

Lagan Homes (N.I.) Ltd

Annual report and financial statements

For the year ended 31 December 2019



Lagan Homes (N.I.) Ltd

Contents

	Page(s)
Company information	1
Strategic report	2
Directors' report	3 - 5
Independent auditors' report to the members of Lagan Homes (N.I.) Ltd	6 - 8
Statement of income and retained earnings	9
Statement of financial position	10
Notes to the financial statements	11 - 21

Lagan Homes (N.I.) Ltd

Company information

Directors	C Mulligan D Canavan S McCann
Registered number	NI620390
Registered office	Lagan House 19 Clarendon Road Belfast BT1 3BG
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors and Waterfront Plaza 8 Laganbank Road Belfast BT1 3LR
Bankers	Danske Bank Belfast BT1 6JS
Solicitors	MKB Law 14 Great Victoria Street Belfast BT2 7BA

Lagan Homes (N.I.) Ltd

Strategic report For the year ended 31 December 2019

The directors present their Strategic report on the company for the year ended 31 December 2019.

Review of business and future developments

Lagan Homes (N.I.) Ltd is a private limited company incorporated and domiciled in Northern Ireland. The registered address is 19 Clarendon Road, Belfast, BT1 3BG. The principal activity is that of a holding company.

The loss for the financial year principally arises due to taxation borne in respect of two partnerships in which the company is a partner. The company's statement of financial position at 31 December 2019 shows net assets of £11,915,569 (2018: net liabilities of £554,625).

In future years the directors expect the company to continue to invest in its subsidiary and associate undertakings and to seek new opportunities for growth.

In March 2020, the World Health Organisation declared the outbreak of a new Coronavirus, now known as Covid-19, a pandemic. The outbreak of the Covid-19 pandemic and the resulting restrictions on movement of people and uncertainty, meant activity in the company and the wider Lagan Homes Group has been impacted post year end.

Our priority through this challenging period has been to focus on the safety and wellbeing of our employees, customers, supply chain and other partners. We have ensured that we have maintained good communication with our employees during what has been an uncertain time for them and their families. We took the decision to close our offices and construction sites in March 2020 following government guidance as it became difficult to maintain adequate social distancing without adjustments being made to the workplaces. Our contingency planning was activated smoothly, allowing our office-based employees to make the transition to homeworking and continue with minimal disruption during the initial lockdown phase. The level of commitment that we have seen from our employees is a real testament to the quality and professionalism of the people we have working for us.

We commenced a phased restart of operations in May 2020. We have developed a new set of working procedures based on guidance from the Construction Leadership Council, which are designed to allow the safe operation of sites whilst complying with government and Public Health guidance on social distancing.

The impact of Covid-19 on consumer behaviour remains to be seen however we have continued to take reservations during the lockdown period but the sales completion process is slower while the market adapts to new processes. We have adapted our business model to take into account the fact that life will not return to 'normal' for some time. We have increased our online presence with both new and existing customers which includes conducting customer visits by video conference, as well as a number of virtual home tours. It is the Director's intention to continue to support its subsidiary undertakings and to seek new opportunities for growth in future periods.

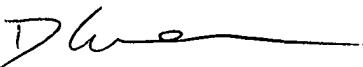
Principal risks and uncertainties

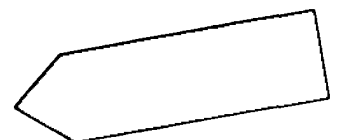
The directors are of the opinion that there are no specific risks attributable to the company which need to be highlighted other than normal commercial risks. Risks to the business are reported and reviewed at regular meetings of the directors and risk mitigation strategies implemented as appropriate.

Key performance indicators (KPI's)

Given the nature of the business activities and the fact that the company has not traded during the current or prior year the directors do not believe that the use of key performance indicators are required.

This report was approved by the board on 4/6/20 and signed on its behalf.


D Canavan
Director



Lagan Homes (N.I.) Ltd

Directors' report

For the year ended 31 December 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of the company is a holding company.

Future developments

The section on future developments which is detailed in the Strategic report is included in this report by cross reference.

Results and dividends

The loss for the financial year amounted to £29,806 (2018: £178,958).

No interim dividend (2018: £Nil) was paid during the year. The directors do not recommend the payment of a final dividend (2018: £Nil).

Directors

The directors of the company who served during the year and up to the date of signing the financial statements were:

C Mulligan
D Canavan
S McCann

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Going concern

The directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of the parent undertaking, Lagan Homes Group Ltd and the ultimate controlling party, Kevin Lagan. The directors have prepared budgets and cash flow forecasts which show the company can continue in business for at least 12 months from approval of these financial statements and have facilities in place until July 2021 to support this assumption. The directors have received confirmation that Lagan Homes Group Ltd intend to support the company for at least one year after these financial statements are signed.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of liquidity risk and interest risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company of these aforementioned risks.

Liquidity Risk

The company actively maintains short term finance that is designed to ensure the company has sufficient available funds for operations and planned expansions. The company actively maintains short term finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate risk

The company has interest bearing liabilities. Interest bearing liabilities relate to bank overdrafts and is primarily maintained at variable rates.

**Directors' report (continued)
For the year ended 31 December 2019**

Environment

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation and to remain best in class in respect of all environmental practices.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet events

In March 2020, the World Health Organisation declared the outbreak of a new Coronavirus, now known as Covid-19, a pandemic. The outbreak of Covid-19 affected business and economic activity around the world, including in the United Kingdom. The company continues to closely monitor the development of the coronavirus outbreak and its impact on market conditions. The company considers the impact of Covid-19 to be a non-adjusting post balance sheet event as of 31 December 2019. Given the inherent uncertainties, it is not practical at this time to determine the impact of Covid-19 on the company or to provide a quantitative estimate of its impact.

Lagan Homes (N.I.) Ltd

Directors' report (continued)
For the year ended 31 December 2019

Independent auditors

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

This report was approved by the board on

4/6/20

and signed on its behalf.



D Canavan
Director

Independent auditors' report to the members of Lagan Homes (N.I.) Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Lagan Homes (N.I.) Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual report"), which comprise: the Statement of financial position as at 31 December 2019; the Statement of income and retained earnings for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group and company's ability to continue as a going concern.

Independent auditors' report to the members of Lagan Homes (N.I.) Ltd (continued)

Reporting on other information

The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Lagan Homes (N.I.) Ltd

Independent auditors' report to the members of Lagan Homes (N.I.) Ltd (continued)

Responsibilities for the financial statements and the audit (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Kevin MacAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast

Date:

5/6/20

Lagan Homes (N.I.) Ltd

**Statement of income and retained earnings
For the year ended 31 December 2019**

	Note	2019 £	2018 £
Administrative expenses		(29,950)	(65,500)
Operating loss	6	(29,950)	(65,500)
Other interest receivable and similar income	7	144	-
Interest payable and similar expenses	8	-	(1,107)
Loss before taxation		(29,806)	(66,607)
Tax on loss	9	(604,951)	(112,351)
Loss for the financial year		(634,757)	(178,958)
Accumulated losses at the beginning of the year		(554,626)	(375,668)
Loss for the financial year		(634,757)	(178,958)
Accumulated losses at the end of the year		(1,189,383)	(554,626)

The notes on pages 11 to 21 form part of these financial statements.

Lagan Homes (N.I.) Ltd
Registered number: NI620390

Statement of financial position
As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Investments	10		3		3
			<u>3</u>		<u>3</u>
Current assets					
Debtors	11	21,373,887		12,141,769	
Cash at bank and in hand		-		2,094,391	
		<u>21,373,887</u>		<u>14,236,160</u>	
Creditors: amounts falling due within one year	12	(10,063,272)		(9,540,788)	
Net current assets			<u>11,310,615</u>		<u>4,695,372</u>
Total assets less current liabilities			<u>11,310,618</u>		<u>4,695,375</u>
Creditors: amounts falling due after more than one year	13		-		(5,250,000)
Net assets/(liabilities)			<u>11,310,618</u>		<u>(554,625)</u>
Capital and reserves					
Called up share capital	14		12,500,001		1
Accumulated losses			(1,189,383)		(554,626)
Total shareholder's funds/(deficit)			<u>11,310,618</u>		<u>(554,625)</u>

The financial statements on pages 9 to 21 were approved and authorised for issue by the board and were signed on its behalf on 4/6/20



D Canavan
Director

The notes on pages 11 to 21 form part of these financial statements.

**Notes to the financial statements
For the year ended 31 December 2019**

1. General information

The principal activity of the company is a holding company.

The company is a private company limited by shares and is incorporated and domiciled in Northern Ireland, within the United Kingdom. The address of the registered office is Lagan House, 19 Clarendon Road, Belfast, BT1 3BG.

2. Statement of compliance

The financial statements of Lagan Homes (N.I.) Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 4).

The following principal accounting policies have been applied consistently unless otherwise stated:

3.2 Consolidation

These statements contain information about the company as an individual company and do not contain consolidated financial information as the parent undertaking of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its associated undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, Lagan Homes Group Ltd, a company incorporated in Northern Ireland.

3.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, required under Section 7 of FRS 102 and paragraph 3.17(d), on the basis that it is a small company;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and 12.26 to 12.29, as the information is provided in the consolidated financial statements of Lagan Homes Group Ltd;
- from disclosing the company's key management personnel compensation as required by FRS 102 paragraph 33.7; and
- from disclosing related party transactions that are wholly owned within the same group under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 31 December 2019 it was a wholly owned subsidiary.

**Notes to the financial statements
For the year ended 31 December 2019**

3. Accounting policies (continued)

3.4 Going concern

The directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of the parent undertaking, Lagan Homes Group Ltd and the ultimate controlling party, Kevin Lagan. The directors have prepared budgets and cash flow forecasts which show the company can continue in business for at least 12 months from approval of these financial statements and have facilities in place until July 2021 to support this assumption. The directors have received confirmation that Lagan Homes Group Ltd intend to support the company for at least one year after these financial statements are signed.

3.5 New standards, amendments and interpretations issued but not yet effective

The FRC completed its triennial review of FRS 102 in December 2017. The key amendments which are effective from 1 January 2019 have no material impact on the company

3.6 Interest income

Interest income is recognised in the Statement of income and retained earnings using the effective interest method.

3.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

3.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Notes to the financial statements
For the year ended 31 December 2019**

3. Accounting policies (continued)

3.10 Financial instruments

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

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

Investments in ordinary shares are measured:

- at fair value with changes recognised in the Statement of income and retained earnings if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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

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

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

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

3.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3.12 Finance costs

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

**Notes to the financial statements
For the year ended 31 December 2019**

3. Accounting policies (continued)

3.13 Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings in the year in which they are incurred.

3.14 Current taxation

Tax is recognised in the Statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

3.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attribute to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Preference shares which are only redeemable at the option of the issuer and which have no right to a fixed dividend are classed as equity.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

There are no critical judgements in applying the entity's accounting policies.

(b) Critical accounting estimates and assumptions

There are no critical accounting estimates and assumptions.

5. Employee numbers

The company has no employees other than the directors (2018: Nil).

The company's directors were not remunerated for their services to the company (2018: £Nil), but instead received emoluments for their services to the Lagan Homes Group Ltd group of companies. The directors do not believe that it is practicable to apportion this amount between services as a director of the company and services as a director of other group companies.

Lagan Homes (N.I.) Ltd

**Notes to the financial statements
For the year ended 31 December 2019**

6. Operating loss

The fees payable to the company's auditors' and their associates for the audit of the company's financial statements of £2,050, were borne by Lagan Homes (Lisburn) Ltd.

7. Other interest receivable and similar income

	2019	2018
	£	£
Other interest receivable	144	-

8. Interest payable and similar expenses

	2019	2018
	£	£
Bank interest payable	-	1,107

9. Tax on loss

	2019	2018
	£	£
Corporation tax		
Current tax on loss for the year	414,689	112,513
Adjustments in respect of previous periods	190,262	(162)
Total current tax	604,951	112,351

**Notes to the financial statements
For the year ended 31 December 2019**

9. Tax on loss (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Loss before taxation	(29,806)	(66,607)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(5,663)	(12,655)
Effects of:		
Adjustments to tax charge in respect of previous periods	190,262	(162)
Tax on partnerships	413,695	125,168
Effects of group relief	6,657	-
Total tax charge for the year	604,951	112,351

Factors that may affect future tax charges

In the March 2020 Budget the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted).

Lagan Homes (N.I.) Ltd

Notes to the financial statements For the year ended 31 December 2019

10. Investments

	Investments in subsidiary and associate undertakings £
Cost	
At 1 January 2019	3
At 31 December 2019	3
Net book value	
At 31 December 2019	3
At 31 December 2018	3

Subsidiary and associated undertakings

The company's subsidiary and associated undertakings are as follows:

Direct subsidiary and associated undertakings

Name	Country of incorporation	Class of shares	Holding	Principal activity
Eastonville Limited	Northern Ireland*	Ordinary	100%	Holding company
Millmount Village LLP	Northern Ireland	N/A	50%	Property development
Renaissance Properties North LLP	Northern Ireland*	N/A	50%	Property development
Bashforde LLP	Northern Ireland	N/A	50%	Property development
Eassda (Bushforde Road) Limited	Northern Ireland	Ordinary	100%	Property development
Eassda (Bush Road Antrim) Limited	Northern Ireland	Ordinary	100%	Property development

Lagan Homes (N.I.) Ltd

Notes to the financial statements For the year ended 31 December 2019

10. Investments (continued)

Indirect subsidiary and associated undertakings

Name	Country of incorporation	Class of shares	Holding	Principal activity
Lagan Homes (Lisburn) Ltd	Northern Ireland*	Ordinary	100%	Housebuilding
Lagan Homes (Magherahinch) Limited	Northern Ireland*	Ordinary	100%	Housebuilding
Lagan Homes (Blackwood) Limited	Northern Ireland*	Ordinary	100%	Housebuilding
Lagan Homes (Ardnavey) Ltd	Northern Ireland*	Ordinary	100%	Housebuilding
Lagan Homes Newtownards Limited	Northern Ireland*	Ordinary	100%	Housebuilding
Lagan Homes (Woodbrook) Limited	Northern Ireland*	Ordinary	100%	Housebuilding
Lagan Homes (Rathgael) Ltd	Northern Ireland*	Ordinary	100%	Housebuilding
RPN (West Circular) Limited	Northern Ireland	Ordinary	50%	Property development

* The registered office address for the subsidiaries is Lagan House, 19 Clarendon Road, Belfast, County Antrim, BT1 3BG.

The registered office address of Millmount Village LLP and Bashforde LLP is 14 Great Victoria Street, Belfast, County Antrim, BT2 7BA.

The registered office address of RPN (West Circular) Limited, Eassda (Bushforde Road) Limited and Eassda (Bush Road) Limited is 14-18 Great Victoria Street, Belfast, Northern Ireland, BT2 7BA.

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

**Notes to the financial statements
For the year ended 31 December 2019**

11. Debtors

	2019	2018
	£	£
Amounts owed by group undertakings	4,305,381	90,807
Amounts owed by related party undertakings (note 16)	17,066,906	11,985,177
Other debtors	1,600	7,759
Corporation tax recoverable	-	58,026
	<u>21,373,887</u>	<u>12,141,769</u>

Amounts owed by group and related party undertakings are unsecured, interest free and repayable on demand.

12. Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank loans and overdrafts	381,548	-
Amounts owed to group undertakings	9,431,090	115,788
Amounts owed to related party undertakings (note 16)	-	9,425,000
Corporation tax	250,634	-
	<u>10,063,272</u>	<u>9,540,788</u>

Amounts owed to group and related party undertakings are unsecured, interest free and repayable on demand.

13. Creditors: amounts falling due after more than one year

	2019	2018
	£	£
Amounts owed to related party undertakings (note 16)	<u>-</u>	<u>5,250,000</u>

Amounts owed to related party undertakings are unsecured, interest free and repayable on 1 January 2021.

Lagan Homes (N.I.) Ltd

Notes to the financial statements For the year ended 31 December 2019

14. Called up share capital

	2019 £	2018 £
Allotted and fully paid		
12,500,000 (2018: Nil) Preference shares of £1 each	12,500,000	-
1 (2018: 1) Ordinary share of £1	1	1
	12,500,001	1

There is a non-cumulative coupon on these shares (payable entirely at the discretion of the company) of 3%.

15. Contingent liabilities

The company has entered into a cross guarantee on bank and other loan facilities taken out by group and related party undertakings. In the opinion of the directors there is no indication that the company will suffer any loss.

16. Related party transactions

The company has taken advantage of the exemptions contained in FRS 102 not to disclose transactions with related companies which are controlled within the Lagan Homes Group Ltd of which the company is a subsidiary.

The company had the following amounts outstanding from/(to) related undertakings with this movement in the year relating to management charges and advances and repayments of funds:

	2019 £	2018 £
Millmount Village LLP (common influence (loan))	4,500,000	4,583,190
Renaissance Properties North LLP (common influence (loan))	6,500,000	7,401,987
Bashforde LLP (common influence (loan))	4,000,020	-
Promociones Carnlag SL (common influence (loan))	2,066,886	-
Kevin Lagan (ultimate controlling party)	-	(7,250,000)
Lagan Investments Ltd (common influence)	-	(5,250,000)
*Lagan Management Limited (common influence)	-	(2,175,000)
	17,066,906	(2,689,823)

*This company is considered to be a related party from 19 December 2018 up to the end of this financial year.

**Notes to the financial statements
For the year ended 31 December 2019**

17. Ultimate parent undertaking and controlling party

The immediate parent company and the ultimate parent company for the group is Lagan Homes Group Ltd.

The parent undertaking of the smallest and largest group of undertakings, of which this company is a member, and for which consolidated financial statements are prepared is Lagan Homes Group Ltd , a company incorporated in the UK. Copies of the consolidated financial statements are available to the public from Companies house, The Linenhall, 32 Linenhall Street, Belfast, BT2 2BG.

The company considers Kevin Lagan to be ultimate controlling party.

18. Post balance sheet events

In March 2020, the World Health Organisation declared the outbreak of a new Coronavirus, now known as Covid-19, a pandemic. The outbreak of Covid-19 affected business and economic activity around the world, including in the United Kingdom. The company continues to closely monitor the development of the coronavirus outbreak and its impact on market conditions. The company considers the impact of Covid-19 to be a non-adjusting post balance sheet event as of 31 December 2019. Given the inherent uncertainties, it is not practical at this time to determine the impact of Covid-19 on the company or to provide a quantitative estimate of its impact.