credit to customers. The proceeds the Group receives from these facilities are debt subject to recourse and are secured over the home sold, and under certain circumstances the finance providers can request that the Group repurchases the homes sold under finance. The amount of trade debtors under this facility at the year end are shown as Trade debtors under recourse finance, with a corresponding liability shown within note 16 as Proceeds of debt with recourse. In relation to the consolidated statement of cash flows, the movements in these recourse finance facilities assets and liabilities are a non-cash transaction, as no cash flows are involved in this financing transaction.

The notes on pages 22 to 55 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

Omar Group Holdings Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act. The registered office is shown on the Contents page and the principal activities are set out in the Directors' report. The financial statements contain information about the Company and Group.

The results presented are for the year ended 30 April 2020. The prior period results are for the period from 30 April 2018 to 30 April 2019. Accordingly the comparative amounts presented in the financial statements are not entirely comparable.

The functional currency is sterling and the figures are presented in GBP.

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

The Group has applied FRS 102 (March 2018) in these financial statements, which includes the amendments as a result of the Triennial Review 2017. The policies applied by the Group and Company under the previous edition of FRS 102 are not materially different to FRS 102 (March 2018) and have not impacted on equity or profit or loss.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's and Company's accounting policies (see note 2).

Parent Company disclosure exemptions

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the Parent Company would be identical;
- No cash flow statement or net debt reconciliation has been presented for the Parent Company;
- Disclosures in respect of the Parent Company's income, expense, net gains and net losses on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

1. Accounting policies (continued)

1.2 Basis of consolidation

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

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

1.3 Going concern

The Group has bank loan and related bank borrowing facilities with HSBC UK Bank plc ("HSBC") and the Group also has loan note liabilities (owed primarily to the ultimate shareholders of the Group). These borrowings are secured by a group guarantee and debenture with a fixed and floating charge over the assets of the Group, as explained within note 17, 18 and 26.

The COVID-19 pandemic has been hugely disruptive to the Group, as explained within the strategic and directors report, with all operations suspended for a period of 9 weeks from 24 March 2020 following the Government's call for a national lockdown to assist in preventing further spread of the virus. As a result, financial performance for the year to 30 April 2020 was undermined compared to expectation and the Group requested an amendment to its banking arrangement with HSBC. HSBC was, and remains supportive, accepting the amendment which came into effect on 30 April 2020. This introduced, from that date, a minimum liquidity requirement and deferred measurement of the other financial covenants until relevant periods ending on or after 31 October 2020. The Group has subsequently remained very comfortably above the minimum liquidity threshold set, and has continued to actively engage with HSBC regarding liquidity, forecast operating performance and covenant compliance.

At the end of October 2020, the directors updated the Group's five year business plans to reflect current views on economic conditions and the outlook for its businesses. These forecasts show significant improvement to the financial performance of the Group, as compared to the forecasts prepared in April 2020 and against which HSBC accepted the Amendment Letter dated 30 April 2020.

Despite the improving forward view, the covenant tests at 31 October 2020 and 31 January 2021 remain challenging as these test periods include the entire first lockdown and subsequent graduated re-start period, during which, profitability was severely adversely impacted. In a further demonstration of support to the Group, HSBC has formally accepted a further Amendment Letter dated 25 November 2020 which permanently removes both of these test periods from the banking agreement, and replaced them with a temporary minimum liquidity threshold, and a minimum EBITDA measure at 31 January 2021, both of which will be comfortably met based on forecasts in place. From 30 April 2021 onwards the Group's forecasts show that all covenant measures will be met with progressively increasing headroom. In stress testing these forecasts, there are two covenants which when measured at 30 April 2021 show that a reduction in Adjusted Consolidated EBITDA of approximately 10% would result in those covenants not being met. This represents the lowest headroom (i.e. smallest margin for error) across all of the Group's covenants across all remaining test periods.

1. Accounting policies (continued)

1.3 Going concern (continued)

All scheduled bank loan capital and interest repayments due to be made by the group to HSBC have been made, and the directors expect to have sufficient resources to make all further scheduled capital and interest payments due.

The majority loan note holders have also given their full support to the Group in the face of the pandemic induced headwinds and have verbally indicated their desire and willingness to continue to do so, and with HSBC having waived the covenant tests at 31 October 2020 and 31 January 2021 as explained above, the Group is, and expects to remain, compliant with the loan note terms.

In relation to Brexit, the impact of this upon the business has been explained within the strategic report.

With the continuing support of both HSBC and the majority loan note holders at the Group level, the directors consider it appropriate that the financial statements are prepared on a going concern basis.

Notwithstanding the above, the directors acknowledge that the extent and duration of the impacts of COVID-19 remain uncertain and outside of management's control. As such, there may be currently unknowable future circumstances which could result in a breach of one or more covenant tests at future measurement dates. While the directors would expect HSBC and the majority loan note holders to maintain their position of support for the Group in such a situation, the directors also acknowledge that such future support is not contractual or certain. On this basis, there is an indication that a material uncertainty exists that may cast significant doubt on the Company's and Group's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the ordinary course of business. The financial statements do not include the adjustments which would result if the Company and Group was unable to continue as a going concern.

1.4 Turnover

Turnover is the total amount receivable by the Group for goods supplied and services provided to customers during the year, excluding value added tax and net of trade discounts. Revenue from the sale of goods is recognised when the significant risks and benefits of ownership have been transferred to the buyer, which is usually on completion of the home based on specific contract terms.

Sale of goods - The Group recognises revenue from the sale of goods when all the following conditions are satisfied:

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

1. Accounting policies (continued)

1.4 Turnover (continued)

Commission income is recognised once the related service provided has been completed.

Refurbishment revenue is recognised on completion of each individual project.

Revenue for the installation of upvc decking and fencing is recognised on completion of the installation, and for the supply of related products, revenue is recognised on delivery of goods.

1.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

1.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the period of the lease. Operating lease incentives received or payments made to enter into operating lease agreements are released to profit or loss over the term of the lease.

In prior years the Group incurred costs entering into an operating lease, and received a government grant as part contribution for entering into the operating lease. The net cost incurred under that operating lease has been recognised as a prepayment and is spread over the lease term.

1.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

1. Accounting policies (continued)

1.8 Finance costs

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

1.9 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

1.10 Provisions

Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provision is made for credit notes based on the expected level of returns, which is based on both the historical experience of returns and management's best estimate of expected returns, under the circumstances existing at the year end. The provision for credit notes is recognised by charging the related credit note cost against turnover.

After sales warranty provision - warranty costs are included within administrative expenses.

1.11 Pensions

Defined contribution pension plan

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

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

1.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

1. Accounting policies (continued)

1.13 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income (within administrative expenses) over its useful economic life, which is currently 20 years in respect of the acquisition of Omar Group Limited in April 2017 and 7 years in respect of the acquisition of UK Sundecks Limited and Decking Limited in October 2018.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the Group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years. Amortisation on intangible assets is charged to the Consolidated Statement of Comprehensive Income (within administrative expenses).

Useful economic life reasoning

The useful economic life ("UEL") of the intangible assets was determined by the directors and deemed appropriate based on the following reasoning:

Customer Relationships - Fair value initially recognised at acquisition was based on the Income Method, as it reflects the present value of the operating cash flows generated from Omar's Customer Relationships. Management adopted appropriate assumptions and discount rates in determining the present values of the future cash under this method. The UEL was based on the number of years required which that resulted in 90% of the total fair value when amortised on a straight line basis, which reflects the pattern of economic benefits of the cashflows.

Omar Brand - Given the brands have been in existence for a significant number of years the directors believe the brands to have a UEL of 20 years from the date of their initial acquisition.

Order backlog - Given this was expected to unwind within 1 year of the acquisition, a UEL of 1 year was set from the date of their initial acquisition.

Goodwill - Given the history of the respective businesses and the number of years they have been in existence, the directors believe the goodwill has a UEL of 20 years in respect of the acquisition of Omar Group Limited in April 2017 and 7 years in respect of the acquisition of UK Sundecks Limited in October 2018, from the date of their initial acquisition.

1. Accounting policies (continued)

1.13 Intangible assets (continued)

The directors have reviewed the remaining UEL at 30 April 2020 of all of the above intangible assets, and concluded they remain appropriate.

At 30 April 2020 the remaining amortisation period of the intangible assets is shown below:

Customer Relationships - 10 years
Omar Brand Name - 17 years
Order backlog - fully amortised
Omar Group Ltd Goodwill - following impairment arising in the year this is fully amortised
UK Sundecks Limited Goodwill - 5.5 years

The estimated useful lives range as follows:

Order backlog	-	1	year - straight line
Brand	-	20	years - straight line
Customer relationships	-	13	years - straight line

1.14 Tangible fixed assets

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

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

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

Depreciation is provided on the following basis:

Leasehold improvements	- 14 - 20%
Plant and machinery	- 10 - 25%
Motor vehicles	- 25 - 50%
Office equipment	- 20 - 25%
Computer equipment	- 10 - 33%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

1.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1. **Accounting policies (continued)**

1.16 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. 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 (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.18 Financial instruments

The Group enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

1. Accounting policies (continued)

1.18 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards or ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

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

Recourse finance facilities

As explained within note 14, the Group utilises recourse finance facilities with third parties providing credit to customers. The proceeds the Group receives from these facilities are debt subject to recourse and are secured over the home sold, and under certain circumstances the finance providers can request that the Group repurchases the homes sold under finance. The amount of trade debtors under this facility at the year end are shown as Trade debtors under recourse finance, with a corresponding liability shown within note 16 as Proceeds of debt with recourse.

In relation to the consolidated statement of cash flows, the movements in these recourse finance facilities assets and liabilities are a non-cash transaction, as no cash flows are involved in this financing transaction.

1. Accounting policies (continued)

1.19 Current and deferred taxation

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

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

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

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

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

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgements:

- Determine whether leases entered into by the Group as lessee are operating or finance leases. These decisions depend on an assessment of whether risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determine whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill and other intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

- Determine whether debtors are recoverable, including determining whether trade debtors and trade debtors under recourse finance are recoverable, and considering whether intercompany debtors balances are recoverable (for the Company). Consideration is made of any objective evidence of impairment of any financial assets that are measured at cost or amortised cost, including observable data that come to the attention of the Group or Company or other factors which may also be evidence of impairment, including significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in respect of that financial asset. Consideration is also made taking account of factors such as payment history, and management's knowledge of their customer base and their financial position.

- Determine whether the warranty provision is recognised in respect of after sales warranties issued to customers represents an accurate estimation of the potential liability. Factors taken into consideration include anticipated claim volumes under the warranty scheme and past experience in respect of the nature and value of these claims.

- For financial liabilities due after one year ('other loans which are loan notes from shareholders'), which may constitute financing transactions, the Directors evaluate whether the interest rate on these borrowings is at a market rate of interest for a similar debt instrument. Hence judgements are made in relation to the determination of market rates of interest for a similar debt instruments. The Directors deemed that the interest rate on these liabilities which is for the Group balances: 7% for £2.5m of the original capital of other loans falling due after one year, and 12% for £22.8m of the original capital balances of other loans falling due after one year, is the same as a market rate of interest for a similar debt instrument at the date of their inception.

- Goodwill and intangible assets - The Group also establishes the fair value of assets and liabilities acquired as part of business combinations, and this also includes the identification of intangible assets arising on business combinations, which are determined using valuation techniques. The Group also establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. Positive goodwill acquired on each business combination is capitalised, classified as an asset on the Statement of Financial Position and amortised on a straight line basis over its useful life.

2. Judgements in applying accounting policies (continued)

Other key sources of estimation uncertainty:

Tangible fixed assets (see note 11)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the assets and projected disposal values.

Provisions (see note 21)

Warranty provisions are estimated based on historic experience and trends, the actual claims made under the warranty scheme depend on a number of factors. In determining the warranty provision previous claim proportions and values of claims are compared against current products and the likelihood of a claim being made, considering the stage at which the sale is within the warranty period.

Provision is made for credit notes based on the expected level of returns, which is based on both the historical experience of returns and management's best estimate of expected returns, under the circumstances existing at the year end.

Impairment of tangible and intangible assets including goodwill (see note 10)

In relation to goodwill and intangible assets, due to the impact of Covid-19 on the business, the directors have performed an impairment review at 30 April 2020 using a discounted cash flow. The key assumptions applied within the discounted cash flow included: determining the underlying future cash flow forecasts, based upon the directors best estimates; the application of a suitable discount rate, the directors applied a discount rate of 13% to a five year cash flow and including a terminal value (with a terminal value growth rate of 3% being applied). Following this review the directors have concluded that an impairment arose in relation to one of the cash generating units ('CGU'), and that impairment was applied against the goodwill of that CGU, reducing it to £Nil, and then was allocated on a pro rata basis against the other assets of the CGU considered to be impaired, which were intangible assets, being the brand-name and customer relationships. Refer to note 10.

3. Analysis of turnover

The whole of the turnover is attributable to the design, manufacture sale and refurbishment of park home, lodges and holiday homes, and related activities, and to the installation and supply of UPVC decking and fencing.

All turnover arose within the United Kingdom.

4. Other operating income

	Year ended 30 April 2020 £	Period ended 30 April 2019 £
Government grants receivable	**890,449**	-

Government grants receivable represent amounts receivable from the UK government in respect of the Coronavirus Job Retention Scheme.

5. Operating profit

The operating profit is stated after charging:

	Year ended 30 April 2020 £	Period ended 30 April 2019 £
Depreciation of tangible fixed assets	**389,678**	317,863
Amortisation of intangible assets, including goodwill	**3,688,717**	3,388,128
Fees payable to the Group's auditor for the audit of the Company's annual financial statements	**9,950**	7,250
Fees payable to the Group's auditors for other services to the Group:		
- the audit of the Group's subsidiaries pursuant to legislation	**18,850**	20,300
- other non-audit services	**14,970**	14,465
Operating lease rentals	**949,178**	820,042
Defined contribution pension cost	**374,622**	308,575

6. Employees

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

	Group Year ended 30 April 2020 £	Group Period ended 30 April 2019 £	Company Year ended 30 April 2020 £	Company Period ended 30 April 2019 £
Wages and salaries	**12,901,661**	13,085,697	-	-
Social security costs	**1,236,649**	1,226,193	-	-
Cost of defined contribution scheme	**374,622**	308,575	-	-
	14,512,932	14,620,465	-	-

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

	Year ended 30 April 2020 No.	Period ended 30 April 2019 No.
Manufacturing and production	**376**	381
Directors and administration	**74**	69
	450	450

Prior period staff numbers were reclassified to increase manufacturing and production staff numbers by 11 and reduce directors and administration staff numbers by 11 following a review of the allocation of staff numbers between each category.

7. Directors' remuneration

	Year ended 30 April 2020 £	Period ended 30 April 2019 £
Directors' emoluments	**769,587**	848,407
Directors pension costs	**63,424**	84,924
	833,011	933,331

The highest paid Director received remuneration of £287,084 (period ended 30 April 2019 - £407,356).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £50,000 (period ended 30 April 2019 - £50,000).

During the year retirement benefits were accruing to 3 (period ended 30 April 2019 - 4) Directors in respect of defined contribution pension schemes.

8. Interest payable and similar expenses

	Year ended 30 April 2020 £	Period ended 30 April 2019 £
Bank interest payable	**1,095,449**	1,068,440
Other loan interest payable	**3,900,760**	3,426,954
	4,996,209	4,495,394

9. Taxation

	Year ended 30 April 2020 £	Period ended 30 April 2019 £
Corporation tax		
Current tax on loss/profit for the year/period	**504,334**	1,168,589
Adjustments in respect of previous periods	**4,610**	(124,627)
Total current tax	**508,944**	1,043,962
Deferred tax		
Origination and reversal of timing differences	**(36,228)**	(9,158)
Adjustments in respect of previous periods	**(39)**	-
Impact of change in tax rate	**10,629**	-
(Credited) to statement of comprehensive income - unwinding of deferred tax arising on business combinations	**(1,061,195)**	(496,777)
Charged to statement of comprehensive income - impact of change in tax rate on deferred tax on other intangible assets arising on past business combinations	**539,287**	-
Total deferred tax	**(547,546)**	(505,935)
Taxation on loss on ordinary activities	**(38,602)**	538,027

9. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	Year ended 30 April 2020 £	Period ended 30 April 2019 £
(Loss)/profit on ordinary activities before tax	**(15,346,400)**	8,745
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**(2,915,816)**	1,662
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**3,471**	3,237
Capital allowances for year/period in excess of depreciation	**9,169**	12,527
Expenses not deductible for tax purposes - goodwill amortisation and impairment	**1,728,671**	132,898
Adjustments to tax charge in respect of prior periods	**4,571**	(123,638)
Impact of tax rate changes	**549,916**	146
Income not taxable for tax purposes	**(10,358)**	-
Group relief	**-**	(19)
Other differences	**9,213**	3,672
Transfer pricing	**477,573**	415,915
Deferred tax not recognised	**104,988**	91,627
Total tax charge for the year/period	**(38,602)**	538,027

Factors that may affect future tax charges

At the period end the Group had short term timing differences carried forward of £1,994,836 (2019 - £1,466,983). No related deferred tax asset at a tax rate of 19% (2019 - 17%) of £379,019 (2019 - £249,387) has been recognised as it is not foreseeable that these losses will be utilised and the asset recovered.

The corporation tax rate in the UK for the year ended 30 April 2020 was 19.0% (2019: 19.0%). The reduction in future UK corporation tax rate to 17.0% (was to be effective 1 April 2020) was reversed in March 2020, at the Budget 2020, when the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%, and the future rate will remain at 19.0%. UK deferred tax liabilities are calculated using 19.0% for all those expected to reverse in the future.

10. Intangible assets

Group

	Order backlog £	Brand £	Customer relationships £	Goodwill £	Total £
Cost					
At 1 May 2019	1,500,000	2,600,000	32,300,000	13,666,727	50,066,727
At 30 April 2020	1,500,000	2,600,000	32,300,000	13,666,727	50,066,727
Amortisation					
At 1 May 2019	1,500,000	264,274	5,053,483	1,261,985	8,079,742
Charge for the year	-	130,000	2,484,615	1,074,102	3,688,717
Impairment charge	-	242,972	2,727,650	8,024,160	10,994,782
At 30 April 2020	1,500,000	637,246	10,265,748	10,360,247	22,763,241
Net book value					
At 30 April 2020	-	1,962,754	22,034,252	3,306,480	27,303,486
At 30 April 2019	-	2,335,726	27,246,517	12,404,742	41,986,985

All goodwill relates to the Group. The Company does not have any intangible assets.

In relation to goodwill and intangible assets, due to the impact of Covid-19 on the business, the directors performed an impairment review at 30 April 2020 using a discounted cash flow, as explained within note 2. Following this review the directors have concluded that an impairment arose in relation to the acquisition of Omar Group Limited, one of the Group's cash generating units ('CGU'), and that impairment was applied against the goodwill of that CGU, reducing it to £Nil, and the excess of the impairment remaining then was allocated on a pro rata basis against the other assets of the CGU considered to be impaired, which were intangible assets, being the brand-name and customer relationships. In relation to the brand-name and customer relationships, the directors will review the position at the end of the next financial year to determine if any of the impairment loss should be reversed in that subsequent period.

11. Tangible fixed assets

Group

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Office and computer equipment £	Total £
Cost					
At 1 May 2019	**367,967**	**550,993**	**254,932**	**224,523**	**1,398,415**
Additions	**101,225**	**86,007**	**58,153**	**60,606**	**305,991**
Disposals	**-**	**-**	**(12,703)**	**-**	**(12,703)**
At 30 April 2020	**469,192**	**637,000**	**300,382**	**285,129**	**1,691,703**
Depreciation					
At 1 May 2019	**90,243**	**136,939**	**90,056**	**67,668**	**384,906**
Charge for the year	**81,726**	**146,384**	**81,977**	**79,591**	**389,678**
Disposals	**-**	**-**	**(9,995)**	**-**	**(9,995)**
At 30 April 2020	**171,969**	**283,323**	**162,038**	**147,259**	**764,589**
Net book value					
At 30 April 2020	**297,223**	**353,677**	**138,344**	**137,870**	**927,114**
At 30 April 2019	277,724	414,054	164,876	156,855	1,013,509

12. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost and net book value	
At 1 May 2019 and 30 April 2020	1

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Omar Group Finance Limited	Ordinary	100%
Omar Group Investments Limited*	Ordinary	100%
UK Sundecks Limited*	Ordinary	100%
Decking Limited*	Ordinary	100%
Omar Group Limited*	Ordinary	100%
Omar Park Homes Limited*	Ordinary	100%
Omar Franchising Limited*	Ordinary	100%

*subsidiary indirectly held.

The registered office for all of the above named subsidiaries is Pleszko House, 227 London Road, Brandon, Suffolk, IP27 0NE.

All subsidiaries have been included in this consolidation.

Of the above subsidiaries, Omar Group Finance Limited, Omar Group Investments Limited, Omar Group Limited and UK Sundecks Limited, which are included in these consolidated financial statements, are entitled to, and have opted to take, the exemption from the requirement for their individual accounts to be audited under S479A of the Companies Act 2006 relating to subsidiary companies.

Decking Limited and Omar Franchising Limited were dissolved on 22 September 2020.

13. Stocks

	Group 2020 £	Group 2019 £
Raw materials and consumables	**1,879,817**	1,796,321
Work in progress	**1,304,198**	439,332
Finished goods and goods for resale	**460,878**	748,559
	3,644,893	2,984,212

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the period as an expense was £20,213,578 (2019 - £24,697,075).

14. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due after more than one year				
Amounts owed by group undertakings	-	-	**637,428**	568,953

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due within one year				
Trade debtors	**20,237,539**	16,239,210	-	-
Trade debtors under recourse finance	**7,150,887**	8,486,816	-	-
Amounts owed by group undertakings	-	-	**549,499**	549,499
Other debtors	**279,939**	584,477	-	-
Prepayments and accrued income	**2,248,212**	1,052,903	-	-
Corporation tax recoverable	**152,991**	-	-	-
	30,069,568	26,363,406	**549,499**	549,499

14. Debtors (continued)

The amount recognised in the Statement of Comprehensive Income for the period in respect of the movement of bad and doubtful debtor provisions was an impairment charge of £187,718 (2019 - £260,100).

In relation to trade debtors, in tune with the industry and their customers, the Group extends cash flow to customers as they develop their sites. Accordingly the Group's cash flow and debtor book therefore reflect that fact. The directors assess the recoverability of the debtor book at year end, and where amounts are not considered recoverable, amounts are provided for.

To assist with cash flow, in light of the deferred payment terms offered to customers in some cases, the Group also utilises recourse finance facilities with third parties providing credit to customers. The proceeds the Group receives from these facilities are debt subject to recourse and are secured over the home sold, and under certain circumstances the finance providers can request that the Group repurchases the homes sold under finance. The amount of trade debtors under this facility at the year end are shown as Trade debtors under recourse finance, with a corresponding liability shown within note 16 as Proceeds of debt with recourse. The directors assess the recoverability of these trade debtors subject to recourse at year end, considering factors such as payment history and credit worthiness, and where amounts are not considered recoverable, amounts are provided for. See also Note 16.

Other debtors include £250,000 (2019 - £250,000) which is repayable over a period of 5 years to September 2023.

For the Company, group debtors due after more than one year are loan notes which fall due for repayment in April 2023.

15. Cash and cash equivalents

	Group 2020 £	Group 2019 £
Cash at bank and in hand	**3,923,859**	5,212,628

16. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £
Bank loans	**6,540,353**	1,355,932
Other loans	**-**	1,702,823
Trade creditors	**5,096,566**	7,345,879
Corporation tax	**-**	731,931
Other taxation and social security	**645,513**	357,934
Proceeds of debt with recourse	**7,150,887**	8,486,816
Other creditors	**651,146**	577,755
Accruals and deferred income	**4,307,581**	2,650,633
	24,392,046	23,209,703

Bank loans are secured by a fixed and floating charge over the assets of the Group.

Proceeds of debt with recourse of £7,150,887 (2019 - £8,486,816) are secured over the home sold and under certain circumstances the finance provider can request that the Company repurchases the homes sold under finance.

17. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £
Bank loans	**15,399,811**	16,813,748
Other loans	**34,027,068**	30,468,723
Accrued interest on other loans	**1,303,834**	1,195,297
	50,730,713	48,477,768

Bank loans are secured by a fixed and floating charge over the assets of the Group.

Other loans (Loan Notes) are secured by a fixed and floating charge over the assets of the Group.

18. Loans

Analysis of the maturity of loans is given below:

	Group 2020 £	Group 2019 £
Amounts falling due within one year		
Bank loans	**6,540,353**	1,355,932
Other loans	**-**	1,702,823
Amounts falling due 1-2 years		
Bank loans	**4,644,811**	3,013,432
Amounts falling due 2-5 years		
Bank loans	**10,755,000**	13,800,316
Other loans	**34,027,068**	30,468,723
	55,967,232	50,341,226

Bank loans comprise four facilities.

The Facility A loan, with an initial capital amount in April 2017 of £7,150,000, is repayable in instalments. At the year end the remaining instalment payments still due are as follows: 12.5% on 31 October 2020; 15.5% on 30 April 2021; 18.5% on 31 October 2021; 18.5% on 18 April 2022. Interest is charged at Margin of 3.5% plus 3 month LIBOR. Margin can reduce if net leverage reduces, down to a margin of 3.25%. Margin can increase if net leverage increases, up to a margin of 3.75%. Interest is paid quarterly.

The Facility B loan, with an initial capital amount in April 2017 of £10,755,000, is repayable in full on 18 April 2023. Interest is charged at Margin of 4.00% plus 3 month LIBOR. Margin can reduce if net leverage reduces, down to a margin of 3.5%. Margin can increase if net leverage increases, up to a margin of 4.25%. Interest is paid quarterly.

An acquisition facility of £4,400,000 (2019 balance £2,600,000). Repayable 25% 31 October 2020; 25% 30 April 2021; 25% 31 October 2021; 25% 18 April 2022. Interest is charged at Margin of 3.50% plus 3 month LIBOR. Margin can reduce if net leverage reduces, down to a margin of 3.25%. Margin can increase if net leverage increases, up to a margin of 3.75%. Interest is paid quarterly.

A revolving credit facility of £2,500,000 (2019 balance £Nil), repayable on 31 July 2020. Interest is charged at Margin of 3.75% plus 3 month LIBOR. Margin can reduce if net leverage reduces, down to a margin of 3.25%. Margin can increase if net leverage increases, up to a margin of 3.75%.

Other loans (Loan Notes) due greater than one year include amounts with an initial capital amount in April 2017 of £22,797,752, which are repayable in full in April 2023. Interest accrues at 12% and is compounded every 12 months and added to the balance of the loan, to be repaid with the capital balance in April 2023.

Other loans (Loan Notes) due greater than one year include amounts with an initial capital amount in April 2017 of £2,500,000, which are repayable in full in April 2023. Interest accrues at 7% and is compounded every 12 months and added to the balance of the loan, to be repaid with the capital balance in April 2023.

19. Financial instruments

Information regarding the Group's exposure to and management of credit risk, liquidity risk, market risk and cash flow interest rate risk is included in the Directors Report. The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group 2020 £	Group 2019 £
Interest expense		
Total interest expense for financial liabilities at amortised cost	**4,996,209**	4,495,394

Impairment losses on financial assets measured at amortised cost in respect of trade debtors are disclosed within note 14.

20. Deferred taxation

Group

	2020 £	2019 £
At beginning of year/period	**(5,173,714)**	(5,670,117)
(Charged) / credited to profit or loss, including changes in tax rates	**(513,649)**	9,158
Arising on business combinations	**-**	(9,532)
Credited to statement of comprehensive income - unwinding of deferred tax arising on intangible assets arising from business combinations	**1,061,195**	496,777
At end of year/period	**(4,626,168)**	(5,173,714)

20. Deferred taxation (continued)

	Group 2020 £	Group 2019 £
Fixed asset timing difference	**(112,382)**	(123,115)
Other short term timing difference	**45,023**	30,118
Deferred tax on difference between fair value and tax bases of intangible fixed assets	**(4,558,809)**	(5,080,717)
	(4,626,168)	(5,173,714)

The amount of the net reversal of deferred tax liabilities expected to occur in the year end 30 April 2021 is a reduction in the deferred tax liability of £478,121 (2019 - £589,722) due to reversal of timing differences and unwinding of deferred tax arising on intangible assets arising from business combinations.

The reduction in future UK corporation tax rate to 17.0% (was to be effective 1 April 2020) was reversed in March 2020, at the Budget 2020, when the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%, and the future rate will remain at 19.0%. UK deferred tax liabilities are calculated using 19.0% for all those expected to reverse in the future.

21. Provisions

Group

	Credit note provision £	After sales warranty provision £	Total £
At 1 May 2019	-	1,509,255	1,509,255
Charged to profit or loss	787,900	1,211,474	1,999,374
Utilised in year	-	(1,271,138)	(1,271,138)
At 30 April 2020	**787,900**	**1,449,591**	**2,237,491**

The Group has made a credit note provision for revenue recognised in the year for which post year end credit notes were issued.

The Group has also made a provision for costs that are likely to arise relating to after sales warranties issued to customers.

The Company has no provisions.

22. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
500,001 A Ordinary shares of £0.10 each	**50,000**	50,000
389,340 B1 Ordinary shares of £0.10 each	**38,934**	38,934
50,660 B2 Ordinary shares of £0.10 each	**5,066**	5,066
26,500 C1 Ordinary shares of £0.10 each	**2,650**	2,650
23,500 C2 Ordinary shares of £0.30 each	**7,050**	7,050
9,999 C3 Ordinary shares of £0.10 each	**1,000**	1,000
	104,700	104,700

A, B1, B2 and C1 Ordinary shares have full voting rights and full rights to participate on any distribution (including on a dividend and on winding up). The Ordinary shares are not redeemable.

C2 Ordinary shares have attached to them 5% of the total voting rights. C3 Ordinary shares have no voting rights. All C class shares have attached to them full dividend and preferred capital distribution rights (including on winding up).

23. Reserves

The Group and Company's reserves are as follows:

Share capital

This reserve represents the nominal value of shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

This reserve represents the accumulated profits and losses, less dividends and other adjustments.

24. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund. Contributions totalling £87,327 (2019 - £65,458) were payable to the fund at the reporting date and are included in creditors.

In addition, at the year end, £151,762 (2019 - £100,008) is owed to the group personal pension plan in relation to directors pension contributions.

25. Commitments under operating leases

At 30 April 2020 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	**Group 2019 £**
Not later than 1 year	**808,248**	812,431
Later than 1 year and not later than 5 years	**2,678,756**	2,662,424
Later than 5 years	**2,678,437**	3,234,188
	6,165,441	6,709,043

26. Other financial commitments

There is a group guarantee and debenture with a fixed and floating charge over the assets of the Company and Group. This is in relation to loan note liabilities and all other liabilities owed to the secured parties by all of Omar Group Holdings Limited (the ultimate parent company) and its subsidiaries. At 30 April 2020 the outstanding loan note liabilities which has been guaranteed totalled £35,330,902 (2019 - £31,664,014).

There is a group guarantee and debenture with a fixed and floating charge over the assets of the Company and Group. This is in relation to bank loan and borrowing facilities of the Group. At 30 April 2020 the outstanding liabilities which have been guaranteed totalled £22,302,500 (2019 - £18,717,500).

The company has provided a letter of financial support to its subsidiaries.

27. Related party transactions

Key management personnel include all Directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the Group was £1,356,569 (2019 - £1,506,815).

During the year a monitoring fee of £150,000 (2019 - £150,000) was charged by Rutland Partners LLP, the ultimate controlling party.

During the period to 29 April 2018 other loans (Loan notes) were issued to shareholders of Omar Group Holdings Limited and to certain Directors and key management. At the year end, other loans (Loan notes) were outstanding and the total amount of Loan notes held within other loans due greater than one year excluding interest is £34,027,068 (2019 - £30,468,723). Details of the interest and repayment terms are within note 18. Total interest expense in the year was £3,751,871 (2019 - £3,353,747) on these loans. Interest accrued at the year end on these loans which had not yet been added to the capital balance outstanding was £1,303,834 (2019 - £1,195,297).

During the prior period shares in the Company were issued to Directors for total consideration of £35,000.

During the prior period the Group acquired 100% of the shares of UK Sundecks Limited and Decking Limited. The total consideration paid to individuals who were directors at the date of acquisition and served as a director of those subsidiaries since their acquisition was £851,412. Part of the consideration was issued as loan notes, and loan notes that remain outstanding at the year-end total £Nil (2019 - £851,412).

28. Controlling party

The immediate parent of Omar Group Holdings Limited is Rutland Registrations Limited.

The consolidated accounts of Omar Group Holdings Limited are the smallest and largest group into which the results of the Company are consolidated. Copies of the consolidated accounts are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

Omar Group Holdings Limited is ultimately controlled by Rutland Fund III Limited Partnership.

29. Post balance sheet events

Following the Government's relaxation of March 2020 lockdown period restrictions in May 2020, and having made our facilities COVID secure with safe working practices fully implemented, that business made a graduated return to work in late May/early June. Under the new COVID secure protocols, not all staff could be accommodated in the Brandon facility and maintain safe social distancing; meaning that production output was reduced, the business was over staffed and needed to reduce costs. As a result, a formal 45 day redundancy consultation process was undertaken with Brandon based employees. The process was concluded during September 2020 and resulted in 46 redundancies.

In ongoing discussions with HSBC the bank have been consistently supportive, most recently agreeing to amend covenant tests, and this was formally agreed by way of an Amendment Letter dated 25 November 2020. Refer to note 1.3 for further details.

The indirectly owned subsidiaries, Decking Limited and Omar Franchising Limited, were dissolved on 22 September 2020.

30. Analysis of net debt

	At 1 May 2019 £	Cash flows £	Other non-cash changes £	At 30 April 2020 £
Cash at bank and in hand	5,212,628	(1,288,769)	-	3,923,859
Bank loans	(18,169,680)	(3,585,000)	(185,484)	(21,940,164)
Other loans	(32,171,546)	1,702,823	(3,558,345)	(34,027,068)
	(45,128,598)	(3,170,946)	(3,743,829)	(52,043,373)

The repayment of other loans of £1,702,823 relates to the repayment of loan notes issued as part of the consideration for the acquisition of the subsidiary UK Sundecks Limited in the previous period.

In relation to other loans, other non-cash changes of £3,558,345 relates to amounts of interest accruing on other loans which had been added to the capital balance outstanding at the year end as explained within note 18.

31. Prior period adjustment

A prior period adjustment has been made in respect of interest paid within the consolidated statement of cash flows. £950,258, relating to interest paid on bank loans (£882,956) and interest paid on debtors with recourse financing facility (£67,302), has been reclassified and presented within cash flows from financing activities, which more appropriately reflects the underlying nature of those cash flows. Previously these interest paid amounts had been presented within cash flows from investing activities. There is no overall change to the net increase in cash and cash equivalents at 30 April 2019, and there is no change to the interest payable figure within the statement of comprehensive income.