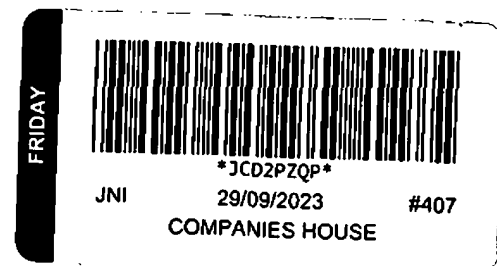


Lagan Homes Group Ltd
Financial Statements
31st December 2022



BMK ACCOUNTING LIMITED
Chartered Accountants & Statutory Auditor
43 Lockview Road
Stranmillis
Belfast
BT9 5FJ

Lagan Homes Group Ltd
Financial Statements
Year ended 31st December 2022

Contents	Pages
Officers and professional advisers	1
Strategic report	2 to 4
Directors' report	5 to 6
Independent auditor's report to the members	7 to 11
Consolidated statement of comprehensive income	12
Consolidated statement of financial position	13 to 14
Company statement of financial position	15
Consolidated statement of changes in equity	16
Company statement of changes in equity	17
Consolidated statement of cash flows	18 to 19
Notes to the financial statements	20 to 37

Lagan Homes Group Ltd
Officers and Professional Advisers

The board of directors

P O'Brien
PG Lagan
HJG Taylor (Appointed 29 June 2022)
G Morrissey (Resigned 31 March 2023)
L McKillen
CJ Mulligan
JPK Lagan
JP Lagan
SG McCann

Registered office

Lagan House
19 Clarendon Road
Clarendon Dock
Belfast
BT1 3BG

Auditor

BMK Accounting Limited
Chartered Accountants & Statutory Auditor
43 Lockview Road
Stranmillis
Belfast
BT9 5FJ

Lagan Homes Group Ltd

Strategic Report

Year ended 31st December 2022

The directors present their Strategic Report on the Group for the year ended 31 December 2022.

Review of business and future developments

The principal activity of the Group is the construction of high quality housing developments in the United Kingdom and the Republic of Ireland.

The Group has continued to perform well during the year making significant progress in terms of quality, service, operational efficiencies, and land investment. The Group reported a profit before tax of £6,725,429 (2021 - £7,361,535) on a turnover of £132,623,961 (2021 - £98,900,199),

Over the last two years the market has experienced strong demand, partly driven by customers' changed priorities following the pandemic. We are now seeing a more normal market where demand is moderating to historical levels. However, a number of market uncertainties remain, particularly regarding cost inflation, rising interest rates and the current geo-political environment.

The financial statements are expressed in £ sterling.

Principal risks and uncertainties

The key risks to the business are changes in housing demand, competition for development land, planning delays, the availability of mortgage finance, and more recently, increases in material and labour costs.

A number of these risks are outside the control of the Board. However, the directors ensure that they carefully monitor all external factors and take steps as necessary to revise strategy to react to them. In addition, other actions, such as those noted below, are taken by the business to help manage and/or mitigate these key risks.

- continually reviewing our criteria for development appraisal and adapting to the market
- trying to work with the planning authorities in all relevant jurisdictions to expedite the planning process where possible
- monitoring the marketplace and taking actions where possible to mitigate the impact of cost increases; and
- planning the required changes to comply with any new building regulations to be implemented across the regions

Key performance indicators

Due to the nature of the business, financial performance is reviewed and monitored at project level rather than on a global basis.

The principal non-financial performance measure used by the directors is the level of customer satisfaction, which is monitored on a client-by-client basis.

Lagan Homes Group Ltd

Strategic Report *(continued)*

Year ended 31st December 2022

Going concern

The Group made a profit before tax of £6,725,429 (2021 - £7,361,535) leaving it with a surplus of assets of £60,213,208 (2021 - £55,220,993). The directors are confident the Group can continue to trade profitably in the future. The Directors have reviewed funding and liquidity needs for a period of more than one year after the date of approval of the financial statements and concluded sufficient reserves exist within the Group and its wider accessible funding sources to ensure the future trading of the business. On this basis, the Directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

Section 172(1) Statement - Promoting the success of the Group

The Group's business relationship with suppliers, customers, and others

The Directors recognise that strong mutually beneficial relationships with suppliers, customers and our joint-venture partners are key to delivering our strategic ambitions. Communications with customers and suppliers tend to take place verbally on a continuous basis, either via our staff located at each divisional office and/or through our teams located on site. Where there are significant changes to the Groups operations then communications are made both verbally and in writing to inform customers and/or suppliers how changes may impact on their interactions with the business.

The interests of the Group's employees

The Directors recognise that our employees are fundamental and core to our business. The success of our business depends on attracting, retaining, and motivating employees. We ensure that we remain a responsible employer in our approach to employees' remuneration and benefits. Likewise, the health, safety and well-being of our employees is one of our primary considerations in the way we do business.

The impact of the Group's operations on the community and environment

At Lagan Homes Group, we recognise that everything we do has an impact on people, the environment, and the communities we strive to create. We take pride in fulfilling our duty to behave as a responsible business and are committed to supporting our local communities and to practice energy efficiency throughout our organisation.

As an established residential developer, the Directors recognise that climate change is the greatest challenge facing society today with the built environment responsible for a large proportion of carbon emissions. As a result, regulation within the housebuilding sector is growing in scope and depth. For example, in England the introduction in June 2022 of the update to Part L of the Building Regulations targets a 31% reduction in carbon emissions via new assessments for measuring energy efficiency.

Presently neither Lagan Homes Group Limited nor it's subsidiaries are required to report greenhouse gas emission statistics under the UK government's Streamlined Energy & Carbon Reporting policy. Our focus therefore has been to bed in the requirements on building standards and pursue product development and implementation. The group has an experienced management team who collaborate with associated businesses in seeking to improve energy efficiency and reducing the ongoing operating costs of the homes we build. For example, in the Republic of Ireland all new homes use exclusively timber frame construction helping to reduce the embodied carbon of those homes with air source heat pumps installed so that an "A" energy efficiency rating is achieved.

In England trials of air source heat pumps replacing gas boilers have commenced where our new site in Dunton will be our first site in England to utilise 100% air source heat pumps in each new home. Operationally in England all sites segregate all material waste into separate bins allowing for easier re-use and/or re-cycling and at our offices in Belfast and Banbury we have installed electric charging points to enable the use of electric vehicles. In supporting our local communities, in 2022 Lagan Homes Group delivered a total of 71 affordable/social housing units. In addition, each division

Lagan Homes Group Ltd

Strategic Report *(continued)*


Year ended 31st December 2022

supports local charities, clubs and societies through sponsorship and/or donations.

The Group's reputation for high standards of business conduct and the need to act fairly

All stakeholders are treated with respect, and management endeavours to conduct the business within the highest standards of business conduct and good governance. In doing so, will contribute to the delivery of our long-term strategic goals.

This report was approved by the board of directors on 21 September 2023 and signed on behalf of the board by:



CJ Mulligan
Director

Registered office:
Lagan House
19 Clarendon Road
Clarendon Dock
Belfast
BT1 3BG

Lagan Homes Group Ltd

Directors' Report

Year ended 31st December 2022

The directors present their report and the financial statements of the group for the year ended 31st December 2022.

Directors

The directors who served the company during the year were as follows:

P O'Brien	
PG Lagan	
G Morrissey	(Resigned 31 March 2023)
L McKillen	
CJ Mulligan	
JP Lagan	
JP Lagan	
SG McCann	
HJG Taylor	(Appointed 29th June 2022)

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Future developments

Future developments in the business of the group are discussed in the strategic report.

Donations

There were no political donations made during the year.

Fixed assets

Details of movements in fixed assets and investments are as disclosed in Notes 15 and 16 of the financial statements.

Disclosure of information in the strategic report

The strategic report has replaced a number of disclosures that had previously been included in the directors' report. This includes information that would have been included in the business review.

Directors' responsibilities statement

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

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

Lagan Homes Group Ltd

Directors' Report *(continued)*

Year ended 31st December 2022

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

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

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This report was approved by the board of directors on 21 September 2023 and signed on behalf of the board by:



CJ Mulligan
Director

Registered office:
Lagan House
19 Clarendon Road
Clarendon Dock
Belfast
BT1 3BG

Lagan Homes Group Ltd
Independent Auditor's Report to the Members of Lagan Homes Group Ltd
Year ended 31st December 2022

Opinion

We have audited the financial statements of Lagan Homes Group Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st December 2022 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Lagan Homes Group Ltd

Independent Auditor's Report to the Members of Lagan Homes Group Ltd

(continued)

Year ended 31st December 2022

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Lagan Homes Group Ltd

Independent Auditor's Report to the Members of Lagan Homes Group Ltd

(continued)

Year ended 31st December 2022

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified the principal risks of non-compliance with laws and regulations related to data protection rules, health and safety legislation and environmental law. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and Financial Reporting Standards.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks related to fraudulent financial reporting and management bias in accounting estimates. We communicated the identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit. Audit procedures performed by the auditors included, but were not limited to:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing key correspondence with external legal advisors;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Identifying and testing of unusual journal entries.

Owing to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Lagan Homes Group Ltd

Independent Auditor's Report to the Members of Lagan Homes Group Ltd

(continued)

Year ended 31st December 2022

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Lagan Homes Group Ltd

Independent Auditor's Report to the Members of Lagan Homes Group Ltd

(continued)

Year ended 31st December 2022

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



Brian McKee (Senior Statutory Auditor)

For and on behalf of
BMK Accounting Limited
Chartered Accountants & Statutory Auditor
43 Lockview Road
Stranmillis
Belfast
BT9 5FJ

22 September 2023

Lagan Homes Group Ltd
Consolidated Statement of Comprehensive Income
Year ended 31st December 2022

	Note	2022 £	2021 £
Turnover	4	132,623,961	98,900,199
Cost of sales		(116,719,140)	(86,289,307)
Gross profit		15,904,821	12,610,892
Administrative expenses		(8,603,971)	(7,874,781)
Other operating income	5	1,257,268	1,625,019
Operating profit	6	8,558,118	6,361,130
Share of profit of joint ventures	16	2,370,614	2,490,057
Other interest receivable and similar income	10	3,546	–
Interest payable and similar expenses	11	(4,206,849)	(1,489,652)
Profit before taxation		6,725,429	7,361,535
Tax on profit	12	(1,105,340)	(816,568)
Profit for the financial year		5,620,089	6,544,967
Foreign currency retranslation		136,569	(171,060)
Total comprehensive income for the year		5,756,658	6,373,907
Profit for the financial year attributable to:			
The owners of the parent company		5,620,089	6,543,766
Non-controlling interests		–	1,201
		5,620,089	6,544,967
Total comprehensive income for the year attributable to:			
The owners of the parent company		5,756,658	6,372,706
Non-controlling interests		–	1,201
		5,756,658	6,373,907

All the activities of the group are from continuing operations.

The notes on pages 20 to 37 form part of these financial statements.

Lagan Homes Group Ltd

Consolidated Statement of Financial Position

31st December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	2,453,539	3,241,222
Tangible assets	15	2,189,568	2,909,026
Investments:	16		
Investments in associates		12,841,490	10,470,876
Investments in joint-ventures		(7,995)	(14,707)
Other fixed asset investments		2,815,298	2,675,489
		<u>20,291,900</u>	<u>19,281,906</u>
Current assets			
Stocks	17	110,776,653	106,204,766
Debtors	18	22,946,875	24,875,510
Cash at bank and in hand		18,714,750	17,242,450
		<u>152,438,278</u>	<u>148,322,726</u>
Creditors: amounts falling due within one year	19	36,962,703	34,908,431
Net current assets		<u>115,475,575</u>	<u>113,414,295</u>
Total assets less current liabilities		<u>135,767,475</u>	<u>132,696,201</u>
Creditors: amounts falling due after more than one year	20	75,435,703	77,376,148
Provisions			
Taxation including deferred tax	22	118,564	99,060
Net assets		<u>60,213,208</u>	<u>55,220,993</u>
Capital and reserves			
Called up share capital	25	50,000,100	50,000,100
Share premium account	26	193,483	193,483
Profit and loss account	26	10,019,625	5,020,525
Equity attributable to the owners of the parent company		<u>60,213,208</u>	<u>55,214,108</u>
Non-controlling interests		—	6,885
		<u>60,213,208</u>	<u>55,220,993</u>

The consolidated statement of financial position
continues on the following page.

The notes on pages 20 to 37 form part of these financial statements.

Lagan Homes Group Ltd

Consolidated Statement of Financial Position *(continued)*

31st December 2022

These financial statements were approved by the board of directors and authorised for issue on 21 September 2023, and are signed on behalf of the board by:



L McKillen
Director

Company registration number: NI628016

The notes on pages 20 to 37 form part of these financial statements.

Lagan Homes Group Ltd
Company Statement of Financial Position
31st December 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	16	84,450,820	120,401,440
Current assets			
Debtors	18	914,037	210,118
Cash at bank and in hand		386,329	1,098,298
		<u>1,300,366</u>	<u>1,308,416</u>
Creditors: amounts falling due within one year	19	<u>620,183</u>	<u>85,572</u>
Net current assets		<u>680,183</u>	<u>1,222,844</u>
Total assets less current liabilities		85,131,003	121,624,284
Creditors: amounts falling due after more than one year	20	<u>35,000,000</u>	<u>71,225,620</u>
Net assets		<u>50,131,003</u>	<u>50,398,664</u>
Capital and reserves			
Called up share capital	25	50,000,100	50,000,100
Profit and loss account	26	130,903	398,564
Shareholders funds		<u>50,131,003</u>	<u>50,398,664</u>

The profit for the financial year of the parent company was £482,339 (2021: £461,295).

These financial statements were approved by the board of directors and authorised for issue on 21 September 2023, and are signed on behalf of the board by:



L McKillen
Director

Company registration number: NI628016

The notes on pages 20 to 37 form part of these financial statements.

Lagan Homes Group Ltd

Consolidated Statement of Changes in Equity

Year ended 31st December 2022

	Called up share capital £	Share premium account £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non-controlli ng interests £	Total £
At 1st January 2021	50,000,100	–	(602,181)	49,397,919	5,684	49,403,603
Profit for the year			6,543,766	6,543,766	1,201	6,544,967
Other comprehensive income for the year:						
Foreign currency retranslation	–	–	(171,060)	(171,060)	–	(171,060)
Total comprehensive income for the year	–	–	6,372,706	6,372,706	1,201	6,373,907
Issue of shares	–	193,483	–	193,483	–	193,483
Dividends paid and payable 13	–	–	(750,000)	(750,000)	–	(750,000)
Total investments by and distributions to owners	–	193,483	(750,000)	(556,517)	–	(556,517)
At 31st December 2021	50,000,100	193,483	5,020,525	55,214,108	6,885	55,220,993
Profit for the year			5,620,089	5,620,089	–	5,620,089
Other comprehensive income for the year:						
Foreign currency retranslation	–	–	136,569	136,569	–	136,569
Total comprehensive income for the year	–	–	5,756,658	5,756,658	–	5,756,658
Dividends paid and payable 13	–	–	(757,558)	(757,558)	–	(757,558)
Disposal of subsidiary with minority interest	–	–	–	–	(6,885)	(6,885)
Total investments by and distributions to owners	–	–	(757,558)	(757,558)	(6,885)	(764,443)
At 31st December 2022	50,000,100	193,483	10,019,625	60,213,208	–	60,213,208

The notes on pages 20 to 37 form part of these financial statements.

Lagan Homes Group Ltd
Company Statement of Changes in Equity
Year ended 31st December 2022

		Called up share capital £	Profit and loss account £	Total £
At 1st January 2021		50,000,100	687,269	50,687,369
Profit for the year		<u> </u>	461,295	<u>461,295</u>
Total comprehensive income for the year		–	461,295	461,295
Dividends paid and payable	13	<u> </u>	(750,000)	<u>(750,000)</u>
Total investments by and distributions to owners		–	(750,000)	(750,000)
At 31st December 2021		50,000,100	398,564	50,398,664
Profit for the year		<u> </u>	482,339	<u>482,339</u>
Total comprehensive income for the year		–	482,339	482,339
Dividends paid and payable	13	<u> </u>	(750,000)	<u>(750,000)</u>
Total investments by and distributions to owners		–	(750,000)	(750,000)
At 31st December 2022		<u>50,000,100</u>	<u>130,903</u>	<u>50,131,003</u>

The notes on pages 20 to 37 form part of these financial statements.

Lagan Homes Group Ltd

Consolidated Statement of Cash Flows

Year ended 31st December 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	5,620,089	6,544,967
<i>Adjustments for:</i>		
Depreciation of tangible assets	352,442	272,790
Amortisation of intangible assets	787,683	787,863
Share of profit of joint ventures	(2,370,614)	(2,490,057)
Other interest receivable and similar income	(3,546)	-
Interest payable and similar expenses	4,206,849	1,489,652
Gains on disposal of tangible assets	(58,446)	(73,044)
Unrealised foreign currency loss/(gains)	136,569	(171,060)
Tax on profit	1,105,340	816,568
Accrued (income)/expenses	(5,458,556)	4,659,335
<i>Changes in:</i>		
Stocks	(4,571,887)	(37,326,801)
Trade and other debtors	1,928,635	1,131,787
Trade and other creditors	5,665,590	402,659
Movement in deferred tax	19,504	58,666
Cash generated from operations	7,359,652	(23,896,675)
Interest paid	(3,922,550)	(1,489,652)
Interest received	3,546	-
Tax paid	(1,142,966)	(600,598)
Net cash from/(used in) operating activities	<u>2,297,682</u>	<u>(25,986,925)</u>
Cash flows from investing activities		
Purchase of tangible assets	(378,852)	(2,599,617)
Movement in investments	804,314	83,468
Proceeds from sale of interests in associates and joint ventures	(8,130)	-
Foreign currency retranslation	(136,569)	171,060
Other investing cash flow	(6,885)	-
Net cash from/(used in) investing activities	<u>273,878</u>	<u>(2,345,089)</u>
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	193,483
Proceeds from borrowings	7,550,442	8,633,779
Proceeds from loans from participating interests	(7,817,236)	9,790,436
Payments of finance lease liabilities	(74,908)	1,037
Dividends paid	(757,558)	(750,000)
Net cash (used in)/from financing activities	<u>(1,099,260)</u>	<u>17,868,735</u>

The consolidated statement of cash flows
continues on the following page.

The notes on pages 20 to 37 form part of these financial statements.

Lagan Homes Group Ltd

Consolidated Statement of Cash Flows *(continued)*

Year ended 31st December 2022

	Note	2022 £	2021 £
Net increase/(decrease) in cash and cash equivalents		1,472,300	(10,463,279)
Cash and cash equivalents at beginning of year		17,242,450	27,705,729
Cash and cash equivalents at end of year		<u>18,714,750</u>	<u>17,242,450</u>

The notes on pages 20 to 37 form part of these financial statements.

Lagan Homes Group Ltd
Notes to the Financial Statements
Year ended 31st December 2022

1. General information

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is Lagan House, 19 Clarendon Road, Clarendon Dock, Belfast, BT1 3BG.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

These consolidated and company financial statements have been prepared in accordance with the Companies Act 2006. They are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The financial statements have been prepared on a going concern basis.

The Group made a profit before tax of £6,725,429 (2021 - £7,361,535) leaving it with a surplus of assets of £60,213,208 (2021 - £55,220,993). The directors are confident the Group can continue to trade profitably in the future.

The Directors have reviewed funding and liquidity needs for a period of more than one year after the approval of the financial statements and concluded sufficient reserves exist within the Group and its wider accessible funding to ensure the future trading of the business. On this basis, the Directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

Lagan Homes Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

3. Accounting policies *(continued)*

Consolidation

The consolidated statement of comprehensive income and statement of financial position include the financial statements of the company, its subsidiary undertakings and share of joint ventures made up to 31st December 2022. Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation. The results of the subsidiary undertakings are accounted for from the effective date of acquisition and to the effective date of disposal.

Jointly controlled entities are all entities over which the group has joint control with one or more other shareholders. Investments in joint ventures are accounted for using the gross equity method of accounting and are initially recognised at cost. The group's share of its joint ventures' post-acquisition profits or losses is recognised in the profit and loss account.

Joint ventures and associates are not consolidated in circumstances where the shareholders are no longer in a position to direct the ordinary activities of such entities as a result of factors outside their control. Such factors include, inter alia, the financial situation of certain joint venture/associate partners, some of whom are in administration, and funding constraints faced by specific special purpose vehicles.

Non-controlling interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Investment properties

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Lagan Homes Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

3. Accounting policies *(continued)*

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Taxation

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - Over 10 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Lagan Homes Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

3. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 20% straight line
Fixtures and fittings	- 33% <i>reducing balance</i>
Motor vehicles	- 25% straight line
Equipment	- 25% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Lagan Homes Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stock and work in progress

Stock, consisting of undeveloped land, is valued at the lower of cost and net realisable value.

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Lagan Homes Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2022 £	2021 £
Sale of houses	<u>132,623,961</u>	<u>98,900,199</u>

Segment and market information has been omitted. The directors believe that to disclose such information would be seriously prejudicial to the interest of the company.

Lagan Homes Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

5. Other operating income

	2022 £	2021 £
Rental income	11,533	26,024
Other operating income	1,245,735	1,598,995
	<u>1,257,268</u>	<u>1,625,019</u>

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2022 £	2021 £
Amortisation of intangible assets	787,683	787,863
Depreciation of tangible assets	352,442	272,790
Gains on disposal of tangible assets	(58,446)	(73,044)
Foreign exchange differences	<u>5,309</u>	<u>(9,140)</u>

7. Auditor's remuneration

	2022 £	2021 £
Fees payable for the audit of the financial statements	<u>56,200</u>	<u>45,060</u>

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2022 No.	2021 No.
Production and administration staff	<u>117</u>	<u>108</u>

The aggregate payroll costs expensed during the year, relating to the above, were:

	2022 £	2021 £
Wages and salaries	3,085,211	3,758,062
Other pension costs	205,370	189,299
	<u>3,290,581</u>	<u>3,947,361</u>

Lagan Homes Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2022 £	2021 £
Remuneration	<u>440,666</u>	<u>313,205</u>

Remuneration of the highest paid director in respect of qualifying services:

	2022 £	2021 £
Aggregate remuneration	<u>179,818</u>	<u>159,211</u>

10. Other interest receivable and similar income

	2022 £	2021 £
Interest on cash and cash equivalents	<u>3,546</u>	<u>-</u>

11. Interest payable and similar expenses

	2022 £	2021 £
Interest on banks loans and overdrafts	4,203,046	1,488,213
Interest on obligations under finance leases and hire purchase contracts	<u>3,803</u>	<u>1,439</u>
	<u>4,206,849</u>	<u>1,489,652</u>

Interest on related party loans totalling £1,962,908 (2021 - £1,442,931) was incurred in respect of Collinbridge Finance Ltd.

12. Tax on profit

Major components of tax expense

	2022 £	2021 £
Current tax:		
UK current tax expense	1,224,322	909,551
Adjustments in respect of prior periods	<u>(138,486)</u>	<u>(93,945)</u>
Total current tax	<u>1,085,836</u>	<u>815,606</u>

Lagan Homes Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

12. Tax on profit *(continued)*

	2022 £	2021 £
Deferred tax:		
Origination and reversal of timing differences	19,504	962
Tax on profit	1,105,340	816,568

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £	2021 £
Profit on ordinary activities before taxation	6,725,429	7,361,535
Profit on ordinary activities by rate of tax	1,269,347	1,398,692
Adjustment to tax charge in respect of prior periods	(138,486)	(93,945)
Effect of expenses not deductible for tax purposes	(19,504)	32,525
Effect of capital allowances and depreciation	8,985	(47,202)
Utilisation of tax losses	(137,919)	(376,643)
Other adjusting events	122,917	(96,859)
Tax on profit	1,105,340	816,568

13. Dividends

	2022 £	2021 £
Dividends paid during the year	757,558	750,000

Lagan Homes Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

14. Intangible assets

Group	Goodwill £
Cost	
At 1st January 2022 and 31st December 2022	<u>7,090,769</u>
Amortisation	
At 1st January 2022	3,849,547
Charge for the year	<u>787,683</u>
At 31st December 2022	<u>4,637,230</u>
Carrying amount	
At 31st December 2022	<u>2,453,539</u>
At 31st December 2021	<u>3,241,222</u>

The company has no intangible assets.

Goodwill

The directors have reviewed the value of goodwill and believe that its estimated economic life is 10 years. Accordingly goodwill is being amortised at a rate of 10% straight line.

15. Tangible assets

Group	Investment properties £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost						
At 1 Jan 2022	2,007,090	1,423,692	86,821	589,439	24,063	4,131,105
Additions	–	192,767	38,247	147,838	–	378,852
Disposals	(692,500)	(217,701)	–	(150,718)	–	(1,060,919)
At 31 Dec 2022	<u>1,314,590</u>	<u>1,398,758</u>	<u>125,068</u>	<u>586,559</u>	<u>24,063</u>	<u>3,449,038</u>
Depreciation						
At 1 Jan 2022	–	924,919	25,732	253,314	18,114	1,222,079
Charge for the year	–	190,868	20,697	139,525	1,352	352,442
Disposals	–	(171,694)	–	(143,357)	–	(315,051)
At 31 Dec 2022	<u>–</u>	<u>944,093</u>	<u>46,429</u>	<u>249,482</u>	<u>19,466</u>	<u>1,259,470</u>
Carrying amount						
At 31 Dec 2022	<u>1,314,590</u>	<u>454,665</u>	<u>78,639</u>	<u>337,077</u>	<u>4,597</u>	<u>2,189,568</u>
At 31 Dec 2021	<u>2,007,090</u>	<u>498,773</u>	<u>61,089</u>	<u>336,125</u>	<u>5,949</u>	<u>2,909,026</u>

The company has no tangible assets.

Lagan Homes Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

16. Investments

Group	Interests in associates £	Joint ventures £	Loans to participating interests £	Total £
Share of net assets/cost				
At 1st January 2022	10,470,876	(14,707)	2,675,489	13,131,658
Disposals	–	8,130	–	8,130
Revaluations	–	–	139,809	139,809
Share of profit or loss	<u>2,370,614</u>	<u>(1,418)</u>		<u>2,369,196</u>
At 31st December 2022	<u>12,841,490</u>	<u>(7,995)</u>	<u>2,815,298</u>	<u>15,648,793</u>
Impairment				
At 1st January 2022 and 31st December 2022	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Carrying amount				
At 31st December 2022	<u>12,841,490</u>	<u>(7,995)</u>	<u>2,815,298</u>	<u>15,648,793</u>
At 31st December 2021	<u>10,470,876</u>	<u>(14,707)</u>	<u>2,675,489</u>	<u>13,131,658</u>
Company		Shares in group undertakings £	Loans to group undertakings £	Total £
Cost				
At 1st January 2022		57,545,900	62,855,540	120,401,440
Additions		–	275,000	275,000
Disposals		–	(36,225,620)	(36,225,620)
At 31st December 2022		<u>57,545,900</u>	<u>26,904,920</u>	<u>84,450,820</u>
Impairment				
At 1st January 2022 and 31st December 2022		<u>–</u>	<u>–</u>	<u>–</u>
Carrying amount				
At 31st December 2022		<u>57,545,900</u>	<u>26,904,920</u>	<u>84,450,820</u>
At 31st December 2021		<u>57,545,900</u>	<u>62,855,540</u>	<u>120,401,440</u>

The directors consider the value of the investments to be supported by their underlying assets.

Details of the investments in group companies are disclosed in Note 30 of the financial statements.

Details of the investments in joint ventures and associates are disclosed in Note 31 of the financial statements.

Lagan Homes Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

17. Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Development land	61,973,345	44,050,922	—	—
Work in progress	48,803,308	62,153,844	—	—
	<u>110,776,653</u>	<u>106,204,766</u>	<u>—</u>	<u>—</u>

18. Debtors

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	1,523,691	2,087,296	—	—
Amounts owed by group undertakings	—	—	896,161	63,821
Amounts owed by related parties (Note 29)	19,422,225	20,702,465	17,776	146,197
Prepayments and accrued income	629,549	303,544	—	—
Other debtors	1,371,410	1,782,205	100	100
	<u>22,946,875</u>	<u>24,875,510</u>	<u>914,037</u>	<u>210,118</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	<u>259,969</u>	<u>406,754</u>	<u>—</u>	<u>—</u>

Included in Group other debtors at 31 December 2022 is an amount due from a director of £193,483 (2021 - £193,483).

Lagan Homes Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

19. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans and overdrafts	6,087,207	7,601,816	—	—
Trade creditors	13,573,572	10,966,292	(65,973)	(45)
Amounts owed to related parties (Note 29)	3,613,792	609,324	535,929	—
Accruals and deferred income	7,791,171	12,965,428	9,231	9,231
Corporation tax	989,882	1,047,012	23,463	18,727
Social security and other taxes	4,507,476	1,598,990	117,533	57,659
Obligations under finance leases and hire purchase contracts	82,968	119,569	—	—
Other creditors	316,635	—	—	—
	<u>36,962,703</u>	<u>34,908,431</u>	<u>620,183</u>	<u>85,572</u>

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

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans and overdrafts	14,965,569	5,900,518	—	—
Amounts owed to related parties (Note 29)	60,425,242	71,225,620	35,000,000	71,225,620
Obligations under finance leases and hire purchase contracts	44,892	83,199	—	—
Other creditors	—	166,811	—	—
	<u>75,435,703</u>	<u>77,376,148</u>	<u>35,000,000</u>	<u>71,225,620</u>

21. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Not later than 1 year	82,968	119,569	—	—
Later than 1 year and not later than 5 years	44,892	83,199	—	—
	<u>127,860</u>	<u>202,768</u>	<u>—</u>	<u>—</u>

Lagan Homes Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

22. Provisions

Group	Deferred tax (note 23) £
At 1st January 2022	99,060
Additions	19,504
At 31st December 2022	<u>118,564</u>

The company does not have any provisions.

23. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Included in provisions (note 22)	<u>118,564</u>	<u>99,060</u>	<u>—</u>	<u>—</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Accelerated capital allowances	<u>118,564</u>	<u>99,060</u>	<u>—</u>	<u>—</u>

24. Pension contributions

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £205,370 (2021: £189,299).

25. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100
X Preference shares of £1 each	25,000,000	25,000,000	25,000,000	25,000,000
Y Preference shares of £1 each	25,000,000	25,000,000	25,000,000	25,000,000
	<u>50,000,100</u>	<u>50,000,100</u>	<u>50,000,100</u>	<u>50,000,100</u>

Lagan Homes Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

26. Reserves

Called-up share capital - This represents the nominal value of shares that have been issued.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Share premium account - This represents the difference between the nominal value of shares purchased and the price received for the shares.

Other reserves - The redemption terms of the other reserves was at the discretion of the subsidiary in which it lay and as a result it was classified as equity. A capital redemption reserve which records the nominal value of shares repurchased by the company is also included therein.

27. Analysis of changes in net debt

	At 1 Jan 2022 £	Cash flows £	At 31 Dec 2022 £
Cash at bank and in hand	17,242,450	1,472,300	18,714,750
Debt due within one year	(8,330,709)	(1,453,258)	(9,783,967)
Debt due after one year	(77,209,337)	1,773,634	(75,435,703)
	<u>(68,297,596)</u>	<u>1,792,676</u>	<u>(66,504,920)</u>

28. Directors' advances, credits and guarantees

At the year end there is a balance due from directors to the Group of £193,483 (2021 - £193,483).

Lagan Homes Group Ltd

Notes to the Financial Statements *(continued)*

Year ended 31st December 2022

29. Related party transactions

Group and Company

The company has availed of the exemption under the terms of Financial Reporting Standard 102 from disclosing related party transactions with entities that are part of Lagan Homes Group Ltd.

The following entities are regarded as related parties as defined by Financial Reporting Standard 102 due to their being non-group entities in which the ultimate controlling party has or had a controlling interest at the statement of financial position date.

Amounts owed to the group - Note 18

	2022 £	2021 £	2022 £	2021 £
Lagpor Developments Limited	1,231,214	1,154,289	1,020	–
Mealough Developments LLP	646,672	120,365	–	–
Renaissance Properties North LLP	4,432,856	4,847,308	–	–
Millmount Village LLP	3,505,681	5,110,448	–	1,021
Lagan Management LLP	–	134,275	–	134,275
Bashforde LLP	5,000,019	5,000,019	–	–
Promociones Carnlag SL	2,506,163	2,499,860	–	–
Millmount Comber Road Ltd	1,825,020	1,825,000	–	–
Langtree Ltd	6,527	–	5,854	–
Ruskin Developments Ltd	5,605	5,605	5,605	5,605
Loughside Properties Ltd	5,297	5,296	5,297	5,296
Lagan Homes Bellview Ltd	256,775	–	–	–
Lagan Cement Limited	396	–	–	–
	<u>19,422,225</u>	<u>20,702,465</u>	<u>17,776</u>	<u>146,197</u>

Amounts owed by the group due within one year - Note 19

	2022 £	2021 £	2022 £	2021 £
Lagan Management Limited	31,830	92,583	(43,566)	–
LF Fasthouse Ltd	154,812	495,743	–	–
Collinbridge Finance Ltd	3,404,522	–	579,495	–
L.P.I. Properties Ltd	22,628	21,000	–	–
	<u>3,613,792</u>	<u>609,326</u>	<u>535,929</u>	<u>–</u>

Amounts owed by the group after one year - Note 20

	2022 £	2021 £	2022 £	2021 £
Collinbridge Finance Ltd	56,075,242	66,875,620	30,650,000	66,875,620
Lagan Cement Group Limited	4,350,000	4,350,000	4,350,000	4,350,000
	<u>60,425,242</u>	<u>71,225,620</u>	<u>35,000,000</u>	<u>71,225,620</u>

All trading transactions were made at arm's length.

Lagan Homes Group Ltd

Notes to the Financial Statements (continued)

Year ended 31st December 2022

30. Principal subsidiaries

The company owns either directly or indirectly 100% of the following companies:-

Company	Country of registration or incorporation	Country of principal activities	Principal activities	Class of shares	Proportion of shares
Aspen Developments Limited	Northern Ireland	Northern Ireland	House building	Ordinary	100%
Lagan Biddenham Limited	Northern Ireland	England	House building	Ordinary	100%
Lagan Homes (G.B.) Ltd	Northern Ireland	England	House building	Ordinary	100%
Lagan Homes (Lisburn) Ltd	Northern Ireland	Northern Ireland	House building	Ordinary	100%
Lagan Homes (Millmount) Limited	Northern Ireland	England	House building	Ordinary	100%
Lagan Homes (Rathgael) Ltd	Northern Ireland	Northern Ireland	House building	Ordinary	100%
Lagan Homes (Woodbrook) Limited	Northern Ireland	Northern Ireland	House building	Ordinary	100%
Lagan Homes Antrim Limited	Northern Ireland	Northern Ireland	House building	Ordinary	100%
Lagan Homes Banbury Limited	England	England	Dormant	Ordinary	100%
Lagan Homes England Limited	England	England	Dormant	Ordinary	100%
Lagan Homes Ireland Limited	Republic of Ireland	Republic of Ireland	House building	Ordinary	100%
Lagan Homes Drogheda Limited	Republic of Ireland	Republic of Ireland	House building	Ordinary	100%
Lagan Homes South Salt Limited	Republic of Ireland	Republic of Ireland	House building	Ordinary	100%
Lagan Homes Celbridge Limited	Republic of Ireland	Republic of Ireland	House building	Ordinary	100%
Lagan Homes Lusk Limited	Republic of Ireland	Republic of Ireland	House building	Ordinary	100%
Lagan Homes Limited	Northern Ireland	Northern Ireland	House building	Ordinary	100%
Lagan Shefford Limited	England	England	House building	Ordinary	100%
Wyndhead Estates Limited	Scotland	England	House building	Ordinary	100%
Lagan Homes (N.I.) Ltd	Northern Ireland	Northern Ireland	House building	Ordinary	100%
EASSDA (Bushforde Road) Limited	Northern Ireland	Northern Ireland	House building	Ordinary	100%
EASSDA (Bush Road Antrim) Limited	Northern Ireland	Northern Ireland	House building	Ordinary	100%
Lagan Homes (Hampton) Limited	Northern Ireland	Northern Ireland	House building	Ordinary	100%
Lagan Homes (Charlestown Hall) Ltd	Northern Ireland	Northern Ireland	House building	Ordinary	100%
Cawrey Limited	England	England	House building	Ordinary	100%
Cawrey Construction Limited	England	England	Dormant	Ordinary	100%
Lagan Homes (Beverley Garden Village) Limited	Northern Ireland	Northern Ireland	House building	Ordinary	100%
Laganbank East Limited	Northern Ireland	Northern Ireland	Dormant	Ordinary	100%
Killaughey Homes Ltd	Northern Ireland	Northern Ireland	Dormant	Ordinary	100%

31. Joint ventures and associates

The company's interests, either directly or indirectly, in joint ventures and associates at the balance sheet date are as follows:-

Company	Country of registration or incorporation	Country of principal activities	Principal activities	Class of shares	Proportion of shares
Millmount Village LLP	Northern Ireland	Northern Ireland	Property development	-	50%
Millmount Developments Ltd	Northern Ireland	Northern Ireland	Holding company	Ordinary	50%
Millmount Comber Road Ltd	Northern Ireland	Northern Ireland	Property development	Ordinary	50%
Promociones Carnlag SL	Spain	Spain	House building	Ordinary	50%
Renaissance Properties North LLP	Northern Ireland	Northern Ireland	Property development	-	50%
RPN (West Circular) Limited	Northern Ireland	Northern Ireland	Property development	Ordinary	50%
Bashforde LLP ^	Northern Ireland	Northern Ireland	Property development	-	50%
Lagpor Developments Limited	Northern Ireland	Northern Ireland	Property development	Ordinary	50%
Lagan Homes Bellview Limited	Republic of Ireland	Republic of Ireland	Property development	Ordinary	50%

^ = unaudited financial statements

Lagan Homes Group Ltd
Notes to the Financial Statements *(continued)*
Year ended 31st December 2022

32. Control

The company is controlled by JPK Lagan who owns 100% of the ordinary share capital.