Viva Midco Limited

Annual report and financial statements for the period ended 7 July 2022

Company number: 13207232

Viva Midco Limited

Contents

Viva Midco Limited

Directors and advisors

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Viva Midco Limited

Strategic Report for the period ended 7 July 2022

In this report the "Group" means Viva Midco Limited and its subsidiaries, and the "Company" means Viva Midco Limited.

The directors present their Strategic Report on the Group for the period from incorporation on 17 February 2021 to 7 July 2022. The Company was incorporated on 17 February 2021 as Shoo 652 Limited. It changed its name on 29 March 2021 to Viva Midco Limited.

Acquisition and Change of Period End

On 19 April 2021 the Group partnered with Elliott Advisors (UK) Limited ("Elliott Advisors"), an affiliate of global fund manager Elliott Investment Management, and completed the acquisition of Avant SA and its subsidiary undertakings, and the acquisition of Berkeley De Veer (Holdings) Limited and all of its subsidiary undertakings (collectively referred to as the "Acquisitions"). The Company and Group did not trade until this date, consequently the trading results cover the period from 19 April 2021 to 7 July 2022.

The Company and Group changed their accounting reference date to be 30 June following the change in ownership. In this first accounting period under new ownership the Group has chosen to draw its financial statements up to 7 July, as permitted by the Companies Act 2006.

Principal Activities

The Company is an investment holding company for a group of businesses principally engaged in the building and sale of residential properties in the UK.

Business Model and Strategy

Our business is based solely on the building and sale of residential properties in the North of the UK.

During the period ended 7 July 2022, the Group has continued to strengthen its position as a mid-market house builder remaining mainly focused on three, four, and five bed family homes (apartments represent less than 3% of total Group sales).

We have operated across five core regions covering South and West Yorkshire, East and Central Midlands, the North East and Scotland. These have been supplemented by expansion into the West Midlands and further plans to increase our presence in North Yorkshire.

Throughout the period ended 7 July 2022 the Group has focused its strategy on delivering sustainable returns for all its stakeholders.

Business Review

The COVID-19 pandemic has had limited impact on the Group throughout the period ended 7 July 2022 with restrictions now lifted in all areas of the business.

The Ukraine war has not significantly impacted our ability to source materials during the period. This is and will continue to be kept under review.

Business Review (continued)

The rising cost of living, including the recent base rate increases, has potential to impact affordability for customers. Sales are closely monitored, and the economic situation will be kept under review.

Results

In the period ended 7 July 2022 the Group achieved 2,958 legal completions, including 387 social housing units. The average price for private completions was £288,000. The average price for social housing completions was to £107,000.

Revenue was £765.7m for the period ended 7 July 2022 and the Group made an operating profit of £119.1m.

Net financing costs during the period ended 7 July 2022 were £75.0m, of which £61.2m relates to non-cash interest on the Group's shareholder loan.

The Group was in a strong position heading into the new financial year with a strong forward order book into the next financial period.

Key Performance indicators

	Period ended 7 July 2022
Units completed	2,958
Revenue	£765.7m
Private Average selling price (ASP)	£288.3k
Continuing cash flows before land spend *	£203.9m
Land investment	£193.4m
Operating profit	£119.1m

* Defined as cash generated from operations plus land investment during the period

Balance Sheet at 7 July 2022

Post completion of the Acquisitions, the Group extended its committed revolving credit facility to £250.0m and agreed a one-year extension until July 2024. This provided the Group with combined committed bank facilities of £265m as at 7 July 2022. Bank debt as at that date was £105.6m.

The Group's net assets, pre shareholder loans, were £556.3m. The Group has long dated loans from its shareholders which were provided to part fund the acquisitions and they accrue interest on a non-cash basis.

At 7 July 2022, the Group's investment in inventory was £586.5m. This included 21 part exchange properties with a book value of £4.1m of which 16 were reserved for sale with a carrying value of £3.0m.

The Group had a current land bank at 7 July 2022 of 12,852 units with an estimated developable value of £3.4bn. The number of units under control or with terms agreed was 7,922.

Environmental impact and carbon use disclosures

The Group identifies sustainability as a key aspect of its Business Model and the long-term success of the Group. Throughout the period ended 7 July 2022 the Group has continued to strive toward creating a more socially, environmentally, and economically sustainable business. The Group regularly reviews its sustainability strategy as a responsible house builder.

In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, we report on our greenhouse gas ('GHG') emissions as part of this Strategic Report. The methodology used to calculate our emissions is based on the UK Governments Environmental Reporting Guidelines (2013) and emission factors from the 2017 Government GHG Conversion Factors for Company Reporting.

The reported emission sources include those which we are responsible for with the exception of gas and electricity from part-exchange properties which were excluded from this report due to immateriality and the difficulty in accurately reporting and recording this data.

Greenhouse gas emissions

	Period ended 7 July 2022	
	Tonnes C02e	**KwH**
Scope 1 (Direct) GHG emissions	**3,677**	**16,416,453**
Scope 2 (Energy indirect) emissions	**1,198**	**5,640,419**
Scope 3 (Other indirect) emissions	**452**	**1,933,633**
Total emissions	**5,327**	**23,990,505**

Emissions intensity	**Period ended 7 July 2022**	
tCO2 per home built	**1.8**	**8,110**
tCO2 per 100 sqm of built homes	**1.8**	**8,113**
tCO2 per employee	**7.6**	**34,272**

Housing Market

The period has seen strong demand in the UK housing market underpinned by undersupply of housing across the UK. Since the balance sheet date the impact of increases in the cost of living and rising interest rates have reduced affordability and we have seen some impact on demand. Overall selling prices have been maintained to date and we have seen a steady rate of sale being achieved albeit at a lower level compared with the prior period. Despite the uncertainties faced in all areas of the economy there remains a resilient demand for our product offering.

We expect a period of some economic uncertainty across the remainder of 2022 and into 2023 and therefore, the Board are closely managing the activities of the business through the application of strong financial discipline and control to ensure compliance with the terms of the shareholder loan and banking facilities available to us.

Against this and backdrop the business has produced forecasts and plans which allow for various sensitivities and scenarios, and all show the business can operate within the scope of its committed funding lines and the covenants that attach thereto.

People

Our people are the cornerstone of our business and we have continued to invest their training and development as well as ensuing all our places of work are an inclusive and safe environment.

We value the commitment shown by all employees across all areas of the Group. and wish to place on record our gratitude for their dedication.

Principal risks and uncertainties

Risk is present in any business, and appropriate risk management will ensure the long-term success of the Group. The principal risks and uncertainties faced by the business have been identified and evaluated, with strategies established to provide suitable mitigation. The risk management strategy is proposed and implemented by the Group's senior management and approved by the Group Board.

Principal risks and uncertainties (continued)

Description of Risk	Relevance of risk to strategy	Mitigation of risk
Epidemic or pandemic from infectious diseases An epidemic or pandemic of an infectious disease may lead to the imposition of Government controls, including social distancing, on the movement of people with the associated cessation of large parts of the economy for a significant period. The cessation of business will lead to reduced revenues until normal sales and construction activity can be recommenced.	• Inability to operate will have a detrimental impact on profitability and return on capital employed (ROCE) in the short to medium term. • Impact on liquidity and ability to operate.	• Maintenance of a strong balance sheet and liquidity levels able to withstand a sustained period of complete or partial cessation of business activity. • Agreement of committed credit facilities and associated covenants that provide sufficient headroom to operate. • Maintenance and regular testing of business continuity and disaster recovery plans supported by investment in IT to enable robust home-working facilities. • Development and use of health and safety led safe operating procedures for all offices, sales facilities, and sites.
Land The Group is unable to source suitable land at satisfactory margins and ROCE. The land market remained competitive during the period. The Group has strengthened its land teams with investment continuing in the strategy setting, appraisal review and authorisation process.	• Failure to buy land at the right price has a detrimental effect on future profitability and ROCE. • A weak land pipeline would impact the Group's growth strategy. • Having too much capital invested in land dilutes ROCE, restricting the Group's ability to react to market opportunities.	• The Group prepares rigorous acquisition appraisals for all potential land purchases to ensure that capital is invested appropriately. • Authorisation of land acquisitions is approved by the Board. • The Group carefully reviews exposure to large sites where ROCE is usually lower and there is a higher risk of loss of value if there is a decline in the housing market.

Principal risks and uncertainties (continued)

Description of Risk	Relevance of risk to strategy	Mitigation of risk
Sales		
There are several risks which impact the Group's ability to generate sales as follows: • the ability of prospective purchasers to access mortgage credit. • the rising cost of living impact affordability for customers. • interest rate increases – including recent base rate increases. • mortgage availability. • changes in Government housing policy; and • failure to maximise sales in a strong market.	• Building too many homes in one area or of the wrong house type could affect the Group's ability to meet its growth targets. • To generate the desired sales the Group may have to increase the use of incentives, which impact trading margin and average selling price. • Operating in areas of low housing demand could impair the Group's ability to generate sales in a rising market.	• The Group is a northern house builder operating across five regions and therefore the risk associated with over-concentration in one geographic area or product area is diluted • The Group regularly reviews its product range and pricing strategy on a regional basis to deliver the appropriate product into the regional marketplace. • Use of sales incentives to encourage the selling process, such as part exchange. • Use of Government backed schemes to encourage home ownership, where appropriate. • Regular review of construction rates alongside regional sales rates to ensure that stock availability matches regional demand. • Customer service is closely monitored at both regional and Group levels. • Managing investment in land and sites to match demand.
Environment		
Housebuilding can have a negative impact on the environment..	• The impact of our operations on the environment must be managed in a responsible and sustainable manner, ensuring that they do not have a detrimental impact on the Group's reputation and ability to sell homes.	• The Group is aware of its environmental responsibility and has policies in place to address issues around ecology, resource use, biodiversity, and sustainability. • The Group seeks to source materials and supplies responsibly.

Principal risks and uncertainties (continued)

Description of Risk	Relevance of risk to strategy	Mitigation of risk
Health and Safety There are risks to health and safety inherent in the construction process.	• Injuries to employees, sub-contractors or visitors could delay operations and result in reputational damage for the Group, criminal prosecutions, fines from the Health and Safety Executive and civil litigation..	• The Board considers health and safety issues at each Board meeting. • The Group has a centralised health and safety function which regularly and constantly visits the Group's active sites to monitor health and safety standards. • The Group places significant emphasis on health and safety training with regular health and safety seminars held on active sites.
Information technology Failure to have suitable information systems in place, together with system loss mitigation structures and appropriate contingency plans.	• Poor performance of the Group's IT systems could affect operational efficiency of the business, the control environment and Group profitability.	• Group-wide systems are in operation which are controlled and managed by an internal central support function. • The Group continues to invest in its IT environment throughout the business to improve operational efficiency and accuracy of management information to facilitate business decisions.
Treasury management Failure to effectively manage the treasury function.	• Failure to manage the treasury function at an acceptable cost could lead to a loss of opportunities to invest in new sites. This could lead to a reduction in the value of the business, its profitability and investor confidence.	• Central control of banking facilities to ensure liquidity and debt levels are appropriate. • Careful management and regular monitoring of cash forecasts to ensure that Group has sufficient available cash to meet its operational requirements.

Principal risks and uncertainties (continued)

Building safety act The Building Safety Act (the "Act") received royal assent on 28 April 2022.. A 30-year retrospective limitation period for claims against construction product manufacturers and also for claims under the Defective Premises Act 1972 ("DPA") has been introduced in respect of buildings over 11 metres in height.	There is a risk that liabilities may arise for the Group under the provisions of this Act. This is a complex area requiring significant judgement on future unknown events.	• The Group has completed a review of buildings constructed over the last 30 years which would potentially fall under the scope of the Act. • All of the buildings constructed by the Group were signed off as compliant with relevant Building regulations at the time of completion. • No proceedings have been brought or legal claims made by third parties relating to any liabilities in relation to these buildings. • We have sought to provide for Management's best estimate of any potential liabilities. • The investigation and evaluation of buildings previously constructed is ongoing and the draft legislation attaching to the Act as well as the formal agreement relating to the pledge is still subject to finalisation and change. • It is therefore possible that the estimates attaching to this provision could change over time and as such Management will keep the risk and associated level of provision under review.

Viva Midco Limited

Strategic Report for the period ended 7 July 2022 (continued)

Principal risks and uncertainties (continued)

Description of Risk	Relevance of risk to strategy	Mitigation of risk
Legal and regulatory compliance Failure to comply with current legislation, regulatory requirements and entering inappropriately worded contracts.	• Breaches of law and regulatory codes and entering inappropriately worded contracts could lead to fines, possible imprisonment, and significant reputational damage or to being disadvantaged by onerous contractual obligations. This could diminish customer and investor confidence leading to losses and a reduction in business value.	• The Group has a central legal function which advises and supports the regional operations in respect of legal compliance and ensures that policies and procedures are kept up to date to minimise the risk of non-compliance. • Access to external professional advice is available when required.
Personnel Failure to attract and retain the right people for the Group. The labour market remains competitive and therefore this risk has not changed significantly during the period.	• Failure to attract and retain employees will severely affect the Group's ability to be competitive in the market and meet its growth strategy and budget targets.	• The Group offers competitive salary and benefits packages and regularly reviews these against marketplace expectations. • The Group invests in personnel training plans. • Succession planning is in place for key roles within the business.
Planning Possible delays in obtaining planning permission or insufficient appreciation of the complexity of the planning process for a specific site.	If the Group has too much capital invested in land (or land options) where obtaining suitable planning permission is time consuming and problematic, this can negatively impact the Group's growth strategy and have an adverse impact on profitability and ROCE.	• The Group employs individuals internally with the expertise to oversee the planning process and has good relationships with external advisers regionally to maximise the likelihood of obtaining planning permission. • The medium-term pipeline and the strategic land supply are carefully monitored centrally to maintain the appropriate balance of quality and location.

Principal risks and uncertainties (continued)

Description of Risk	Relevance of risk to strategy	Mitigation of risk
Construction Shortages of appropriately skilled personnel, including sub-contractors, and shortages of building materials at competitive prices. Upward pressure on material costs. Most materials are subject to Group procurement and medium-term contractual arrangements.	• Failure to have appropriately skilled personnel and sub-contractors available in the right place at the right time, together with sufficient materials when needed, could cause delays in the construction process, and affect the Group's growth aspirations.	• Ensuring systems are in place for engaging, monitoring, and controlling work carried out by sub-contractors. • Ensuring Group purchase arrangements are in place to secure materials at competitive prices. • Ensuring competitive remuneration policies are in place. • Identifying training needs and allocating appropriate resources to training. • Continued forward planning by the purchasing function to ensure increased lead times do not affect availability of materials. • The Ukraine war has not significantly impacted our ability to source materials during the period. This is and will continue to be kept under review.

On behalf of the Board

J Fairburn
Director
21 December 2022

Viva Midco Limited

Directors' Report for the period ended 7 July 2022

In this report the "Group" means Viva Midco Limited, and its subsidiaries and the "Company" means Viva Midco Limited.

The directors present their annual report together with the audited financial statements of the Company and Group for the period ended 7 July 2022. As explained in the Strategic Report the Company and Group changed its accounting reference date during the period.

Viva Midco Limited is an investment holding company for a Group of companies principally engaged in residential house building and sales. It operates in South and West Yorkshire, East, West and Central Midlands, the North East and Scotland markets.

The Company is a private company and is incorporated and domiciled in the UK. The address of its registered office is Avant House, 6-9 Tallys End, Barlborough, Chesterfield S43 4WP.

Viva Midco Limited is the ultimate parent undertaking of the trading Group in the United Kingdom.

Results, dividends, and future developments

The results for the period ended 7 July 2022 are set out in the consolidated income statement on page 22. The results for the period and future developments have been discussed in the Strategic Report on pages 2 to 10.

No interim dividends were paid in the period ended 7 July 2022. The directors do not recommend the payment of a final dividend in respect of the period ended 7 July 2022.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Group is reliant on the trading and cash generation of its subsidiaries to enable it to meet its day-to-day expenses and liabilities due for payment during the period of at least twelve months from the date of approval of these financial statements. The directors have considered that the Group will have sufficient funds to meet these requirements. In making this assessment the Directors have obtained written assurance from the group and fellow group entities that group will provide additional funding where necessary and will not seek repayment in the forecast period of the amounts owed to group and fellow group entities nor interest which will accrue in the forecast period.

The Group meets its day to day working capital requirements through the cash flow generated from the sale of residential properties, while also being reliant on funding from debt facilities with its bankers.

At 7 July 2022, the Group had access to total banking facilities of £267.8m in the form of a committed revolving credit facility; £250m of which is due to expire on 31 July 2024, with £15m expiring in December 2022 and £2.8m is due to expire September 2022. The term of the facilities were extended during the period.

Net debt at 7 July 2022 was £55.58m.

Shareholder loans were provided to part fund the Acquisitions. They are repayable on a change of ownership and have a current maturity date of 19th April 2028 which can be extended by agreement between the shareholders. The undrawn amount at 7 July 2022 was £nil.

Going concern (continued)

The Directors have prepared forecasts and projections, including reasonable downside sensitivities, which show that the Group should be able to operate within the level of its banking facilities and meet all its banking covenants for at least 12 months from the date of signing these consolidated financial statements.

Within this assessment, severe but plausible downside scenarios have been considered. This financial modelling indicated that the Group would still be able to operate with comfortable levels of headroom against its covenants and borrowing facilities, even in the severe downside scenarios. In addition, the modelling did not consider the cash benefit of the postponement of land expenditure as part of more extreme cash conservation strategies, which would be available to management if required.

Based on the Group's projected trading and forecast cash-flows for a period of at least 12 months from the date of signing these consolidated financial statements, the Directors are satisfied that the Company and Group will have sufficient funds to continue to meet its liabilities as they fall due for this period.

Consequently, the Directors continue to adopt the going concern basis in preparing the Directors' Report and the financial statements.

Directors

The directors, who all served throughout the period ended 7 July 2022 and up to the date of signing the financial statements, were as follows:

J Fairburn (Appointed 8 April 2021)
D Newett (Appointed 8 April 2021)
S Briggs (Appointed 17 February 2021, Resigned 8 April 2021)

S Briggs was appointed solely as part of incorporation of the new entity and resigned when activity commenced.

Employees

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them, including the performance of the Group. This is achieved through formal and informal meetings as well as regular consultation on a wide range of matters affecting their current and future interests.

The Group is committed to equal opportunities. Its people are diverse and are chosen based on experience, potential and personal attributes regardless of gender, sexual orientation, marital status, age, race, colour, nationality, ethnic origin, religion, or disability. The Group is committed to giving full and fair consideration to applications for employment made by people with health conditions or impairments and is committed to equal training opportunities, career development, and promotion of such individuals. Regarding individuals who become disabled, the Group policy is to take all reasonable steps, including retraining, to ensure that they can remain in employment wherever practicable.

The Group remains committed to equality of opportunity in all its employment policies, practices, and procedures. All employees should be given equal opportunity and are appraised solely on performance, personal attributes, and potential.

Employees (employees)

At 7 July 2022, the Group directly employed 661 individuals. The Group subcontracts the development of its sites to carefully selected third party contractors under guidance by provided by Avant trained site management to ensure a safe environment s maintained.

The Group continues to focus on the future development of its people, with an equal opportunities' ethos at its heart, to continually strengthening its people base in order to deliver the quality of service which our customers deserve and our brand reflects.

Financial instruments and risk management

The use of financial instruments, including financial risk management objectives and policies, exposure to price risk, credit risk, liquidity risk and cash flow interest rate risk, are disclosed in note 3 to the consolidated financial statements.

Contributions and sponsorships

During the year, the Group made charitable contributions of £4,000 to community charities and made sponsorship contributions of £5,000 in support of local clubs and events.

Political contributions

Neither the company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Statement of directors' responsibilities in respect of the Annual Report, the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable, relevant, reliable, and prudent.
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU.
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Statement of directors' responsibilities in respect of the Annual Report, the Strategic Report, the Directors' Report and the financial statements (continued)

- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Disclosure of information to independent auditor

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

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

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

Independent auditor

KPMG LLP were appointed as auditors during the period. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board

J Fairburn
Director
21 December 2022

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Viva Midco Limited

Corporate Governance – Section 172 Statement for the period ended 7 July 2022

Section 172 framework

The Board of directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its stakeholders as a whole, and in doing so have regard to a range of matters including:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers, and others,
- the impact of the company's operations on the community and the environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly between stakeholders in the company.

Key decisions and matters that are of strategic importance to the company are appropriately informed by s172 factors. These include but are not limited to:

- the approval of the company's strategy and five-year plans,
- the approval of the current year budget,
- the approval of the overall land acquisition strategy and individual site purchases.

Through an open and transparent dialogue with our key stakeholders, we have been able to develop a clear understanding of their needs, assess their perspectives and monitor their impact on our strategic ambition and culture.

As part of the Board's decision-making process, the Board considers the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the Company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

In making material decisions the Board has sought to increase shareholder value whilst delivering benefit to our customers and the communities that we build in, provide secure employment opportunities and fair economic relationships with our suppliers.

Purpose, culture, and values

The business has a clear purpose, culture, and values that the board has established, and which guides how the factors in section 172 are applied in its decision making.

Our purpose, culture and values have been set with the considerations of the various stakeholder groups in the company.

The implementation of these factors is led by the Group Board, which benefits from a varied composition.

Roles and responsibilities of the Board

The Group is headed by an effective Board which brings a wide range of commercial, housebuilding and financial experience and is collectively responsible for the long-term success of the Company and overall leadership of the Group.

Corporate Governance – Section 172 Statement for the period ended 7 July 2022 (continued)

Engagement with stakeholders

We are committed to effective engagement with all our stakeholders. The Board is mindful that the Group's success depends on its ability to engage effectively, work together constructively, and to take all stakeholder views into account.

The Board engages with stakeholders by various means and addresses matters which concern them.

Engagement with shareholders

Communication with our shareholders is extremely important for the Board. A direct and regular dialogue is maintained with our shareholders, via their regular attendance as invitees to Board meetings, and meetings with the Executive Team, all supported by reports and papers as appropriate.

Key decisions such as land and company acquisitions, strategic plans and budget approvals require the consent of the immediate parent company board, on which the shareholders are represented.

Engagement with employees

Our employees are a key asset, dedicated to building and selling homes that our customers value. The Group provides opportunities for personal development and career progression; a culture of inclusion and diversity; compensation and benefits; and the ability to make a difference. We undertake various activities and operate many forums to foster participation in Group events, invite opinions, questions, and ideas.

We focus on strong talent attraction and retention, consciously maintaining a distinct identity to underpin our culture and values and to differentiate ourselves in the employment market.

We focus on investment in our people and their development and provide bespoke development and training to a number of staff.

Our health and safety commitment

We are committed to operate safely in everything we do and have a detailed and rigorous health and safety framework covering aims, policies, procedures, and task steps. This is implemented on all our sites and is supported by a dedicated health and safety team who undertake real time digitised workplace inspections and quarterly formal audits to drive the correct behaviours.

Our customers

We strive to deliver what the customer wants and seek customer views via various mediums. These include:

- Engagement with all our customers throughout the home buying process – gaining and listening to feedback,
- The conducting of market reviews of what home buyers wants are – including customer interviews and market research,
- Benchmarking exercises covering what we offer against the market and how we continue to adapt.

We seek independent feedback from each one of our customers via the NHBC/HBF customer satisfaction survey which focuses on the customers sales experience and product satisfaction. We have specific policies and processes which are followed and are fundamental to the Avant Homes "Right First Time" approach.

Viva Midco Limited

Corporate Governance – Section 172 Statement for the period ended 7 July 2022 (continued)

Our suppliers and finance partners

Our suppliers are key stakeholders in the business helping us deliver of the homes that our customers want. We seek to ensure we engage with all our suppliers collaboratively through:

- Operating tender processes for orders above set limits,
- Agreeing open and transparent commercial basis of operation,
- Paying to terms on agreed invoices and agreed certificates,
- Sharing the Group's and regional business plans through supplier events,
- Seeking supplier views on our manner of engagement and areas for improvement at such events,
- Having clear codes of conduct and policies covering the way in which we engage with suppliers.

We have several valuable long-term supplier partnerships which includes our banking partners with whom we operate on an open basis, holding regular business update sessions supported by the provision of extensive management information.

Our communities and the environment

Our aim is always to create locations and communities where or customers want to live and we focus on delivering public open spaces and amenities to enhance these built environments.

We aim, where possible, to minimise our impact on the environment through the ongoing development and application of robust policies covering the development life cycle. Further, we work actively with suppliers to adopt energy efficient house designs covering both the construction fabric, equipment, and appliances. Throughout construction our objective is to minimise construction waste and during the period, 97% of our construction waste was recycled.

Conclusion

The open and transparent dialogue that the Group and Board hold with our key stakeholders, ensure we have been able to develop a clear understanding of their needs and incorporate such as part of the Board's decision-making process.

On behalf of the Board

J Fairburn
Director
21 December 2022

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Independent auditor's report to the members of Viva Midco Limited

Opinion

We have audited the financial statements of Viva Midco Limited ("the Company") for the 14 months period ended 7 July 2022 which comprise the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of changes in Equity, Consolidated Statement of Cash Flows, Company Balance Sheet, Company Statement of Changes in Equity and related notes and related notes, including the accounting policies in note 1.

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 7 July 2022 and of the Group's profit for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Independent auditor's report to the members of Viva Midco Limited (continued)

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading board minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual revenue and cash accounts;
- Sampling revenue transactions in the cut-off period around the period end and vouching to evidence of legal completion to verify the revenue recognition for revenue recognised at a point in time;
- Assessing the accounting estimates for ongoing contracts at the period end where revenue is recognised over time, for potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Independent auditor's report to the members of Viva Midco Limited (continued)

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, taxation legislation and pension legislation in respect of defined benefit schemes. And we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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

Independent auditor's report to the members of Viva Midco Limited (continued)

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 13-14, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Clare Partridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
21 December 2022

Viva Midco Limited

Consolidated Statement of Comprehensive Income for the period ended 7 July 2022

	Note	Period ended 7 July 2022 £'000
Revenue	5	765,695
Cost of sales		(597,322)
Gross profit		**168,373**
Administrative expenses		(49,682)
Other income		395
Operating profit before impact of joint ventures and associates	10	**119,086**
Share of operating profit of joint ventures	15	1,032
Revaluation of fair value of joint venture	15	(62)
Profit before finance expenses and income tax		**120,056**
Finance expenses	9	(74,964)
Underlying profit before income tax		**45,092**
Exceptional expenses	10	(21,106)
Profit for the period		**23,986**
Income tax credit	11	3,219
Profit for the period after tax		**27,205**
Other comprehensive income		
Items that will not be reclassified to profit		
Deferred tax impact of actuarial loss on post-employment benefit obligations	16	(5)
Pension scheme investment costs		-
		(5)
Total comprehensive profit for the period		**27,200**
Attributable to:		
Equity Holders of the Group		27,201
Non-controlling interests		(1)

All amounts relate to continuing activities. The accompanying notes form an integral part of these financial statements.

Viva Midco Limited

Consolidated Balance Sheet as at 7 July 2022

	Note	7 July 2022 £'000
ASSETS		
Non-current assets		
Property, plant and equipment	12	2,600
Right-of-use assets	13	6,631
Intangible assets	14	164,035
Investments in associates and joint ventures	15	4,003
Deferred income tax assets	16	51,540
Derivative financial assets	18	92
		228,901
Current assets		
Inventories	17	586,690
Contract assets, trade and other receivables	18	45,813
Derivative financial assets	18	129
Cash and cash equivalents	19	50,095
Assets held for sale	20	17,147
Deferred income tax assets	16	10,682
		710,556
Total assets		939,457
LIABILITIES		
Current liabilities		
Trade and other payables	21	210,197
Lease liabilities	13	2,338
Borrowings	22	12,223
Provisions for other liabilities and charges	24	17,419
		242,177
Net current assets		468,379
Non-current liabilities		
Trade and other payables	21	28,517
Borrowings	22	537,823
Lease liabilities	13	6,568
Provisions for other liabilities and charges	24	12,750
Deferred income tax liability	16	14,404
		600,062
Total liabilities		842,239
Net assets		97,218

Viva Midco Limited

Consolidated Balance sheet as at 7 July 2022 (continued)

	Note	7 July 2022
		£'000
EQUITY AND LIABILITIES		
Ordinary shares	25	700
Share premium	25	69,300
Retained earnings		27,199
Non-controlling interest		19
Total equity		**97,218**

The financial statements on pages 22 to 75 were authorised for issue by the board of directors on 21 December 2022 and were signed on its behalf by:

J Fairburn
Director

Viva Midco Limited

Avant House
6 & 9 Tallys End
Barlborough
Chesterfield
S43 4WP

Company number: 13207232

The accompanying notes form an integral part of these financial statements.

Viva Midco Limited

Consolidated Statement of Changes in Equity for the period ended 7 July 2022

	Ordinary shares	Share premium	Retained Earnings	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000
Opening balance at 19 April 2021	-	-	-	-	-
Shares issued in the period	700	69,300	-	-	**70,000**
Acquired on business combination	-	-	-	20	**20**
Comprehensive income					
Profit for the period	-	-	27,205	(1)	**27,204**
Total profit for the period	**-**	**-**	**27,205**	**(1)**	**27,204**
Other comprehensive income					
Deferred tax impact of actuarial (loss) / gain on post-employment benefit obligations	-	-	(5)	-	**(5)**
Total other comprehensive income	**-**	**-**	**27,200**	**(1)**	**27,199**
Balance at 7 July 2022	**700**	**69,300**	**27,200**	**19**	**97,219**

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows for the period ended 7 July 2022

	Note	Period ended 7 July 2022 £'000
Cash flows from operating activities		
Profit / (loss) for the period		**23,985**
Income tax charge		**3,214**
Loss before income tax		**27,199**
Finance costs	9	**74,964**
Loss on disposal of property, plant and equipment	12	**469**
Loss on disposal of intangible assets	14	**25**
Depreciation of property, plant and equipment	12	**834**
Amortisation of brand intangible	14	**324**
Amortisation of right-of-use assets	13	**3,441**
Impact of revaluation and modification of lease on right-of-use assets	13	**(362)**
Amortisation of intangible assets	14	**559**
Amortisation of derivative instruments	26	**-**
Difference between pension charge and cash contribution	23	**(25)**
Increase / (decrease) in provisions	24	**20,190**
Share of loss / (profit) from associates and joint ventures	15	**(948)**
Cash inflow from operating activities		**126,671**
Changes in working capital:		
Inventories decrease		**(143,291)**
Trade and other receivables decrease		**(305)**
Trade and other payables increase		**26,734**
Cash inflow from operations		**9.808**
Interest paid		**(6,753)**
Tax paid		**(6,300)**
Net cash used in operating activities		**(3,166)**

Viva Midco Limited

Consolidated Statement of Cash Flows for the period ended 7 July 2022 (continued)

	Note	Period ended 7 July 2022 £'000
Cash flows from investing activities		
Acquisition of subsidiary undertakings net of cash acquired		(87,079)
Purchase of right to use assets	13	(1,991)
Purchase of property, plant and equipment	12	(333)
Purchase of intangible assets	14	(132)
Dividends received from joint ventures	15	482
Interest received		-
Net cash generated from investing activities		(89,053)
Cash flows from financing activities		
New share capital subscribed		70,000
Repayment of former shareholder debt on acquisition of subsidiary undertakings		(292,158)
New shareholder debt issued on acquisition of subsidiary undertakings		384,527
Expenses relating to new debt		(781)
(Repayment) / utilisation of lease liabilities		(3,028)
(Repayment) / utilisation of existing borrowings	22	(16,245)
Net cash generated from financing activities		142,314
Net (decrease) / increase in cash and cash equivalents		50,095
Cash and cash equivalents at start of the period		-
Cash and cash equivalents at end of the period	19	50,095

The accompanying notes form an integral part of these financial statements.

Notes to the consolidated financial statements for the period ended 7 July 2022

1. General information

Viva Midco Limited ('the Company') and its subsidiaries (together 'the Group') are engaged in the building of residential properties. The Group has positioned itself as a UK based mid-market house builder focused mainly on three, four and some five bed detached family homes currently positioned across core trading regions of Yorkshire, Central, Midlands, North East, and Scotland.

The Company is a private limited company and is incorporated and domiciled in England in the UK. The address of its registered office is Avant House, 6-9 Tallys End, Barlborough, Chesterfield S43 4WP. The registered number is 13207232.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of Viva Midco Limited have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs") applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.1.1 Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Company is reliant on the trading and cash generation of the Group to enable it to meet its day-to-day expenses and liabilities due for payment during the period of at least twelve months from the date of approval of these financial statements. The directors have considered that the Company will have sufficient funds to meet these requirements. In making this assessment the Directors have obtained written assurance from the group and fellow group entities that group will provide additional funding where necessary and will not seek repayment in the forecast period of the amounts owed to group and fellow group entities nor interest which will accrue in the forecast period.

The Group meets its day to day working capital requirements through the cash flow generated from the sale of residential properties, while also being reliant on funding from debt facilities with its bankers.

At 7 July 2022, the Group had access to total banking facilities of £267.8m in the form of a committed revolving credit facility; £250m of which is due to expire on 31 July 2024, £2.8m expiring in September 2022 and the remaining £15m expiring in December 2022. The term of both facilities was extended during the period.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

2.1.1 Going concern (continued)

Net debt at 7 July 2022 was £55.58m.

Shareholder loans were provided to part fund the Acquisitions. They are repayable on a change of ownership and have a current maturity date of 19th April 2028 which can be extended by agreement between the shareholders. The undrawn amount at 7 July 2022 was £nil.

The Directors have prepared forecasts and projections, including reasonable downside sensitivities, which show that the Group should be able to operate within the level of its banking facilities and meet all its banking covenants for at least 12 months from the date of signing these consolidated financial statements.

Within this assessment, severe but plausible downside scenarios have been considered. This financial modelling indicated that the Group would still be able to operate with comfortable levels of headroom against its covenants and borrowing facilities, even in the severe downside scenarios. In addition, the modelling did not consider the cash benefit of the postponement of land expenditure as part of more extreme cash conservation strategies, which would be available to management if required.

Based on the Group's projected trading and forecast cash-flows for a period of at least 12 months from the date of signing these consolidated financial statements, the Directors are satisfied that the Company and Group will have sufficient funds to continue to meet its liabilities as they fall due for this period.
As with any company placing reliance on group, the directors acknowledge that there can be no certainty that this intention will not change although, at the date of approval of these financial statements, they have no reason to believe that such a change in the intention of the Group will occur.

Consequently, the Directors continue to adopt the going concern basis in preparing the Directors' Report and the financial statements.

Within this assessment, severe but plausible downside scenarios have been considered. This financial modelling indicated that the Group would still be able to operate with comfortable levels of headroom against its covenants and borrowing facilities, even in the severe downside scenarios. The modelling considered the cash benefit of the postponement of land expenditure as part of more extreme cash conservation strategies, which would be available to management if required further increasing the headroom against covenants and facility levels.

Based on the Group's projected trading and forecast cash-flows for a period of at least 12 months from the date of signing these consolidated financial statements, the Directors are satisfied that the Company and Group will have sufficient funds to continue to meet its liabilities as they fall due for this period. Consequently, the Directors continue to adopt the going concern basis in preparing the Directors' Report and the financial statements.

2.1.2 Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus

2.1.3 Business combinations (continued)

- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in the Income Statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(b) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Avant Homes Group Limited has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

2.2 Consolidation (continued)

Unrealised gain on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interested in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£'000) which is also the Group's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other income.'

2.4 Property, plant, and equipment

Property, plant, and equipment is stated at historical cost less accumulated depreciation. Historical cost includes the original purchase price of the asset and any directly attributable costs to bring the asset to its working condition for its intended use. Subsequent costs, such as refurbishment costs, are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Freehold land and buildings	2% per annum
Plant, property and equipment	33% per annum
Machinery, equipment, fixtures, and fittings	10% - 50% per annum

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the income statement.

2.5 Right of use assets

As required under IFRS 16, leases are recognised as right-of-use assets with a corresponding liability at the date at which the leased assets are available to use by the Group. Each lease payment is allocated between the liability and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability of each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a fixed annual rate increase

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Right-of-use assets are measured at cost comprising the following:

- The amount of initially measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and low-value assets comprise of office equipment e.g. printers/ photocopiers.

2.6 Intangible assets

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised as a charge in the income statement.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives attached to intangible assets are as follows:

- BDV brand – 5 years

2.6 Intangible assets (continued)

- Avant Homes brand – indefinite

The fair values on acquisition have been based on external valuations of the brands.

Impairment testing

For goodwill and intangible assets that have indefinite useful lives the recoverable amount is estimated each year. The recoverable amount is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets thar cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash flows of other assets of groups of assets (the "cash generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash generating units ("CGUs").

For the purpose of goodwill impairment testing, CGUs to which goodwill have been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised, in the income statement, if the carrying value of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying value of goodwill allocated to those CGUs, and then to reduce the carrying values of other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. Impairment losses in respect of other assets recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss would be reversed if there has been a change in the estimates used to determine the recoverable amount.

Computer software

Costs associated with maintaining computer software programmes are recognised as any expenses are incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- ✓ it is technically feasible to complete the software so that it will be available for use;
- ✓ management intends to complete the software and use it;
- ✓ there is an ability to use the software;
- ✓ it can be demonstrated how the software will generate probable future economic benefits;
- ✓ adequate technical, financial, and other resources to complete the development and to use the software are available; and
- ✓ the expenditure attributable to the software during its development can be reliably measured.

2.6 Intangible assets (continued)

Directly attributable costs that are capitalised as part of the software include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

2.7 Impairment of non-financial assets

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

2.8 Financial Assets and Liabilities

2.8.1 Classification

The Group classifies its financial instruments in the following categories: at fair value through profit or loss, financial assets at amortised cost, and fair value through other comprehensive income. The classification depends on the purpose for which the financial instruments where acquired. Management determines the classification of its financial instruments at initial recognition.

(a) *Financial instrument at fair value through profit or loss*

A financial instrument is classified as at fair value through profit or loss if it classified as held-for-trading or is designed as such on initial recognition. A financial instrument is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for sale unless they are designated as hedges. Instruments in this category are classified as current assets or current liabilities if expected to be settled within 12 months, otherwise they are classified as non-current investments. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

(b) *Financial assets at amortised cost*

Financial assets at amortised cost are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current

2.8 Financial Assets and Liabilities (continued)

assets or non-current liabilities. Financial assets at amortised cost are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Cash and cash equivalents include bank overdrafts that are repayable on demand.

(c) Fair value through other comprehensive income financial asset

Fair value through other comprehensive income financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.8.2 Recognition and measurement

Standard purchases and sales of financial instruments are recognised on the trade-date – the date on which the Group commits to purchase or sell the instrument. Investments are initially recognised at fair value plus transaction costs for all financial instruments not carried at fair value through profit or loss. Financial instruments carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. fair value through other comprehensive income financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category is presented in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as fair value through other comprehensive income are recognised in other comprehensive income.

When securities classified as fair value through other comprehensive income are sold or impaired, the accumulated fair value adjustments recognised as equity are included in the income statement as 'Gains and losses from investment securities.'

Interest on fair value through other comprehensive income securities is calculated using the effective interest method is recognised in the income statement as part of finance income. Dividends on fair value through other comprehensive income equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

2.8.2 Recognition and measurement (continued)

Financial liabilities are derecognised when the obligation specified in the contract is fully discharged, cancelled, or expired. The difference between the carrying amount of a financial liability extinguished or transferred to a 3rd party and the consideration paid is recognised in profit or loss.

2.8.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or counterparty.

2.9 Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost and contract assets (as defined in IFRS 15). The Group measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit has not increased significantly since initial recognition which are measured as 12-month ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

2.10 Derivative financial instruments and hedging activities

The Group has chosen not to apply hedge accounting and all derivatives are measured at fair value through profit and loss.

2.11 Inventories

Raw materials and consumables stock, land for development, work in progress and part exchange properties are valued at the lower of cost and net realisable value.

Work in progress includes raw materials and consumable stock, direct labour, other direct costs, and related overheads appropriate to the relevant stage of completion. Net realisable value is based on estimated selling prices less all further costs to completion and all relevant marketing and selling costs.

The Group's principal activity is residential house building. Due to the nature of this activity, much of the development entered into by the Group is speculative in nature. Accordingly, at each period-end, the Group has in its balance sheet current assets that are not covered by a forward sale. At the period-end, the Group conducts a review of the net realisable value of its land and work in progress. This review is conducted on a site-by-site basis, using valuations which incorporate forecast sales rates and average selling prices that reflect both current

2.11 Inventories (continued)

and anticipated market conditions. In making these assessments, there is a degree of judgement and uncertainty due to the volatility and speculation that has surrounded the residential housing sector.

Where the estimated future net realisable value of the site is less than its current carrying value within the balance sheet, the Group impairs the land and work in progress value.

2.12 Trade and other receivables

Trade and other receivables are amounts due to the business from contractual agreements with customers and suppliers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Contract assets

Contract assets represent the gross unbilled amount for contract work performed to date. It is measured at cost plus profit recognised to date (see the revenue accounting policy) less a provision for foreseeable losses and less progress billings. Variations are included in the contract revenue when they are reliably measurable, and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract revenue only when they are reliably measurable, and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Contract asset debtors are presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet. Any costs incurred to obtain a contract are expensed as incurred.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities where the Group does not have the legal right to off-set the overdrawn balances against debit balances held by other Group companies.

2.15 Share capital

Ordinary shares are classified as equity.

2.16 Trade and other payables

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are incurred in the profit or loss in the period in which they are incurred.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to the situations to which any applicable tax regulation is subject to interpretation.

It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This probability being assessed against the Group's strategic plan.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the

2.18 Current and deferred income tax (continued)

reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.19 Employee benefits

The Group operates various post-employment schemes, all of which are defined contribution pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2.20 Provisions

Provisions for legal claims, health and safety claims, remediation work and onerous leases are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation providing that a future settlement date can be reasonably fixed. The increase in the provision due to the passage of time is recognised as interest expense.

2.21 Government grants

Where received in advance, government grants are included within deferred government grants in the balance sheet and credited to the profit and loss account on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

The Group has elected to present grants related to income as a reduction to the related expense line in the profit or loss.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

2.22 Revenue recognition

Revenue is measured at the fair value of the consideration received on completion, and represents amounts receivable for residential property supplied, stated net of discounts and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity. Further detail is provided as follows:

Sales of private residential property
Revenue on the sale of residential property is recognised when the contract has legally completed and when the significant risks and rewards of ownership have been transferred to the purchaser.

Sales of property under construction contracts
Revenue in respect of housing delivered under construction contracts for affordable properties and properties for the private rented sector (PRS) is recognised in accordance with the legal construction contracts. These contracts usually split into two parts: a sales contract and a build contract incorporating payments based on the build unit stage of completion. Revenue for the sales contract is recognised on achieving legal contractual agreement with the customer and is based on an allocation of the combined contracts transaction price by reference to set percentages anchored to typical contract cost profiles. For the build contract, as the build progresses, customer-controlled assets are created, and the Group has an enforceable right to be paid for works completed to date and accordingly revenue is recognised in line with the build unit stages of completion by reference set percentages anchored to typical contract cost profiles. Build unit stages of completion are measured by surveying the work completed to date.

Variations in contract work, claims and incentives payments are included to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

On those contracts that are subject to acceptance and cash on completion of the property, the revenue is recognised in full at completion rather than over time.

Sales of land and commercial property
Income is recognised on land and commercial property sales when contracts are exchanged, and all conditions of the contract have been met.

Cash incentives
Cash incentives are considered to be a discount from the purchase price offered to the acquirer and are therefore accounted for as a reduction to revenue.

Non-cash incentives
Non-cash incentives are considered to be separate from the sale of residential property and revenue and related cost of sales is recognised at the point of sale of the non-cash incentive.

2.23 Rental income

Rental income is recognised when receivable under terms of rental agreements.

2.24 Interest Income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.25 Part exchange property income

In certain circumstances, property may be accepted in part consideration for a sale of a residential property. The fair value is established by independent surveyors, reduced for cost to sell. Net proceeds generated from the subsequent sale of part exchange properties are recorded as other income. The original sale is recorded in the normal way, with the fair value of the exchange property replacing cash receipts.

2.26 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.27 Non-current assets (or disposal Groups) held for sale

Non-current assets (or disposal Groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Assets held for sales include part exchange properties.

2.28 Investment property

Investment property includes land held for long-term capital appreciation, and buildings owned for leasing under operating leases.

The Group's investment property is revalued annually to open market value, with changes in the carrying value recognised in the income statement.

Rent receivable is spread on a straight-line basis over the period of the lease. Where an incentive (such as a rent-free period) is given to a tenant, the carrying value of the investment property excludes any amount reported as a separate asset as a result of recognising rental income on this basis. Rent free periods are accounted for over the period of the lease on a straight-line basis.

2.29 Forward land - options

Expenditure relating to forward land, including options, is initially recognised on the balance sheet within inventories. These amounts are reviewed regularly and written off to the Income statement when it is not probable that related options will be exercised.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

3. Group financial risk factors

The Group's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by a central 'Group' team under polices approved by the board of directors following recommendations from the Chief Financial Officer. The Group function seeks to identify, evaluate, and mitigate financial risks in close co-operation with the Group's operating regions. The board provides written principles for overall risk management.

3.1 Market risk

3.1.1 Price risk

The Group is exposed to commodity price risk. Price risk is mitigated through a diverse supply portfolio to ensure that the Group is not over-reliant on one supplier.

3.1.2 Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain a reasonable portion of external borrowings at a fixed interest rate risk.

The Group manages its cash flow interest rate risk by using interest rate caps. Such interest rate caps have the economic effect of capping the interest payable on a fixed portion of the Group's borrowings. Generally, the Group raises long-term borrowings at floating rates and uses interest rate caps to manage its exposure to interest rate risk.

Although the Board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully the cash flow risk associated with interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

Interest rate movements on obligations under finance leases, derivative financial instruments, trade and other receivables and other financial instruments not in net debt do not present a material exposure to the Group's balance sheet.

3.2 Credit risk

The Group does not engage in any material commercial transactions with significant credit terms. As such the Group does not assess its credit risk to be of material significance. The Group employs a policy, implemented locally, that the credit rating and liquidity of any new customer should be assessed prior to engaging in a trading relationship.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

3. Group financial risk factors (continued)

3.3 Liquidity risk

Cash flow forecasting is performed regionally and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

At the balance sheet date, the Group's banking facilities were due to mature on 31 July 2024.

3.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and

non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

4. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4.1 Margin recognition

The gross margin from revenue generated on each of the Group's individual sites within the year is recognised based on the latest forecast for the gross margin expected to be generated over the remaining life of that site. The remaining life gross margin is calculated using forecasts for selling prices and all land, build, infrastructure, and overhead costs associated with that site. There is inherent uncertainty and sensitivity to external forces (predominantly house prices and labour costs) in the forecasts, which are reviewed regularly throughout the year by management.

4.2 Inventory provisioning

The Group builds residential homes. The nature of homebuilding is capital intensive and as a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the value of inventory in line with expected future cash inflows from the sale of residential property.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

4. Critical accounting estimates and judgements (continued)

4.3 Deferred tax

Management assesses, by reference to the latest strategic plan, the level of future profit that should be considered to be more likely than not, when determining the level of partial recognition of potential deferred tax asset at the balance sheet date. Note 16 to the financial statements provides more detail.

4.4 Cost to complete provisions

In arriving at site level gross margins to use management forms a view on the costs to complete that are yet to be incurred in relation to a site. In some cases, this extends to the costs to complete associated with completed sites and in limited cases to costs related to claims that may attach to completed sites. In relation to completed sites these are recognised in provisions as disclosed in note 25 to the financial statements. In some cases, these views and provisions include allowances for potential, as of yet not claimed, costs associated with any remedial works to external wall systems and associated works that may arise.

There is inherent uncertainty in forming a view in relation to cost to complete provisions which are reviewed regularly throughout the year by management.

5. Revenue

	Period ended 7 July 2022 £'000
Sales of goods	700,281
Construction contract revenue	64,525
Rental income	889
Revenue as stated in the Consolidated Income Statement	**765,695**

All revenue is generated in the UK.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

6. Auditor's remuneration

Services provided by the Company's auditor and its associates

During the period, the Group obtained the following services from the Company's auditor and its associates:

	Period ended 7 July 2022 £'000
Fees payable to Company's auditor for:	
- The audit of the parent Company and consolidated financial statements by the Company's current auditor KPMG LLP	50
- The audit of the Company's subsidiaries pursuant to legislation by the Company's current auditor KPMG LLP	255
Non-audit fees	
- Tax compliance with the Company's current auditor KPMG LLP	153
- Fees paid to KPMG LLP for other non-audit professional services rendered to the Group	11
	469

7. Employee benefit expense

	Period ended 7 July 2022 £'000
Wages and salaries	46,499
Social security costs	5,278
Other pension costs	1,900
	53,677

Average number of people employed

Average monthly number of people (including executive directors) employed:	Period ended 7 July 2022 Number
House building and related activities	703

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

8. Directors' remuneration

	Period ended 7 July 2022
Directors' remuneration is as follows:	**£'000**
Aggregate emoluments	**982**
	982

	Period ended 7 July 2022
Highest paid director:	**£'000**
Aggregate emoluments	**657**
	657

No directors were accruing entitlements in respect of the Group's defined benefit or defined contribution pension schemes.

The Directors of Viva Midco Limited are covered by a Directors and Officers Liability insurance policy.

9. Finance costs

Group	**Period ended 7 July 2022**
	£'000
Interest expense / (income):	
- Interest on borrowings	**5,575**
- Interest expense on shareholder loans - non cash	**61,241**
- Interest on deferred land payments	**4,028**
- Amortisation of other financial assets	**86**
- Facility fees and non-utilisation fees	**3,270**
- Movement in pension scheme liabilities	**-**
- IFRS 16 interest on leases	**719**
- Other interest payable/(receivable)	**45**
Net finance expense	**74,964**

10. Profit before taxation

Profit before taxation is stated after charging / (crediting) the following amounts:

	Note	Period ended 7 July 2022 £'000
Staff costs	7	53,676
Depreciation of property, plant and equipment	12	834
Depreciation of right-to-use assets	13	3,441
Amortisation of intangible assets	14	1,106
Amortisation of financial assets	9	86
Fees paid to the Company's auditor	6	469

Exceptional Items

Exceptional items incurred during the period of £17m relate to the provisions associated with the Building Safety Act and £4.1m relate to the buy side costs associated with the acquisition of the Avant Homes Group by Berkeley DeVeer and Elliott Advisors.

Both are considered to be one-off and exceptional events and consequently the costs have been disclosed separately so as to provide an appreciation of their impact on the reported results for the period.

11. Taxation

Recognised in the income statement	**Period ended 7 July 2022 £'000**
Current tax:	
Current period	4,213
Adjustments in respect of prior periods	(158)
Residential Property Developer Tax	130
Tax charge from Joint Ventures (note 15)	(50)
Total current tax charge	**4,135**
Deferred tax (note 16):	
Origination of temporary differences	9,529
Adjustments in respect of prior periods	(16,883)
Total deferred tax	**(7,354)**
Total tax credit	**(3,219)**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19% (for the period ended 7 July 2022. The differences are explained below:

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

11. Taxation (continued)

	Period ended 7 July 2022
Reconciliation of effective tax rate	**£'000**
Profit for the period	**27,204**
Total tax credit	**(3,219)**
Profit excluding taxation	**23,985**
Expected tax (credit) / charge based on the standard rate of corporation tax in the UK of 19% (period ended 19 April 2021: 19%)	**4,557**
Effects of:	
Impact of change in in tax rates	**(16,386)**
Impact of difference between CT & DT rate	**55**
Residential Property Developer Tax	**130**
Expenses not deductible for tax purposes	**8,249**
Movement in unprovided deferred tax	**2,319**
Non qualifying depreciation	**43**
Adjustments in respect of prior years	**(658)**
Other differences	**(1,478)**
Tax charge from joint ventures	**(50)**
Income tax charge / (credit)	**(3,219)**

A UK corporation rate of 19% was substantively enacted on 17 March 2020, a further increase in corporation tax rate to 25% was substantively enacted with effect from 1 April 2023. The deferred tax asset at 7 July 2022 has therefore been calculated at 25%.

No income tax has been (charged) / credited directly to equity during the year. A tax credit of £5,000 recognised in other comprehensive income relating to the deferred tax impact of the recognition and derecognition of the retirement benefit asset and liability on the balance sheet (see notes 16 and 23).

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

12. Property, plant, and equipment

	Freehold land and buildings £'000	Machinery, equipment, fixtures and fittings £'000	Vehicles £'000	Site accommodation £'000	Total £'000
Cost					
Opening balance as at 19 April 2021	-	-	-	-	-
Acquired through business combinations	2,324	1,231	13	-	3,568
Additions	54	140	-	233	427
Disposals	(616)	(229)	-	-	(845)
Closing balance at 7 July 2022	**1,762**	**1,142**	**13**	**233**	**3,150**
Accumulated depreciation					
Opening balance as at 19 April 2021	-	-	-	-	-
Charge for the year	212	583	9	30	834
Disposals	(212)	(73)	-	-	(285)
Closing balance at 7 July 2022	**-**	**510**	**9**	**30**	**549**
Net book amount					
At 7 July 2022	**1,762**	**632**	**4**	**203**	**2,601**

Depreciation expense of £834,000 has been charged to administrative expenses in the profit and loss account during the period ended 7 July 2022.

There is no difference between the carrying fair value of operating properties and their historical cost equivalent.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

13. Right-of Use Assets

The Group leases many assets including offices, show homes and vehicles. Information about leases for which the Group is a lessee is presented below.

	Offices £'000	Show-Homes £'000	Vehicles £'000	Total £'000
Cost				
Opening balance at 19 April 2021	-	-	-	-
Acquired on business combinations	2,858	5,181	1,341	9,380
Additions	-	1,077	914	1,991
Disposals	(516)	(1,708)	(1,003)	(3,227)
Revaluation	358	-	-	358
Effect of modification of lease	-	-	4	4
Closing balance at 7 July 2022	**2,700**	**4,550**	**1,256**	**8,506**
Accumulated depreciation				
Opening balance at 19 April 2021	-	-	-	-
Charge for the period	551	2,099	791	3,441
Disposals	(159)	(853)	(554)	(1,566)
Closing balance at 7 July 2022	**392**	**1,246**	**237**	**1,875**
Net book amount				
At 7 July 2022	**2,308**	**3,304**	**1,019**	**6,631**

Additions to the right-of-use assets during the period were £1,991,000. The total cash outflow for leases in period was £3,313,000.

	7 July 2022 £'000
Lease liabilities included in the Statement of Financial Position	
Current	2,338
Non-current	6,568
Total	**8,906**

	Period ended 7 July 2022 £'000
Amounts recognised in the Income Statement	
Depreciation of right-of-use assets	3,441
Interest on lease liabilities	719
Expenses relating to short-term leases	294
Total	**4,454**

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

13. Right-of Use Assets (continued)

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

14. Intangible assets

	Goodwill	Avant Brand	BDV Brand	Software	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
Opening balance at 19 April 2021	-	-	-	-	-
Acquired through business combinations	91,028	71,563	1,355	867	164,813
Additions	-	-	-	132	132
Disposals	-	-	-	(302)	(302)
Closing balance at 7 July 2022	**91,028**	**71,563**	**1,355**	**697**	**164,643**
Accumulated depreciation					
Opening balance at 19 April 2021	-	-	-	-	-
Charge for the period	-	-	324	559	1,106
Disposals	-	-	-	(275)	(275)
Closing balance at 7 July 2022	**-**	**-**	**324**	**284**	**608**
Net book amount					
At 7 July 2022	**91,028**	**71,563**	**1,031**	**413**	**164,035**

Goodwill and the Avant Brand value intangible assets are deemed to have indefinite economic lives and are therefore not amortised. Their carrying values are tested for impairment at least annually. They were tested as at 7 July 2022. As part of the test the recoverable amount of these assets is calculated using a "value in use" calculation with key assumptions being the discount rate, the business growth rate and projected gross margins. A pre-tax discount rate of 10% is used reflecting the Group's risk adjusted weighted average cost of capital ("WACC"). The other assumptions are based on expectations of future performance as reflected in the businesses business plans. The Directors believe these assumptions are appropriate and sensitivity analysis indicates that changes in the key assumptions would maintain a reasonable level headroom over the carrying value of the assets.

An amortisation expense of £559,000 has been charged to administrative expenses during the period ended 7 July 2022 in respect of software intangible assets. £324,000 has been charged to administrative expenses in respect of BDV brand intangible asset.

The software intangible assets include the company's procurement, construction, sales, and finance management system which has been developed internally creating a bespoke environment to support the Group's growth. The Group's software intangible is being amortised over four periods on a straight-line basis.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

15. Investments in associates and joint ventures

	7 July 2022 £'000
Opening balance at 19 April 2021	-
Acquired on business combination	2,493
Share of profits / (losses) for the period	1,021
Share of joint venture (tax charge) / credit	(50)
Intra Group profit on sale of land	1,072
Dividends received from joint ventures and associate undertaking	(482)
Revaluation of fair value of joint venture	(62)
Profit / (loss) on investment in associate undertaking	11
Closing balance sheet at end of period	**4,003**

Of the closing balance £280k relates to the value held in associates and £3,723k relates to the value held in joint ventures.

The principal associates and joint ventures of the Group are as follows:

Names	Description and number of shares held	Activity	Percentage of share capital held
Strada Developments Limited	500 ordinary 'A' shares of £1 each	Holds shared equity portfolio	50%
Laing / Gladedale (Hastings) Holdings Limited	50 ordinary shares of £1 each	Property investment	50%
Freeport Scotland Limited	28,000 ordinary shares of £1 each	Letting of commercial property	14%
Project Terrier LLP^	50 ordinary shares of £1 each	Holds shared equity portfolio	50%
Berkeley De Veer Investments Limited *^	50 ordinary shares of £1 each	Construction of domestic buildings	50%
GBL Projects (Three) Limited*^	50 ordinary shares of £1 each	Real estate agencies	50%
GBL Projects (Four) Limited *^	50 ordinary shares of £1 each	Buying and selling of own real estate	50%
De Veer Quarters Limited^	50 ordinary shares of £1 each	Construction of domestic buildings	50%
Dewsbury Riverside Limited^#	190 ordinary shares of £1 each	Construction of domestic buildings	95%
Alfa Homes Limited^	2 ordinary shares of £1 each	Construction of domestic buildings	50%

* Investments are held indirectly through Project Terrier LLP.
^ Registered office: Thorp Arch Grange Walton Road, Thorp Arch, Wetherby, West Yorkshire, United Kingdom, LS23 7BA
# Accounting reference date of 30 March.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

15. Investments in associates and joint ventures (continued)

Strada Developments Limited registered office: Unit C, Ground Floor, Cirrus Glasgow Airport Business Park, Marchburn Drive, Abbotsinch, Paisley, PA3 2SJ

Laing / Gladedale (Hastings) Holdings Limited registered office: 1 Kingsway, London, WC2B 6AN

Freeport Scotland Limited registered office: County Buildings (Financial Services) Wellington Square, Ayr, Ayrshire, KA7 2PL

None of the joint ventures are held directly by the Company. All joint venture companies are incorporated in the United Kingdom. The accounting reference dates are 31 December.

The Group's share of assets and liabilities of jointly controlled entities is as follows:

Share of:	7 July 2022
	£'000
Current assets	7,173
Non-current assets	242
Current liabilities	(1,362)
Non-current liabilities	(2,330)
Net assets / (liabilities) at balance sheet date	3,723

The Group's share of current assets and liabilities in respect of joint ventures represents; trade debtors and creditors arising in the normal course of business; tangible stocks of land and work-in-progress on each development; and loan balances due to the joint venture partners. The Group's share of non-current assets and liabilities in respect of joint ventures represents; long term loans and receivables due to the joint venture.

The Group's income and expenses of jointly controlled entities is as follows:

Share of:	7 July 2022
	£'000
Revenue	2,152
Expenses	(1,131)
	1,021
Tax	(50)
Share of profit for the period	971

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

16. Deferred tax

Deferred income tax assets have only been provided for in the financial statements to the extent that the directors of the Company feel that it is probable that there will be sufficient taxable profits arising in the foreseeable future against which to recover the asset. Deferred income taxes are not discounted.

	7 July 2022
	£'000
Opening deferred tax asset at beginning of period	-
Acquired on business combination	46,511
Credited to the income statement	1,307
Total deferred tax asset recognised	**47,818**

Recognised assets are split into current assets of £10,682,000 and non-current assets of £37,136,000.

As at 7 July 2022, there are unrecognised deferred tax assets as follows:

	7 July 2022
	£'000
Accelerated capital allowances	1,507
Short-term timing differences	36
Trading / non-trading losses	29,317
Capital losses	5,152
	36,012

The main rate of corporation tax for the period was 19%, a further increase in corporation tax rate to 25% has been substantively enacted with effect from 1 April 2023. The Group has recognised deferred tax assets at a rate of 25%.

At 7 July 2022, the Group has unrecognised trading losses of £117,268,000. This equates to an unrecognised deferred tax asset of £29,317,000 relating to unrelieved trading / non-trading tax losses. The Group also has an unrecognised deferred tax asset of £1,507,000 relating to capital allowances, £36,000 relating to other timing differences, £5,152,000 relating to capital losses available to carry forward and £276,000 relating to IFRS16 transitional adjustments.

In recognising the deferred tax asset the Company has assessed taxable profits in the foreseeable future against which to recover the asset. This is a period of five years, in line with our strategic planning cycle. The directors are comfortable in the execution of the strategic plan, and confident that sufficient profits are probable against which to offset the recognised element of the deferred tax asset.

The total unrecognised deferred tax asset of £40,215,000 has not been provided for in the financial statements due to the nature of the tax attributes it attaches to.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

16. Deferred tax (continued)

Movement in deferred tax during the period

Asset / (liability)	19 April 2021 £'000	Recognised on business combination £'000	Recognised in comprehensive income £'000	7 July 2022 £'000
Tax value of loss carry-forwards utilised	-	51,541	10,681	**62,222**
Tax value of intangibles	-	(14,485)	81	**(14,404)**
	-	37,056	10,762	**47,818**

Sensitivity analysis
A change of +/- one percentage point in the forecast earnings in every year over the strategic planning cycle at the balance sheet date would have increased or (decreased) the recognised deferred tax assets by £338,000.

17. Inventories

	7 July 2022 £'000
Land held for development and work in progress	**586,476**
	586,476

Details of land creditors are in note 22.

The value of inventories expensed in cost of sales was £595,176,000. Work in progress is carried in accordance with the valuation methodology as outlined in note 2 to the consolidated financial statements.

Following the acquisition of the subsidiaries in April 2021, the Group undertook a full work in progress fair value exercise, recognising an appropriate provision for underperforming sites. The provision is released over the life of the site at plot legal completion and during the period ended 7 July 2022, £10.7m was released through cost of sales.

In the period ended 7 July 2022, 27% of the Group's completions were from sites which have an acquisition fair value provision. At the balance sheet date, the Group held inventory that had been written down to net realisable value of £50.4m with associated acquisition fair value impairments of £15.8m.

The directors consider all inventories to be current in nature although the Group's operational cycle is such that a proportion of inventories will not be realised within 12 months. It is not possible to determine with accuracy when specific inventory will be realised as this is subject to a number of issues including consumer demand and the timing of implementable planning permissions.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

18. Contract assets, trade, and other receivables

	Note	7 July 2022
		£'000
Trade and other receivables		8,633
Contract assets		29,525
VAT		4,450
		42,608
Prepayments		1,481
Other financial assets (level 2)		221
Corporation tax asset		1,724
Deferred tax asset	16	62,222
		65,648
Total		108,256
Less non-current portion:		
Derivative financial assets		(92)
Deferred tax asset	16	(51,540)
Current portion		56,624
Current portion split:		
Contract assets, trade and other receivables		45,813
Derivative financial assets		129
Deferred tax asset	16	10,682
Current portion		56,624

All trade receivables are denominated in sterling.

Other financial assets

The Group has entered into an interest rate cap (Cap) with notional value of £50m to hedge the Group's Sterling Overnight Index Average (SONIA) interest rate exposure. The Cap is held with Santander Bank Plc with a duration from 12 May 2022 to 13 May 2024 and a strike rate of 3%. The Group is amortising the Cap over the duration of the agreement.

The Group has recognised £92,000 (30 April 2021: £nil) in current assets and £129,000 (30 April 2021: £nil) in non-current assets in respect of the Cap at 7 July 2022.

Trade receivables

At 7 July 2022, the trade and other receivables balance of £38,158,000 included receivables of £35,978,000 which were current and fully performing. £327,000 were aged between 30 and 60 days. £1,853,000 which were over 60 days but not impaired.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

19. Cash and cash equivalents

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	7 July 2022
	£'000
Cash and cash equivalents	50,095

20. Assets held for sale

	7 July 2022
	£'000
Non-core assets	1,843
Land held for sale	11,222
Part exchange properties	4,082
Total assets held for sale	**17,147**

Assets held for sale include a number of non-core assets arising from legacy trading where their disposal is being actively pursued by the Group. The land held for sale relates to one specific site.

Part exchange properties have been included as assets held for sale as per the requirements of IFRS 15.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

21. Trade and other payables

	7 July 2022 £'000
Non-current	
Trade payables (non-current land liabilities)	25,317
Loans from Directors	3,200
	28,517
Current	
Trade payables (excluding land liabilities)	71,571
Trade payables (current land liabilities)	56,812
Other payables	5,248
Accruals	33,381
Deferred income / revenue	4,364
Amounts owed to parent undertakings	36,600
	207,976
Social security and other taxes	2,221
Current portion	210,197
Total trade and other payables	238,714
Trade and other payables excluding statutory liabilities	236,493

Amounts owed to parent undertakings are loan notes which accrue no interest and are repayable on demand.

The directors' loans have no set repayment date and accrue no interest. They are related to funding on specific projects.

Land purchased on extended payment terms

When land is purchased on extended payment terms, the Group initially records it at its fair value with a land creditor recorded for any outstanding monies based on this fair value assessment. Fair value is determined by using the effective interest method. The difference between the nominal value and the initial fair value is amortised over the period of the extended credit term and charged to finance expense, increasing the value of the land creditor such that at the date of maturity the land creditor equals the payment required. The undiscounted value of land creditors at 7 July 2022 was £86,908,000 and the fair value included in trade and other payables was £82,129,000.

22. Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate risk, see note 3.

	Note	7 July 2022 £'000
Current		
Bank facility borrowings[1]		12,223
		12,223
Non-current		
Bank facility borrowings[1]		93,350
Amounts owed to ultimate parent[2]		444,473
		537,823
Total borrowings	26	550,046

[1]Bank borrowings drawn down against the £267.8m committed revolving finance facilities, comprised of three available facilities of £250m, £15m and £2.8m, less unamortised facility fees of £1,650,000.
[2]Loan due to ultimate parent £444,473,000, including unpaid interest capitalised of £59,947,000.

Maturity of loans and overdrafts

The carrying amounts of loans, including finance leases and hire purchase contracts, all of which are exposed to cash flow or fair value interest rate risk, are repayable as follows:

	7 July 2022 £'000
In less than one year	12,223
In more than one year but not more than five years	537,823
In more than five years	-
	550,046

The only difference between the fair value and carrying value of the Group's current and non-current loans relates to debt issue costs of £1,650,000.

Information on financial instruments

Following agreement during the period, the Group has access to committed revolving credit facilities of £265m, of which £250m matures on 31 July 2024 and £15m matures on 31 December 2022.

The Group had drawn committed floating rate borrowing facilities available of £107m.

The bank loans are secured by floating charges over certain of the Group's subsidiaries' assets.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

22. Borrowings (continued)

Interest on bank loans has been charged as follows:

Interest on utilised facility from the £250m committed revolving credit facility is charged at SONIA plus a margin of 3.375% - 3.625% depending on the Group's leverage. Leverage is defined to be the ratio of Total Net Debt to Consolidated Tangible Net Assets. A commitment fee on undrawn amounts under the £250m committed revolving credit facility is charged at 50% of the applicable interest rate margin.

Interest on utilised facility from the secondary £15m revolving facility agreement is charged at LIBOR plus 2.85% margin. Interest on undrawn amounts under this facility is charged at 50% of the interest rate margin.

The loan from the Company's shareholders of £384m was assigned to Viva Midco Limited. It accrues interest at SONIA plus 12% with unpaid interest being capitalised at the end of each quarter. The facility is currently due to expire on 19th April 2028 ("the repayment date") at which point all outstanding amounts of the loan together with all interest accrued up to that date will become due and payable. The loan's maturity can be extended prior to that date through agreement between the shareholders.

All borrowings are denominated in Sterling.

Sensitivity analysis

A change of 1 percentage point in interest rates at the balance sheet date would have increased or (decreased) profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables remain constant and considers the effect of financial instruments with variable interest rates.

Profit or loss	**7 July 2022**
	£'000
Increase/(decrease)	**(1,352)**

23. Retirement benefit obligations

The Group operated two UK registered trust-based pension schemes, Bett Limited Superannuation and Life Assurance Scheme and North Country Homes Group Retirement Benefits Scheme ("NCH") that provided defined benefits. These schemes were fully bought out during the financial period on 11 May 2021 and as such have no further attachment to the Group. On buyout the net remaining recognised liability of £25,000 was accounted for as a settlement event and released to the income statement.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

24. Provisions for other liabilities and charges

	Total
	£'000
Opening balance as at 19 April 2021	-
Acquired on business combination	13,006
Charged to the income statement	17,425
Utilised in the period	(262)
At 7 July 2022	**30,169**

Certain provisions relating to costs to complete on specific sites have been reclassified from inventories to provisions during the period on completion of the relevant site. As set out below £17m of the year-end balance relates to the specific Building Safety Act provision.

	7 July 2022
Analysis of total provisions:	£'000
In less than one year	17,419
In more than one year but not more than five years	12,750
	30,169

The provisions represent the amount that has been provided for the potential cost of remediation and final works on completed sites. Included in the total provision is a specific provision of £17m relating to the Building Safety Act.

In arriving at the level of provision to recognise management forms a view on the costs to complete that are yet to be incurred in relation to completed sites. In some limited cases this extends to costs related to claims that may attach to completed sites.

There is inherent uncertainty in forming a view in relation to cost to complete provisions and in particular those which attach to claims. These provisions are reviewed regularly throughout the year by management.

Building Safety Act

The Building Safety Act (the "Act") received royal assent on 28 April 2022. A 30-year retrospective limitation period for claims against construction product manufacturers and also for claims under the Defective Premises Act 1972 ("DPA") has been introduced in respect of buildings over 11 metres in height. The Act also allows liability under the DPA, for breach of the Building Regulations, or for other building safety matters to be imputed to related companies by orders obtained from the High Court referred to as "Building Liability Orders".

The Group's subsidiary Avant Homes (England) Limited, in common with most large residential developers, signed a Building Safety Pledge on 11 April 2022. Avant Homes (England) Limited has made a series of non-binding statements of intent relating to self-remediation and the funding of mitigation works, on buildings it constructed in England.

Following this pledge, in addition to some specifically provided items, the Group has completed a review of buildings constructed over the last 30 years which would potentially fall under the scope of the Act and identified buildings that have been constructed over 11 metres in height. All of the buildings constructed by the Group were signed off as compliant with relevant Building regulations at the time of completion.

24. Provisions for other liabilities and charges (continued)

No proceedings have been brought or legal claims made by third parties relating to any liabilities in relation to these buildings. To date, The Department of Levelling Up, Housing and the Communities, has notified Avant Homes (England) Limited of two properties that may fall into this category. We also note that due to the introduction of the Act possible future obligations could arise.

We have sought to provide for Managements best estimate of any probable liabilities.

This is a complex area requiring significant judgement on future unknown events. Principally, those judgements relate to the number of buildings that may require remediation works and their potential cost. In respect of those potential works management has estimated a cost of £19,500 per apartment plus an additional estimate of £8,500 to remediate any balconies attaching to apartments. An allowance has been made for cost price inflation. Management has estimated the potential number of affected buildings by reference to the Government's impact assessment. These estimates have resulted in the recognition of a provision of £17m.

The investigation and evaluation of buildings previously constructed is ongoing and the draft legislation attaching to the Act as well as the formal agreement relating to the pledge is still subject to finalisation and change. It is therefore possible that the estimates attaching to this provision could change over time.

The Group estimates a full potential range of liabilities from £0m to £50m based on different basis of assumptions and management's best estimate of costs. It is noted that potential contingent liabilities may exist if these estimates are impacted by future developments in respect of surveys of the buildings identifying works required in excess of those estimated, or in respect of the final implementation of any legislation. Equally, the Group will seek to recover all costs which are due and payable from other actors who it is considered should take their fair share of responsibly.

It is difficult to predict the timing of any cash outflows or inflows in respect of this provision, particularly given the fact that no claims for costs have yet been made. It has been assumed that any discounting impact would be materially offset by additional cost inflation.

The sensitivity of the provision to changes in key assumptions is as follows:

- 10% increase in cost per plot - + £0.9m
- 10% increase in number of impacted buildings - + £4.4m

25. Ordinary shares and share premium

	Number of shares	Ordinary Shares	Share Premium	Total
	'000	£'000	£'000	£'000
Allotted, called up and fully paid:				
At 19 April 2021	-	-	-	-
700,000 ordinary £1 shares issued during the period	700	700	69,300	70,000
At 7 July 2022	**700**	**700**	**69,300**	**70,000**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

26. Business combinations

On 19 April 2021, the Group partnered with Elliott Advisors (UK) Limited ("Elliott Advisors"), an affiliate of global fund manager Elliott Investment Management, and in a combined transaction completed the acquisition of Avant SA and is subsidiary undertakings ("Avant"), and the acquisition of Berkeley DeVeer (Holdings) Limited and all of its subsidiary undertakings ("BDV"). The Company and Group did not trade until this date, consequently the trading results cover the period from 19 April 2021 to 7 July 2022.

Details of the purchase consideration, net assets acquired and resulting goodwill are as follows:

	19th April 21 Pre-acquisition carrying amount BDV	Fair value adjustments BDV	19th April 21 Recognised values on acquisition BDV
	£'000	£'000	£'000
Property, plant and equipment	157	-	157
Intangible assets - software	43	-	43
Intangible assets - brand	-	1,355	1,355
Right of use assets	-	-	-
Investments	843	-	843
Deferred tax assets	-	(298)	(298)
Land and Work in progress	23,922	(4,458)	19,464
Pension liability	-	-	-
Trade and Other Receivables	8,894	(222)	8,672
Trade and Other Payables	(12,282)		(12,282)
Provisions	(33)	-	(33)
Cash and cash equivalents	4,386	-	4,386
Bank loans and overdrafts	(24,102)	-	(24,102)
Shareholder loan	-	-	-
Director loan notes	(2,775)	-	(2,775)
Net (liabilities) / assets	**(948)**	(3,623)	**(4,571)**

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

26. Business combinations (continued)

	19th April 21 Pre-acquisition carrying amount Avant £'000	Fair value adjustments Avant £'000	19th April 21 Recognised values on acquisition Avant £'000
Property, plant and equipment	3,411	-	**3,411**
Intangible assets - software	823	-	**823**
Intangible assets - brand	-	71,563	**71,563**
Right of use assets	9,380	-	**9,380**
Investments	1,650	-	**1,650**
Deferred tax assets	51,398	(10,794)	**40,604**
Land and Work in progress	459,927	(14,068)	**445,859**
Pension liability	(25)	-	**(25)**
Trade and Other Receivables	38,363	-	**38,363**
Trade and Other Payables	(146,639)	(22,519)	**(169,158)**
Provisions	(19,827)	-	**(19,827)**
Cash and cash equivalents	58,007	-	**58,007**
Bank loans and overdrafts	(97,714)	-	**(97,714)**
Shareholder loan	(292,158)	-	**(292,158)**
Director loan notes	-	-	-
Net (liabilities) / assets	**66,596**	**24,182**	**90,778**

	BDV £'000	Avant £'000	Total £'000
Net (liabilities) / assets	**(4,571)**	**90,778**	**86,207**
Consideration for equity			
- Cash paid	-	151,829	151,829
- New loan notes issued (included in intercompany payables)	25,406	-	25,406
Total consideration	**25,406**	**151,829**	**177,235**
Goodwill on acquisition	**29,977**	**61,051**	**91,028**

The assets and liabilities acquired have been recognised at their acquisition date fair values. The fair value of trade and other receivables is equal to the gross contractual amount's receivable. The fair value adjustments relate to the adjustment to value of work in progress values to reflect future site margins at a typical market participant's rate and adjustment to the carrying value of on-site sales cabins to reflect the assessment of fair value.

Goodwill represents the value of intangible assets that do not qualify for separate recognition under accounting standards. It is considered to represent the value of the assembled workforce, management team and future growth prospects.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

26. Business combinations (continued)

Both the Avant and BDV brands are separately identifiable assets that have been recognised at acquisition and recorded at fair value.

Revenue of £746,885,000 and a profit contribution of £32,160,000 are recognised in the Consolidated Income Statement in respect of Avant, and revenue of £18,810,000 and a profit of £40,000 are recognised in respect of BDV.

Acquisition costs of £4.1m are included as exceptional expenses in the Consolidated Income Statement and in operating cash flows in the Cash Flow Statement. Included within the Group's Consolidated Income Statement for the year are £324,000 of amortisation of the BDV brand.

The Group's cash outflow in respect of the acquisitions was as follows:

Cashflows on acquisition	**BDV**	**Avant**	**Total**
	£'000	**£'000**	**£'000**
Cash consideration paid	-	151,829	151,829
Consideration added to cash	-	(2,357)	(2,357)
Cash acquired	(4,386)	(58,007)	(62,393)
	(4,386)	**91,465**	**87,079**

27. Financial risk management

The principal operational risks of the business are detailed on pages 6 to 10.

27.1 Financial risks

The Group's activities expose it to a variety of financial risks; market risk, interest rate risk, liquidity risk and credit risk. This note presents basic information regarding the Group's exposures to these risks and the group's objectives, strategy, and process for measuring and managing exposure to them.

27.1.1 UK housing market price risk

The Group is fundamentally affected by the level of UK house prices. These in turn are affected by factors such as credit availability, employment levels, interest rates, consumer confidence and supply of land with planning.

Whilst it is not possible for the Group to fully mitigate such risks on a national macroeconomic basis, the Group does continually monitor its geographical spread with its northern UK operating markets, seeking to balance its investment in areas offering the best immediate returns alongside those areas with a longer-term return forecast to minimise the risk of local microeconomic fluctuations.

The UK housing market affects the valuation of the Group's non-financial assets and liabilities and the critical judgements applied by management in these financial statements, including the valuation of land and work-in-progress.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

27. Financial risk management (continued)

27.1.2 Interest rate risk

The Group's policy is to minimise its exposure to interest rates by ensuring an appropriate balance of fixed and floating rates. The Group's primary funding (excluding shareholder funding) is at floating rates through its revolving credit facilities. The Group holds a cap until 14 May 2024 with a notional value of £50m and a strike rate of 3%. The responsibility for setting the level of fixed rate debt lies with the Directors and is continually reviewed in light of economic data provided by a variety of sources.

Sensitivity analysis
If in the period UK interest rates had been 1.0% higher / lower, due to a movement in the Bank of England base rate for example, then the Group's pre-tax profit would have increased / decreased by £1.4m. This sensitivity has been prepared in respect of the direct impact of such interest rate change on the net financing expense of financial instruments only and does not attempt to estimate the indirect effect such a change may have on the wider economic environment, such as house pricing and mortgage availability.

27.1.3 Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient financial resource to meet its financial obligations as they fall due. The Group manages its liquidity risk through weekly cash flow forecasting, prepared regionally and aggregated centrally, ensuring that the Group has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. The Group ensures it does not breach borrowing limits or covenants on any of its borrowing facilities. Funding headroom is maintained above forecast peak requirements.

The Group's banking facility arrangements outlined in note 22 are considered to be adequate in terms of flexibility and liquidity for its medium-term cash flow needs, mitigating its liquidity risk.

Maturity of financial liabilities

The table below analyses the Group's financial liabilities into the relevant maturity profile based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

7 July 2022	Carrying amount	Contractual cash flows	Less than 1 year	1 - 2 years	2 - 5 years	Over 5 years
	£'000	£'000	£'000	£'000	£'000	£'000
Borrowings	93,350	551,696	456,696	-	95,000	-
Trade and other payables	154,364	154,364	154,364	-	-	-
Land payables	82,128	82,128	56,811	25,316	-	-
Financial liabilities	**329,842**	**788,188**	**667,871**	**25,316**	**95,000**	-

Trade and other payables exclude tax and social security and other non-financial liabilities. The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

27. Financial risk management (continued)

27.1.4 Credit risk

The nature of the UK housing market and the legal framework surrounding it results in the Group having a low exposure to credit risk.

In the majority of cases the full cash receipt for each sale occurs on legal completion, which is also the point of revenue recognition under the Group's accounting policies wit the exception of some construction contracts. The Group has volume rebate arrangements in place with its key suppliers and the exposure of the Group in respect of rebate arrangements at 7 July 2022 was £1.8m.

The Group manages its credit risk through careful due diligence of parties which it contracts with and monitors its maximum permissible exposure to any one party at any given time. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk.

Impairment of financial assets IFRS 9 requires an expected credit loss approach to impairment rather than the incurred credit loss model under IAS 39. This requires the assessment of the expected credit loss on each class of financial asset at the reporting date. This assessment should take into consideration any changes in credit risk since the initial recognition of the financial asset.

The Directors have reviewed and assessed the Group's financial assets and amounts due from customers and suppliers using reasonable and supportable information to determine the credit risk of each item and concluded that there is no financial impact on the Group. The main financial assets held by the Group are cash and cash equivalents which are placed on deposit with a number of institutions based on a minimum credit rating and maximum exposure. Accordingly, the expected credit loss risk is considered low. Other receivables include completion monies for house sales and other deposits which are both held for short periods of time and mainly relate to the Help to Buy scheme, exposing the Group to limited credit risk.

27.1.5 Capital risk management

The capital structure of the Group consists of net debt of £500m being borrowings as detailed in note 22 offset by cash and bank balances and equity of the Group of £112m comprising issued capital, reserves and retained earnings as detailed in the statement of changes in shareholders' equity. The Group's objective when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for its shareholders and meet its liabilities as they fall due, whilst maintaining an appropriate capital structure. Close control of deployment of capital is maintained by detailed management review procedures for authorisation of significant capital commitments, such as land investment, and through on-going review of the return on capital employed ensuring that capital cost impact is understood and considered by all management tiers. Decisions regarding the balance of equity and borrowings and all major borrowing facilities are reserved for the Board.

27. Financial risk management (continued)

27.2 Fair value of financial assets and financial liabilities

Financial assets

The carrying values and fair values of the Group's financial assets are as follows:

Assets as per balance sheet as at 7 July 2022	Note	Fair value £'000	Carrying value £'000
Financial assets at amortised cost:			
Trade and other receivables	18	13,083	13,083
Contract assets	18	29,525	29,525
Cash and cash equivalents	19	50,095	50,095
Other financial assets		221	221
		92,924	**92,924**

Trade and other receivables exclude accrued income, prepayments, tax and social security, deferred tax, and retirement benefit assets.

Financial liabilities

The carrying values and fair values of the Group's financial liabilities are as follows:

Liabilities as per balance sheet as at 7 July 2022	Note	Fair value £'000	Carrying value £'000
Financial liabilities at amortised cost:			
Borrowings	22	550,046	550,046
Trade and other payables	21	236,492	236,492
		786,538	786,538

The borrowings relate to revolving credit finance facilities and a shareholder loan agreement. Trade and other payables exclude tax and social security and other non-financial liabilities.

The following table provides an analysis of financial assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- ✓ Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets;
- ✓ Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- ✓ Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

27. Financial risk management (continued)

Period ended 7 July 2022	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Borrowings	-	(550,046)	-	(550,046)
Trade and other payables	-	(210,197)	-	(210,197)
Trade and other receivables	-	45,813	-	45,813
Cash and cash equivalents	50,095	-	-	50,095
Other financial assets	-	221	-	221
Total	50,095	(714,209)	-	(664,114)

27.3 Summary of methods and assumptions

Interest rate caps – other financial assets

Fair value is based on amortised cost of the instrument over its useful life.

Current borrowings

The fair value of current borrowings and overdrafts approximates to the carrying amount because of the short-term maturity of these instruments.

Non-current borrowings

As the Group's bank debt is raised on a floating rate basis where payments are reset to market rates at intervals of less than one year, and the interest charged on the shareholder loan is fixed rate and accumulates over the

duration of the loan and is settled with the principle on maturity, the fair value of non-current borrowings approximates to the carrying value reported in the balance sheet.

28. Contract balances

In relation to contracts in progress at the balance sheet date:

	7 July 2022
	£'000
Amounts due from contract customers in trade and other receivables	29,525
	29,525

Revenue recognised on open contracts amounted to £46.9m. Progress billings and advances received from customers under open contracts amounted to £37.6m. Advances for which related work was not started, and billings in excess of costs incurred and recognised profits are presented as deferred income and amounted to £nil. At 7 July 2022 trade receivables include retentions of £767,000 relating to contracted works. During the period costs of £35.5m have been recognised within cost of sales in respect of contract assets.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

29. Dividends per share

No interim dividends were paid in the period. The directors do not recommend the payment of a final dividend in respect of the period.

30. Reconciliation of net debt

	19 April 2021	On acquisition	Cash flow	Other non-cash changes	7 July 2022
	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	-	62,393	(12,298)	-	**50,095**
Non-current borrowings					
Other loans	-		-	-	-
Shareholder loans		(384,526)	-	(59,947)	**(444,473)**
	-				
Current borrowings					
Bank borrowings	-	(121,816)	16,901	(658)	**(105,573)**
	-	**(443,949)**	**4,603**	**(60,605)**	**(499,951)**

The non-cash changes relate to capitalised interest on shareholder loans and the amortisation of capitalised fees in relation to bank borrowings.

31. Contingencies

Provision is made for the Directors' best estimate of all known legal claims and all legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed, or a sufficiently reliable estimate of the potential obligation cannot be made. Information relating to the Building Safety Act is provided in note 24.

32. Related party transactions

During the period, on 19th April 2021 the Group had a change in ultimate parent. The Directors consider the ultimate parent undertaking to Elliot Investment Management, a global fund manager. There is no ultimate controlling party.

Transactions and balances with joint ventures
Transactions with Joint Ventures during the period are disclosed in note 16. The Group funds its joint venture operations through shareholder loans.

Transaction with other related parties
The Group is financed by a loan from its shareholders of £384m. Non-cash interest accrued on the loan at 7th July 2022 is £60m.

There were no other material transactions with related parties during the period. Other than the directors there are no key management personnel.

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

33. Subsidiaries and associates

The subsidiaries of Viva Midco Limited, all of which have been included in these consolidated financial statements, are shown below. All of the Group's subsidiaries are incorporated and domiciled in the United Kingdom, with the exception of Avant SA which is incorporated and domiciled in Luxembourg.

Residential Group	Nature of business	Class of issued share capital	Proportion of ordinary shares held by the Group
Avant Homes Holdings Limited *	Intermediate parent	Ordinary	100%
Avant Homes Group Limited *	Intermediate parent	Ordinary	100%
Avant Homes Group No.2 Limited *	Intermediate parent	Ordinary	100%
Avant Homes (No.2) Limited *	Intermediate parent	Ordinary	100%
Avant Homes Limited *	Intermediate parent	Ordinary	100%
Viva Bidco Holdings Limited*	Intermediate parent	Ordinary	100%
Viva Bidco Limited*	Intermediate parent	Ordinary	100%
Avant Sarl	Intermediate parent	Ordinary	100%
Avant Homes (England) Limited *	Housebuilding	Ordinary	100%
Avant Homes (Yorkshire) Limited *	Dormant	Ordinary	100%
Avant Homes (Sunderland) Limited *	Dormant	Ordinary	100%
Avant Homes (BBH) Limited *	Dissolved 4 October 2022	Ordinary	100%
Avant Homes (Scotland) Limited ^	Housebuilding	Ordinary	100%
Avant Homes (Scotland MK) Limited ^	Dormant	Ordinary	100%
Freeport Scotland Limited ^^	Letting of commercial property	Ordinary	14%
Strada Developments Limited ^^^	Holds shared equity portfolio	Ordinary	50%
Gladedate (South East) Limited *	Dormant	Ordinary	100%
Avant Estates Limited *	Dormant	Ordinary	100%
Laing/Gladedale (Hastings) Holdings Limited ~	Property investment	Ordinary	50%
Laing/Gladedale (Hastings) Limited ~	Property investment	Ordinary	50%
Avant Homes (Central) Limited *	Dormant	Ordinary	100%
Gladedale (Home Counties) Limited *	Dormant	Ordinary	100%

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

33. Subsidiaries and associates (continued)

Residential Group	Nature of business	Class of issued share capital	Proportion of ordinary shares held by the Group
Berkeley De Veer Holdings Ltd*	Intermediate parent	Ordinary	100%
Berkeley De Veer Ltd*	Housebuilding	Ordinary	100%
De Veer Estates Ltd*	Construction of commercial building	Ordinary	100%
Residential Capital (Bramley) Ltd*	Operating own or leased real estate	Ordinary	100%
Residential Capital (Meridian House) Ltd*+	Operating own or leased real estate	Ordinary	100%
Residential Capital (Harrogate) Ltd*+	Development of building projects	Ordinary	100%
Berkeley De Veer (North East) Ltd*	Housebuilding	Ordinary	100%
Strategic Land Estates Ltd*	Housebuilding	Ordinary	100%
Resicap Ltd*	Buying and selling of real estate	Ordinary	100%
Berkeley De Veer (Stockton) Ltd*	Development of building projects	Ordinary	100%
Principal Standard Limited*	Dormant	Ordinary	100%
Dewsbury Riverside Ltd	Housebuilding	Ordinary	95%
Alfa Homes Ltd	Housebuilding	Ordinary	50%
De Veer Quarters Ltd	Housebuilding	Ordinary	50%
De Veer Prescient (No1) Ltd	Buying and selling of own real estate	Ordinary	50%
Project Terrier LLP	Holds shared equity portfolio	Ordinary	50%
GBL Projects (Three) Ltd+	Real estate agencies	Ordinary	50%
GBL Projects (Four) Ltd+	Buying and selling of own real estate	Ordinary	50%
Berkeley De Veer Investments Ltd+	Housebuilding	Ordinary	50%
Berkeley De Veer (Easingwold) Ltd	Housebuilding	Ordinary	50%

Quasi Subsidiaries

The Group also holds a controlling interest in the shareholding or controls the voting rights of a number of management companies which provide management property services to residential developments completed by the Group in recent years. The companies are controlled subsidiaries of the Group but are dormant in nature and have been listed below for completeness.

33. Subsidiaries and associates (continued)

Management Company	Interest held by the Avant Group
Alpine House Management Company Limited **	Control by voting right majority
Cavalry Hill Management Company Limited *	Control by guarantee without share capital
Mistley Quayside Management Limited *	Control by voting right majority
St Mary's Ridge Estate Management Company Limited *	Control by voting right majority
St Mary's Walk (Wickford) Management Company Limited *	Control by guarantee without share capital
Shoebury Garrison Management Company Limited #	Control by voting right majority
The Old Courthouse (Epsom) Limited *	Control by guarantee without share capital
Aslakr Park Management Company Limited *	Control by guarantee without share capital
Brickhill Sands Management Company Limited *	Control by guarantee without share capital
Cildes Croft Management Company Limited *	Control by guarantee without share capital
Collingsgate Residents Management Company Limited *	Control by guarantee without share capital
Cotchett Village Management Company Limited *	Control by guarantee without share capital
Cotton Yard Management Company Limited *	Control by guarantee without share capital
Damstead Park Management Company Limited *	Control by guarantee without share capital
Danetre Place Management Company Limited *	Control by guarantee without share capital
Heathfields (Hethersett) Management Company Limited *	Control by guarantee without share capital
Life Two (Bletchley) Management Company Limited *	Control by guarantee without share capital
Martins Reach Management Company Limited *	Control by guarantee without share capital
Pomegranate Park Management Company Limited *	Control by guarantee without share capital
Purbeck Village Management Company Limited *	Control by guarantee without share capital
Redhouse Park (CP) Limited *	Control by voting right majority
Rufford Oaks (Ollerton) Management Company Limited *	Control by guarantee without share capital
Ten Locks Village Management Company Limited *	Control by guarantee without share capital
Sheltone Village Management Company Limited *	Control by guarantee without share capital
The Edge (Clowne) Management Company Limited *	Control by guarantee without share capital
Wedgewood Gardens Management Company Limited *	Control by voting right majority
Wharf View (Kilnhurst) Management Company Limited *	Control by guarantee without share capital
Willow Tree Park Management Company Limited *	Control by guarantee without share capital
Wilbur Chase Management Company Limited *	Control by guarantee without share capital
Magdalene Gardens Management Company Limited *	Control by guarantee without share capital
Sandhill Croft (Idle) Management Company Limited *	Control by guarantee without share capital
Sorby Village (Waverley) Management Company Limited *	Control by guarantee without share capital

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

33. Subsidiaries and associates (continued)

Management Company	Interest held by the Avant Group
Babington Quarter Management Company Limited ##	Control by guarantee without share capital
De Rhodes Point (Woodthorpe) Management Company Limited *	Control by guarantee without share capital
Portlands (Cresswell) Management Company Limited *	Control by guarantee without share capital
Hawfinch Place Management Company Limited ##	Control by guarantee without share capital
Waterside Quarter Management Company Limited ##	Control by guarantee without share capital
Woodyard Park (Wollaton) Management Company Limited ##	Control by guarantee without share capital
Blenehim Vale (kippax) Management Company Limited++	Control by guarantee without share capital
Chatsworth Court (Walton) Management Company Limited++	Control by guarantee without share capital
Kensington Forest (Barnoldswick) Management Company Ltd++	Control by guarantee without share capital
Orchard Park (Ulleskelf) Management Company Limited+++	Control by guarantee without share capital
Riverside Road Residents Management Company Limited++	Control by guarantee without share capital
Woodhall View (Pudsey) Management Company Limited++	Control by guarantee without share capital
Rigton Gardens (Bardsey) Management Company Limited++	Control by guarantee without share capital
Grange Farm (Langthorpe) Management Company Limited++	Control by guarantee without share capital

The registered office of the Group's subsidiary undertakings are as indicated:

* Avant House, 6 and 9 Tallys End, Barlborough, Chesterfield S43 4WP

** 4 Hayland Industrial Park, Maunsell Road, St Leonards-on-Sea, TN38 9NN

*** Queensway House, 11 Queensway, New Milton, Hampshire, BH25 5NR

Suite 5 Market Square Chambers, 4 West Street, Rochford, Essex, SS4 1AL

Unit 7 Portal Business Park, Eaton Lane, Tarporley, CW6 9DL

^ Argyll Court, The Castle Business Park, Stirling, Scotland, FK9 4TT; acquired post the period end on 26 July 2022

^^ County Buildings, (Financial Service) Wellington Square, Ayrshire, KA7 2PL

^^^ Unit C, Group Floor, Cirrus Glasgow Airport Business Park, Marchburn Drive, Paisley, PA3 2SJ

~ 1 Kingsway, London, WC2B 6AN

+ indirectly owned

++Thorp Arch Grange, Walton Road, Thorp Arch, Wetherby, LS23 7BA

+++ Allerton Property Management Unit 11 Omega Business Park, Thurston Road, Northallerton, England, DL6 2NJ

Notes to the consolidated financial statements for the period ended 7 July 2022 (continued)

34. Ultimate parent undertaking

The Directors consider the ultimate parent undertaking to Elliot Investment Management, a global fund manager. The Directors do not consider there to be any ultimate controlling party. Viva Midco Limited (this company) (Avant House, 6 & 9 Tallys End, Barlborough, Chesterfield S43 4WP) was the largest and smallest group of which the Company was a member, and for which consolidated financial statements are prepared. Copies of the financial statements of Viva Midco Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

35. Post balance sheet event

On 26 July 2022 the Company's subsidiary, Avant Homes Limited, acquired the whole of the issued share capital of SF Scotland Limited (SF) for a consideration of £3.75m to £4m, dependant on completion accounts. SF which trades as Structural Timber Frames is a manufacturer and supplier of timber frames into the house building sector.

Viva Midco Limited

Company financial statements for the period ended 7 July 2022

Company number: 13207232

Viva Midco Limited

Company Balance Sheet as at 7 July 2022

	Note	7 July 2022 £'000
ASSETS		
Current assets		
Loan notes to group undertakings	6	36,600
		36,600
Non-current assets		
Investments in subsidiary undertakings	5	70,000
Interest bearing receivables	6	445,597
		515,597
LIABILITIES		
Current liabilities		
Accruals	7	1,124
Parent loan notes	8	36,600
		37,724
Non-current liabilities		
Borrowings	8	444,473
		444,473
Net assets		70,000
CAPITAL AND RESERVES		
Called up share capital	9	700
Share premium	10	69,300
Accumulated losses		-
Shareholders' funds		70,000

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company profit and loss account. There were no gains or losses recognised in the period other than the profit for the period.

There is no material difference between the profit before taxation and the profit for the financial periods and their historical cost equivalents.

The financial statements on pages 77 to 85 were approved by the Board and authorised for issue on 21 December 2022.

J Fairburn
Director
Viva Midco Limited
Company number: 13207232

The accompanying notes form an integral part of these financial statements.

Company Statement of Changes in Equity for the period ended 7 July 2022

	Ordinary shares	Share premium	Accumulated loss	Total
	£'000	**£'000**	**£'000**	**£'000**
Opening balance at 17 February 2021	-	-	-	-
Shares issued on incorporation	700	69,300	-	70,000
Total shares issued	700	69,300	-	70,000
Comprehensive Income				
Result for the period	-	-	-	-
Total comprehensive income	-	-	-	-
Balance at 7 July 2022	**700**	**69,300**	**-**	**70,000**

The accompanying notes form an integral part of these financial statements.

Viva Midco Limited

Notes to the Company financial statements for the period ended 7 July 2022

1. General information

Viva Midco Limited ("the company") is an investment holding company for a Group of companies principally engaged in residential house building. The company is a private company and is incorporated and domiciled in England in the UK. The address of its registered office is Avant House, 6 and 9 Tallys End, Barlborough, Chesterfield S43 4WP. The registered number is 13207232.

2. Summary of accounting policies

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

2.1 Basis of preparation

The parent company financial statements of Avant Homes Group Limited were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.9 "FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union (EU), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS101 disclosure exemptions has been taken.

The consolidated financial statements of Viva Midco Limited are prepared in accordance with International Financial Reporting Standards and contained within this document.

The financial statements have been prepared under the historical cost convention.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes
- Comparative period reconciliations for share capital
- Disclosures in respect of transactions with wholly owned subsidiaries
- Disclosures in respect of capital management
- The effects of new but not yet effective IFRSs
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Viva Midco Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Notes to the Company financial statements for the period ended 7 July 2022 (continued)

2. Summary of accounting policies (continued)

2.1 Basis of preparation (continued)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 to the consolidated Group financial statements.

2.2 Going concern

The Company and Group meet their day to day working capital requirements through the cash flow generated from the sale of residential properties, while also being reliant on funding from debt facilities with its bankers.

At 7 July 2022, the Group had access to total committed banking facilities of £265m in the form of a revolving credit facility; £250m of which is due to expire on 31 July 2024, with the remaining £15m expiring in December 2022. These were increased and their maturity extended during the period.

The undrawn banking facility amount at 7 July 2022 was £160.6m.

Net debt at 7 July 2022 was £55.58m.

The shareholder loans that are provided were provided to part fund the acquisitions completed in the period. They are repayable on a change of ownership with a current backstop maturity date of 19th April 2028. This can be extended on agreement with the shareholders. The undrawn amount at 7 July 2022 was £nil.

The Directors have prepared forecasts and projections, including reasonable downside sensitivities, which show that the Group should be able to operate within the level of its banking facilities and meet all its banking covenants for at least 12 months from the date of signing these consolidated financial statements.

Within this assessment, severe but plausible downside scenarios have been considered. This financial modelling indicated that the Group would still be able to operate with comfortable levels of headroom against its covenants and borrowing facilities, even in the severe downside scenarios. In addition, the modelling considered the cash benefit of the postponement of land expenditure as part of more extreme cash conservation strategies, which would be available to management if required. This further increased the headroom against covenants and facility levels.

Based on the Group's projected trading and forecast cash-flows for a period of at least 12 months from the date of signing these consolidated financial statements, the Directors are satisfied that the Company and Group will have sufficient funds to continue to meet its liabilities as they fall due for this period. Consequently, the Directors continue to adopt the going concern basis in preparing the Directors' Report and the financial statements.

2.3 Investments in subsidiary undertakings

Investment in subsidiaries and associated undertakings are held at cost less accumulated impairment losses. The cost of investment in subsidiary undertakings is recorded as cash paid plus any further costs connected with the acquisition. An impairment is recognised when the carrying value of an investment exceeds its recoverable amount.

Notes to the Company financial statements for the period ended 7 July 2022 (continued)

2.4 Trade and other receivables

Trade and other receivables are amounts due to the business from contractual agreements with customers, suppliers, and other group companies. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.5 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.6 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are incurred in the profit or loss in the period in which they are incurred.

2.7 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to the situations to which any applicable tax regulation is subject to interpretation.

Notes to the Company financial statements for the period ended 7 July 2022 (continued)

2.7 Current and deferred income tax (continued)

It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This probability being assessed against the Group's strategic plan.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.8 Dividends

Equity dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders this is when declared by the directors. In the case of final dividends this is when approved by the shareholders at the AGM.

2.9 Intra Group Financial Instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

3. Profit attributable to the parent of Viva Midco Limited

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company's Profit and loss account. The loss for the Company for the period ended was £nil.

Notes to the Company financial statements for the period ended 7 July 2022 (continued)

4. Dividends

No dividends were paid in the period to 7 July 2022. The Directors do not recommend the payment of a final dividend in respect of the period ended 7 July 2022.

5. Investments in subsidiaries

	7 July 2022 £'000
Opening balance at 17 February 2021	-
Acquisition	70,000
Closing balance at 7 July 2022	**70,000**

Company	Nature of business	Class of issued share capital	Proportion of ordinary shares held by the Group
Viva Bidco Holdings	Intermediate parent	Ordinary	100%

The above subsidiary is registered at Avant House, 6 and 9 Tallys End, Barlborough, Chesterfield S43 4WP.

6. Trade and other receivables

	Note	7 July 2022 £'000
Current		
Loan notes to group undertakings		36,600
		36,600
Non-current		
Amounts owed by group undertakings		445,597
		445,597
Total borrowings		482,197

Amounts owed by other Group undertakings includes a loan of £384,526,000 made to Viva Bidco Holdings Limited including capitalised interest receivable of £61,071,000. The loan to subsidiary undertaking bears interest at 12% plus SONIA per annum, compounding quarterly. The loan is unsecured and is repayable on 19th April 2028.

Loan notes to group undertakings are nil interest bearing and are repayable on demand.

Notes to the Company financial statements for the period ended 7 July 2022 (continued)

7. Accruals

	7 July 2022
	£'000
Interest accruals	1,124
	1,124

8. Borrowings

	7 July 2022
	£'000
Current	
Parent loan notes	36,600
	36,600
Non-current	
Amounts owed to ultimate parent	444,473
	444,473
Total borrowings	481,073

Amounts owed to ultimate parent includes a loan of £384,526,000 and capitalised interest payable of £59,947,000. The shareholder loan bears interest at 12% plus SONIA compounding quarterly. Additional information on the Company's shareholder loan is disclosed in note 23 to the consolidated financial statements.

Parent loan notes are nil interest bearing and are repayable on demand.

9. Called up share capital

	7 July 2022	7 July 2022
	Number	£'000
Allotted, called up and fully paid:		
Ordinary shares of £1 each	700,000	700

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

10. Other reserves

	Share premium account
	£'000
Opening balance at 17 February 2021	-
Premium on shares issued on incorporation	69,300
At 7 July 2022	69,300

Notes to the Company financial statements for the period ended 7 July 2022 (continued)

11. Related party transactions

Details of key management compensation and Directors' emoluments have been provided in note 9 to the consolidated Group financial statements.

The Company is the ultimate parent undertaking of its Group in the United Kingdom and has prepared consolidated financial statements for the period ended 7 July 2022 and therefore the Company has relief on the exemptions contained within Financial Reporting Standard 101 in respect of the disclosure of related party transactions.

There are no other related party transactions that require disclosure in these financial statements.

12. Subsidiaries and associates

A full list of Viva Midco Limited's subsidiary and associate undertakings is disclosed in note 33 to the consolidated Group financial statements.

13. Ultimate parent undertaking

The Directors consider the ultimate parent undertaking to Elliot Investment Management, a global fund manager. The Directors do not consider there to be any ultimate controlling party. The Directors do not consider there to be any ultimate controlling party. Viva Midco Limited (this company) (Avant House, 6 & 9 Tallys End, Barlborough, Chesterfield S43 4WP) was the largest and smallest group of which the Company was a member, and for which consolidated financial statements are prepared. Copies of the financial statements of Viva Midco Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

14. Post balance sheet event

On 26 July 2022 the Company's subsidiary, Avant Homes Limited, acquired the whole of the issued share capital of SF Scotland Limited (SF) for a consideration of £3.75m to £4m, dependant on completion accounts. SF which trades as Structural Timber Frames is a manufacturer and supplier of timber frames into the house building sector.