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# **PENTLAND HOMES (HOLDINGS) LIMITED**

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## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2022**

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**PENTLAND HOMES (HOLDINGS) LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	P N Tory J N Tory S R Coates (resigned 8 August 2022) P J Rosbrook (appointed 20 September 2022)
<b>Company secretary</b>	S R Coates (resigned 8 August 2022) P J Rosbrook (appointed 20 September 2022)
<b>Registered number</b>	06362844
<b>Registered office</b>	The Estate Office Canterbury Road, Etchinghill Folkestone Kent CT18 8FA
<b>Independent auditors</b>	Pure Audit Limited Chartered Certified Accountants & Statutory Auditors 76 Canterbury Innovation Centre University Road Canterbury Kent CT2 7FG
<b>Bankers</b>	Lloyds Bank Plc 43 Sandgate Road Folkestone Kent CT20 1RZ
<b>Solicitors</b>	Cripps LLP 12 Mount Ephraim Road Tunbridge Wells Kent TN24 8AS

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**PENTLAND HOMES (HOLDINGS) LIMITED**

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## PENTLAND HOMES (HOLDINGS) LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2022

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#### Introduction

The directors present their strategic report for the year ended 31 January 2022.

#### Business review

The main activities of the group were the building of new housing in the Southeast of England and associated land sales.

The COVID pandemic impact showed signs of easing during the year. The housing market remained resilient, and the Southeast market strengthened as buyers looked for out of London, family locations with more open space and home working. Material availability and supply however continued to be a problem for the industry.

The directors are reporting a turnover increase to £55m (+29%) but with pre-tax profits down to £994k (-71%) from £3.5m in 2021. Material Price increases have been a problem for the company and have adversely affected these results along with unforeseen cost increases at our development, Saxon Fields near Canterbury.

Pentland Homes had a number of staff changes in July 2022 with the retirement of four directors and a new management team is now in place headed up by Paul Kitchingman (ex-Barratt Developments plc). The new team have commenced a restructuring program reviewing house designs, cost base and staffing levels. Unfortunately, as part of this review the company had to make a number of staff redundant.

The outlook of the group looks very positive with the new team focused on growing Pentland Homes into one of the largest and most successful developers in the Southeast of England. The group remains well capitalized and has four large sites in the pipeline to commence in the next 2 years having agreed terms on two sites in the last month. The company and associated companies benefit from a strong land bank of 1,846 units, up from 1,416 units in the previous year.

The directors expect the results to be level for the next 2 years due to continued planning delays but then as the new sites come on stream significant growth is anticipated.

Financial key performance indicators:

	2022	2021	Change	Change
	£'000	£'000	£'000	%
Turnover	55,377	43,057	12,320	29
Gross Profit	3,121	7,063	(3,942)	(56)
Operating Profit	1,395	4,025	(2,630)	(65)
Pre-Tax Profit	994	3,490	(2,496)	(71)

The balance sheet remains strong with Shareholders funds at £34m.

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**PENTLAND HOMES (HOLDINGS) LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2022**

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	2022 £'000	2021 £'000
Shareholders' Funds	33,797	34,167
Cash	5,519	6,867
Work in Progress	40,256	45,019

Retention and development of staff is extremely important to the business and in the short term we will be looking to enhance our benefits package available to all staff.

**Principal risks and uncertainties**

At the time of writing there is considerable uncertainty with rising inflation, increase in interest rates and the war in Ukraine hitting consumer confidence and resulting in a slowdown in the housing market. The company builds good quality housing that remains in short supply in the Southeast and we are confident that there will remain a demand for this. There are currently 3 sites in build with 4 new sites due to commence in Summer next year. The new sites benefit from outline planning permissions but are awaiting reserved matters approvals.

**Interest Rate Risk**

At the time of writing the group has drawn £8m under it's £25m Revolving Credit Facility (RCF) with Lloyds Bank. In June 2022 the directors took the decision to enter into an interest rate cap for £10m at a SONYA rate of 4%. The directors are satisfied that this provides adequate protection against future interest rate rises.

**Liquidity Risk**

The group is well funded with a strong balance sheet with shareholder funds at £34m and an available RCF facility of £25m. This leaves it in a strong position to deal with any downturn in the market and sufficient capital to pursue new land opportunities.

The Group ensures that it complies fully with all Health and Safety, Building Regulation and other legislation.

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**PENTLAND HOMES (HOLDINGS) LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2022**

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

Directors have acted and continue to act in the way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to

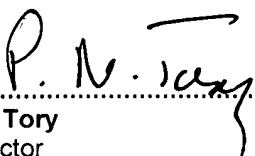
- a) the likely consequences of any decision in the long term,
- b) the interests of the Group's employees,
- c) the need to foster the Group's business relationships with suppliers, customers and others,
- d) the impact of the Group's operations on the community and the environment,
- e) the desirability of the Group maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the Group.

In doing so, the directors have encouraged good relationships with all of its stakeholders, and in particular:

- with local communities during the planning stages of new developments, holding meetings to encourage contributions from local authorities, parish councils and the public;
- with local charities both directly and through the associated charitable foundation, to contribute to their valuable work – the Group will be building a hospice and will continue its close relationship with it in future;
- with contractors on sites to ensure that the works have as little impact on local residents as practicable, with favourable responses both from the residents and the Considerate Contractors Scheme inspectors. Quarterly newsletters and information boards are provided for the larger sites;
- with the local environment, maintaining "exceptional environmental policies, procedures and ecology measures" during pre-commencement, development and after the sites have been occupied, through the various site management companies;
- with customers, as the Group strives for excellence during the purchase process, at the time of occupation and afterwards through its customer care relationships.

The Group is very aware of the valued contribution made by all of its staff and its contractors, and the directors ensure the highest levels of management commitment to encourage health, safety, skill and enthusiasm throughout the workforce.

This report was approved by the board and signed on its behalf.

  
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**P N Tory**  
Director

Date: 25 October 2022

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## PENTLAND HOMES (HOLDINGS) LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2022

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The directors present their report and the financial statements for the year ended 31 January 2022.

#### Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements 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 Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Principal activity

The principal activity of the Group in the year under review was that of the development and sale of residential property.

#### Results and dividends

The profit for the year, after taxation, amounted to £794,557 (2021 - £2,754,170).

The directors recommended a final dividend of £74.33 per share amounting to £1,164,249, making a total of £1,164,249 for the year (2021: £750,000).

#### Directors

The directors who served during the year were:

P N Tory  
J N Tory  
S R Coates (resigned 8 August 2022)

#### Political contributions

The Group made no political donations in the period.

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## **PENTLAND HOMES (HOLDINGS) LIMITED**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2022**

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#### **Future developments**

The Group has built up a land bank that will provide an increasing number of house sales in the future. Planning permission has been achieved for many existing owned sites, but the directors will consider purchasing new parcels of land for prompt development.

#### **Financial instruments**

The Group has the benefit of an interest rate hedge contract to protect against significant interest rate increases.

#### **Research and development activities**

The Group continues to investigate alternative methods of construction, for improved build quality and efficiency of construction processes.

#### **Going concern**

The activities of the Group and the factors that are likely to affect its future development, financial position and risk management objectives are described in the Strategic Report.

The Group has considerable financial resources and access to further funding, and the directors consider that the Group is in a strong position to manage its business risks and to take advantage of the market conditions in the house building industry, which, despite Brexit and the coronavirus, seem to remain strong in the medium term. Consequently they continue to adopt the going concern basis in preparing the annual report and accounts.

The directors have reviewed the Group's business and consider that there are no liabilities that have not been shown in the balance sheet.

#### **Engagement with suppliers, customers and others**

Engagement with suppliers, customers and other other stakeholders is explained in the strategic report.

#### **Matters covered in the Group Strategic Report**

Items required under Sch. 7 to be disclosed in the directors' report are set out in the strategic report in accordance with s.414C(11) CA 2006.

#### **Disclosure of information to auditors**

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

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

#### **Auditors**

The auditors, Pure Audit Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.



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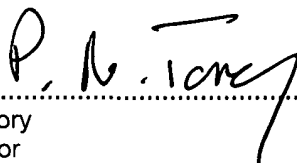
**PENTLAND HOMES (HOLDINGS) LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2022**

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This report was approved by the board and signed on its behalf.

  
.....  
P N Tory  
Director

Date: 25 October 2022

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## **PENTLAND HOMES (HOLDINGS) LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENTLAND HOMES (HOLDINGS) LIMITED**

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#### **Opinion**

We have audited the financial statements of Pentland Homes (Holdings) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 January 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 January 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; and
- 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

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## **PENTLAND HOMES (HOLDINGS) LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENTLAND HOMES (HOLDINGS) LIMITED (CONTINUED)**

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#### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion 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 Group 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 Group 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 Group 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.

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**PENTLAND HOMES (HOLDINGS) LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENTLAND HOMES (HOLDINGS) LIMITED  
(CONTINUED)**

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**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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.

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## PENTLAND HOMES (HOLDINGS) LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENTLAND HOMES (HOLDINGS) LIMITED (CONTINUED)

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#### 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 Group 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:

Extent to which the audit was considered capable of detecting irregularities, including fraud:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

The nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, results of our enquiries of management about their own identification and assessment of the risks of irregularities and any matters we identified having reviewed the Group's policies and procedures; the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in relation to revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in and focused on those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and local tax legislation.

Audit response to risks identified

As a result of performing the above, we identified revenue recognition as key audit matter related to the potential risk of fraud. Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

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## PENTLAND HOMES (HOLDINGS) LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENTLAND HOMES (HOLDINGS) LIMITED (CONTINUED)

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- obtaining an understanding of provisions and discussing with management to understand the basis of recognition or non-recognition of tax provisions; and in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

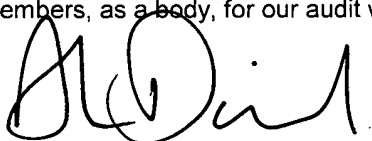
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

Because of 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

#### Use of our report

This report is made solely to the Group'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 Group's members those matters we are required to state to them in an Auditors' 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 Group and the Group's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Alan Davidson (Senior Statutory Auditor)

for and on behalf of

**Pure Audit Limited**

Chartered Certified Accountants & Statutory Auditors

76 Canterbury Innovation Centre  
University Road  
Canterbury  
Kent  
CT2 7FG

25 October 2022

**PENTLAND HOMES (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 JANUARY 2022**

	Note	2022 £	2021 £
Turnover	4	55,377,170	43,057,130
Cost of sales		(52,256,435)	(35,993,997)
<b>Gross profit</b>		<b>3,120,735</b>	<b>7,063,133</b>
Administrative expenses		(3,243,242)	(3,311,288)
Other operating income	5	1,517,829	273,799
<b>Operating profit</b>	6	<b>1,395,322</b>	<b>4,025,644</b>
Interest receivable and similar income	10	2,669	336
Interest payable and similar expenses	11	(418,407)	(525,027)
Other finance income		14,457	(11,275)
<b>Profit before taxation</b>		<b>994,041</b>	<b>3,489,678</b>
Tax on profit	12	(199,484)	(735,508)
<b>Profit for the financial year</b>		<b>794,557</b>	<b>2,754,170</b>
 <b>Total comprehensive income for the year</b>		 <b>794,557</b>	 <b>2,754,170</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent Company		794,557	2,754,170
		<b>794,557</b>	<b>2,754,170</b>
 <b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent Company		794,557	2,754,170
		<b>794,557</b>	<b>2,754,170</b>

The notes on pages 22 to 43 form part of these financial statements.

**PENTLAND HOMES (HOLDINGS) LIMITED**  
**REGISTERED NUMBER: 06362844**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 JANUARY 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	14	1,110,445	716,677
		<u>1,110,445</u>	<u>716,677</u>
<b>Current assets</b>			
Stocks	16	40,256,219	45,018,845
Debtors: amounts falling due within one year	17	5,920,825	3,003,073
Cash at bank and in hand	18	5,519,389	6,866,793
		<u>51,696,433</u>	<u>54,888,711</u>
Creditors: amounts falling due within one year	19	(15,765,670)	(21,070,970)
<b>Net current assets</b>		<u>35,930,763</u>	<u>33,817,741</u>
<b>Total assets less current liabilities</b>		<u>37,041,208</u>	<u>34,534,418</u>
<b>Provisions for liabilities</b>			
Deferred taxation	22	(75,005)	(48,572)
Other provisions	23	(3,168,642)	(318,593)
		<u>(3,243,647)</u>	<u>(367,165)</u>
<b>Net assets excluding pension asset</b>		<u>33,797,561</u>	<u>34,167,253</u>
<b>Net assets</b>		<u><u>33,797,561</u></u>	<u><u>34,167,253</u></u>
<b>Capital and reserves</b>			
Called up share capital	24	15,664	15,664
Share premium account		3,309,814	3,309,814
Profit and loss account		30,472,083	30,841,775
<b>Equity attributable to owners of the parent Company</b>		<u>33,797,561</u>	<u>34,167,253</u>
		<u><u>33,797,561</u></u>	<u><u>34,167,253</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 October 2022.



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**PENTLAND HOMES (HOLDINGS) LIMITED**  
**REGISTERED NUMBER: 06362844**

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**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 JANUARY 2022**

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**P N Tory**  
Director

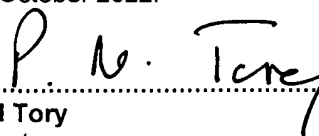
The notes on pages 22 to 43 form part of these financial statements.

**PENTLAND HOMES (HOLDINGS) LIMITED**  
**REGISTERED NUMBER: 06362844**

**COMPANY BALANCE SHEET**  
**AS AT 31 JANUARY 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Investments	15	15,674	15,674
		<u>15,674</u>	<u>15,674</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	17	5,155,200	5,370,000
Debtors: amounts falling due within one year	17	150	375
Cash at bank and in hand	18	273,306	263,411
		<u>5,428,656</u>	<u>5,633,786</u>
Creditors: amounts falling due within one year	19	-	(40,796)
<b>Net current assets</b>		<u>5,428,656</u>	<u>5,592,990</u>
<b>Total assets less current liabilities</b>		<u>5,444,330</u>	<u>5,608,664</u>
<b>Net assets excluding pension asset</b>		<u>5,444,330</u>	<u>5,608,664</u>
<b>Net assets</b>		<u>5,444,330</u>	<u>5,608,664</u>
<b>Capital and reserves</b>			
Called up share capital	24	15,664	15,664
Profit and loss account brought forward		5,593,000	6,169,078
Profit for the year		999,915	173,922
Other changes in the profit and loss account		(1,164,249)	(750,000)
Profit and loss account carried forward		<u>5,428,666</u>	<u>5,593,000</u>
		<u>5,444,330</u>	<u>5,608,664</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 October 2022.

  
P N Tory  
Director

The notes on pages 22 to 43 form part of these financial statements.

PENTLAND HOMES (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2022

	Called up share capital £	Share premium account £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 February 2021	15,664	3,309,814	30,841,775	34,167,253	34,167,253
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	794,557	794,557	794,557
<b>Other comprehensive income for the year</b>					
	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	794,557	794,557	794,557
Dividends: Equity capital	-	-	(1,164,249)	(1,164,249)	(1,164,249)
<b>Total transactions with owners</b>	-	-	(1,164,249)	(1,164,249)	(1,164,249)
<b>At 31 January 2022</b>	<b>15,664</b>	<b>3,309,814</b>	<b>30,472,083</b>	<b>33,797,561</b>	<b>33,797,561</b>

The notes on pages 22 to 43 form part of these financial statements.

PENTLAND HOMES (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2021

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Non- controlling interests	Total equity
	£	£	£	£	£	£
At 1 February 2020	15,664	3,309,814	28,837,605	32,163,083	5,359	32,168,442
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	2,754,170	2,754,170	-	2,754,170
<b>Other comprehensive income for the year</b>						
	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	2,754,170	2,754,170	-	2,754,170
Dividends: Equity capital	-	-	(750,000)	(750,000)	-	(750,000)
Other movement type 1	-	-	-	-	(5,359)	(5,359)
<b>Total transactions with owners</b>	-	-	(750,000)	(750,000)	(5,359)	(755,359)
<b>At 31 January 2021</b>	<b>15,664</b>	<b>3,309,814</b>	<b>30,841,775</b>	<b>34,167,253</b>	<b>-</b>	<b>34,167,253</b>

The notes on pages 22 to 43 form part of these financial statements.

PENTLAND HOMES (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 February 2021	15,664	5,593,000	5,608,664
<b>Comprehensive income for the year</b>			
Profit for the year	-	999,915	999,915
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	999,915	999,915
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(1,164,249)	(1,164,249)
<b>Total transactions with owners</b>	-	(1,164,249)	(1,164,249)
<b>At 31 January 2022</b>	<b>15,664</b>	<b>5,428,666</b>	<b>5,444,330</b>

The notes on pages 22 to 43 form part of these financial statements.

PENTLAND HOMES (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 February 2020	15,664	6,169,078	6,184,742
<b>Comprehensive income for the year</b>			
Profit for the year	-	173,922	173,922
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	173,922	173,922
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	(750,000)	(750,000)
<b>Total transactions with owners</b>	-	(750,000)	(750,000)
<b>At 31 January 2021</b>	<b>15,664</b>	<b>5,593,000</b>	<b>5,608,664</b>

The notes on pages 22 to 43 form part of these financial statements.

**PENTLAND HOMES (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 JANUARY 2022**

	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	994,041	3,489,678
<b>Adjustments for:</b>		
Depreciation of tangible assets	289,553	274,064
Loss on disposal of tangible assets	(64,405)	(17,502)
Government grants	-	(266,212)
Interest paid	418,407	525,027
Interest received	(2,669)	(336)
Decrease/(increase) in stocks	4,762,626	(2,320,169)
(Increase)/decrease in debtors	(1,456,579)	2,046,883
(Increase) in amounts owed by associates	(1,170,000)	(325,000)
Decrease/(increase) in amounts owed by participating ints	225	(375)
Increase in creditors	2,278,993	811,570
Increase/(decrease) in provisions	2,850,049	(254,843)
Corporation tax (paid)	(1,048,742)	(577,156)
<b>Net cash generated from operating activities</b>	<b>7,851,499</b>	<b>3,385,629</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(687,317)	(85,362)
Sale of tangible fixed assets	68,401	48,915
Sale of investment properties	-	1,296,361
Government grants received	-	266,212
Interest received	2,669	336
<b>Net cash from investing activities</b>	<b>(616,247)</b>	<b>1,526,462</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(7,000,000)	-
Dividends paid	(1,164,249)	(750,000)
Interest paid	(418,407)	(525,027)
Dividends paid to non-controlling interests	-	(5,359)
<b>Net cash used in financing activities</b>	<b>(8,582,656)</b>	<b>(1,280,386)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,347,404)</b>	<b>3,631,705</b>
Cash and cash equivalents at beginning of year	6,866,793	3,235,088
<b>Cash and cash equivalents at the end of year</b>	<b>5,519,389</b>	<b>6,866,793</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		

**PENTLAND HOMES (HOLDINGS) LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 JANUARY 2022**

	2022 £	2021 £
Cash at bank and in hand	5,519,389	6,866,793
	<u>5,519,389</u>	<u>6,866,793</u>

**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 JANUARY 2022**

	At 1 February 2021 £	Cash flows £	At 31 January 2022 £
Cash at bank and in hand	6,866,793	(1,347,404)	5,519,389
Debt due within 1 year	(14,003,336)	7,000,000	(7,003,336)
	<u>(7,136,543)</u>	<u>5,652,596</u>	<u>(1,483,947)</u>

The notes on pages 22 to 43 form part of these financial statements.



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## **PENTLAND HOMES (HOLDINGS) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022**

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#### **1. General information**

The entity is a private company limited by share, incorporated in England and Wales. The address of its registered office is:

The Estate Office  
Canterbury Road  
Etchinghill  
Folkestone  
Kent  
CT18 8FA

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

##### **2.2 Basis of consolidation**

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

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

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 February 2015.

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## **PENTLAND HOMES (HOLDINGS) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022**

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## **2. Accounting policies (continued)**

### **2.3 Going concern**

The activities of the group and the factors that are likely to affect its future development, financial position and risk management objectives are described in the Strategic Report.

The group has considerable financial resources and access to further funding, and the directors consider that the group is in a strong position to manage its business risks and to take advantage of the continuing favourable market conditions in the house-building industry, which, despite Brexit and the coronavirus, seem to remain strong in the medium term. Consequently, they continue to adopt the going concern basis in preparing the annual report and accounts.

The directors have reviewed the group's business and consider that there are no liabilities or significant events that have not been included and disclosed in the accounts.

### **2.4 Foreign currency translation**

#### **Functional and presentation currency**

The group's functional and presentational currency is GBP.

#### **Transactions and balances**

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

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

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

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

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## **PENTLAND HOMES (HOLDINGS) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022**

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#### **2. Accounting policies (continued)**

##### **2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

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

##### **Sale of residential units**

In respect of sales of residential units, a contract is established through a formal purchase process that involves the exchange of contracts via solicitors. Revenue from the sale of residential units is recognised at a point in time on legal completion where the group has transferred to the buyer the control of the units.

##### **Contract revenue**

The group acts as a main contractor on certain building projects, primarily on behalf of the housing associations where the group must provide social housing units as part of its obligations under the planning consent or has sold the land to the housing association and entered into a construction contract to provide the completed units.

Revenue on construction contracts is recognised over time as the performance obligations are satisfied. The output method is used to measure the progress of the group's performance over the duration of the contract. This is done through valuation surveys conducted by the group and by the customer respectively who then agree the value of work completed. The agreed valuation is used to determine the revenue to be recognised for the period. Where the outcome of a contract on which revenue is recognised over time cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred.

##### **2.6 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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## **PENTLAND HOMES (HOLDINGS) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022**

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#### **2. Accounting policies (continued)**

##### **2.7 Leased assets: the Group as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### **2.8 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

##### **2.9 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

##### **2.10 Finance costs**

Finance costs are charged to profit or loss 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.

##### **2.11 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

##### **2.12 Pensions**

###### **Defined contribution pension plan**

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

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## PENTLAND HOMES (HOLDINGS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

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## 2. Accounting policies (continued)

### 2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet date in the countries where the Company and the Group operate and generate income.

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

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

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

### 2.14 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Long-term leasehold property	-	2%
Plant and machinery	-	25%
Motor vehicles	-	25%
Office equipment	-	25%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

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## **PENTLAND HOMES (HOLDINGS) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022**

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#### **2. Accounting policies (continued)**

##### **2.15 Investment property**

Investment property is carried at fair value determined annually by management and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

##### **2.16 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

##### **2.17 Stocks**

Cost includes the purchase of sites, the cost of infrastructure and construction works, and legal and professional fees incurred during development prior to sale. Net realisable value is estimated based upon the future expected selling price, less estimated costs of completion and estimated costs to sell.

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

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

##### **2.18 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.

##### **2.19 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022

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**2. Accounting policies (continued)**

**2.20 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.

**2.21 Holiday pay accrual**

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

**2.22 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**2.23 Financial instruments**

The Group 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.

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the

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## PENTLAND HOMES (HOLDINGS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

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## 2. Accounting policies (continued)

### 2.23 Financial instruments (continued)

difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

### 2.24 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

#### **Interest bearing loans and borrowings**

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

#### **Derecognition of financial liabilities**

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification, this is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.



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## PENTLAND HOMES (HOLDINGS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

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#### 2. Accounting policies (continued)

##### 2.25 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

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

##### Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

##### i) Valuation of inventories

The group values inventories at the lower of cost and net realisable value. The net realisable value is based on the judgement of the probability that planning consent will be granted for each site. The group believes that based on directors' experience, planning consent will be given. If planning consent was not achieved then a provision may be required against inventories.

In applying the group's accounting policy for the valuation of inventories the directors are required to assess the expected selling price and costs to sell each of the plots or units that constitute the group's work in progress. Cost includes the cost of acquisition of sites, the cost of infrastructure and construction works, and legal and professional fees incurred during development prior to sale. Estimation of selling price is subject to significant inherent uncertainties, in particular the prediction of future trends in the market value of land.

Whilst the directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the future selling price, the estimates will, in all likelihood, differ from actual selling prices achieved in future periods and these differences may, in certain circumstances, be very significant. The critical judgement in respect of receipt of planning consent further increases the level of estimation uncertainty.

##### ii) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and physical condition of the assets.

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**PENTLAND HOMES (HOLDINGS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022**

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Property development and sale	52,355,914	41,825,895
Contract revenue	3,021,256	1,231,235
	<u>55,377,170</u>	<u>43,057,130</u>

	2022 £	2021 £
United Kingdom	55,377,170	43,057,130
	<u>55,377,170</u>	<u>43,057,130</u>

All turnover arose within the United Kingdom.

**5. Other operating income**

	2022 £	2021 £
Other operating income	1,517,829	7,587
Government grants receivable	-	266,212
	<u>1,517,829</u>	<u>273,799</u>

**6. Operating profit**

The operating profit is stated after charging:

	2022 £	2021 £
Other operating lease rentals	39,798	34,509

**PENTLAND HOMES (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022**

**7. Auditors' remuneration**

	<b>2022</b> <b>£</b>	<b>2021</b> <b>£</b>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<b>11,000</b>	<b>8,200</b>

**8. Employees**

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

	<b>Group</b> <b>2022</b> <b>£</b>	<b>Group</b> <b>2021</b> <b>£</b>	<b>Company</b> <b>2022</b> <b>£</b>	<b>Company</b> <b>2021</b> <b>£</b>
Staff salaries	<b>2,904,740</b>	3,477,121	-	-
Social security costs	<b>506,872</b>	497,523	-	-
Cost of defined contribution scheme	<b>95,527</b>	41,943	-	-
	<b>3,507,139</b>	4,016,587	-	-

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

	<b>Group</b> <b>2022</b> <b>No.</b>	<b>Group</b> <b>2021</b> <b>No.</b>	<b>Company</b> <b>2022</b> <b>No.</b>	<b>Company</b> <b>2021</b> <b>No.</b>
Production	<b>29</b>	27	-	-
Administration and support	<b>28</b>	29	3	3
	<b>57</b>	56	3	3

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**PENTLAND HOMES (HOLDINGS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022**

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**9. Directors' remuneration**

During the year retirement benefits were accruing to no directors (2021 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £NIL (2021 - £NIL).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2021 - £NIL).

The value of the Group's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £NIL (2021 - £NIL).

The total accrued pension provision of the highest paid director at 31 January 2022 amounted to £NIL (2021 - £NIL).

The amount of the accrued lump sum in respect of the highest paid director at 31 January 2022 amounted to £NIL (2021 - £NIL).

Remuneration paid to subsidiaries directors:

Directors' emoluments	£1,176,818	(2021: £1,286,514)
Pension	£58,204	(2021: £3,940).

The highest paid director of subsidiaries received remuneration of £330,962 (2021: £418,273).

During the year retirement benefits were accruing to 4 directors (2021 - 3) in respect of subsidiaries' defined contribution pension schemes.

**10. Interest receivable**

	2022 £	2021 £
Other interest receivable	2,669	336
	<u>2,669</u>	<u>336</u>

**11. Interest payable and similar expenses**

	2022 £	2021 £
Bank interest payable	418,407	525,027
	<u>418,407</u>	<u>525,027</u>

**PENTLAND HOMES (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022**

**12. Taxation**

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	173,051	686,936
	<u>173,051</u>	<u>686,936</u>
<b>Total current tax</b>	<u>173,051</u>	<u>686,936</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	26,433	48,572
<b>Total deferred tax</b>	<u>26,433</u>	<u>48,572</u>
<b>Taxation on profit on ordinary activities</b>	<u>199,484</u>	<u>735,508</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2021 - the same as) the standard rate of corporation tax in the UK of 19% (2021 - 19%) as set out below:

	2022 £	2021 £
Profit on ordinary activities before tax	994,041	3,489,678
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	188,868	663,039
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	80,478	-
Capital allowances for year in excess of depreciation	(16,813)	24,013
Utilisation of tax losses	(79,498)	-
Short term timing difference leading to an increase (decrease) in taxation	26,433	48,572
Non-taxable income	-	(116)
Unrelieved tax losses carried forward	16	-
<b>Total tax charge for the year</b>	<u>199,484</u>	<u>735,508</u>

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**PENTLAND HOMES (HOLDINGS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022**

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**12. Taxation (continued)**

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**13. Dividends**

	2022 £	2021 £
Dividends analysis	1,164,249	750,000
	<u>1,164,249</u>	<u>750,000</u>

**PENTLAND HOMES (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022**

**14. Tangible fixed assets**

**Group**

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
<b>Cost or valuation</b>					
At 1 February 2021	510,815	369,138	583,949	176,255	1,640,157
Additions	150,000	172,415	343,247	21,655	687,317
Disposals	-	-	(206,545)	-	(206,545)
At 31 January 2022	660,815	541,553	720,651	197,910	2,120,929
<b>Depreciation</b>					
At 1 February 2021	40,832	265,621	497,744	119,283	923,480
Charge for the year on owned assets	10,200	110,268	138,911	30,174	289,553
Disposals	-	-	(202,549)	-	(202,549)
At 31 January 2022	51,032	375,889	434,106	149,457	1,010,484
<b>Net book value</b>					
At 31 January 2022	609,783	165,664	286,545	48,453	1,110,445
At 31 January 2021	469,983	103,517	86,205	56,972	716,677

**15. Fixed asset investments**

**PENTLAND HOMES (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022**

**Company**

	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 February 2021	15,674
At 31 January 2022	<u>15,674</u>

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Pentland Homes Limited	The Estate Office Canterbury Road, Etchinghill, Folkestone, Kent, CT18 8FA	Ordinary	100%
Pentland Kent Limited	Montague Place Quayside, Chatham Maritime, Chatham, Kent, ME4 4QU	Ordinary	90%

The aggregate of the share capital and reserves as at 31 January 2022 and the profit or loss for the year ended on that date for the subsidiary undertakings was as follows:

<b>Name</b>	<b>Profit/(Loss) £</b>
Pentland Homes Limited	28,574,253
Pentland Kent Limited	-

**16. Stocks**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>
Work in progress (goods to be sold)	40,256,219	41,107,674
Finished goods and goods for resale	-	3,911,171
	<u>40,256,219</u>	<u>45,018,845</u>



**PENTLAND HOMES (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022**

**17. Debtors**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
Amounts owed by group undertakings	-	-	5,155,200	5,370,000
	<u>-</u>	<u>-</u>	<u>5,155,200</u>	<u>5,370,000</u>
	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
Trade debtors	2,120,602	1,762,808	-	-
Amounts owed by joint ventures and associated undertakings	1,495,150	325,375	150	375
Other debtors	1,482,170	761,494	-	-
Prepayments and accrued income	822,903	153,396	-	-
	<u>5,920,825</u>	<u>3,003,073</u>	<u>150</u>	<u>375</u>

Trade debtors balance includes £3.3m (2021: £1.5m) owed by connected entities.

**18. Cash and cash equivalents**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
Cash at bank and in hand	5,519,389	6,866,793	273,306	263,411
	<u>5,519,389</u>	<u>6,866,793</u>	<u>273,306</u>	<u>263,411</u>

**PENTLAND HOMES (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022**

**19. Creditors: Amounts falling due within one year**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
Bank loans	7,000,000	14,000,000	-	-
Trade creditors	2,707,780	2,200,803	-	-
Corporation tax	-	584,293	-	40,796
Other taxation and social security	3,513,978	-	-	-
Other creditors	1,853,186	3,474,803	-	-
Accruals and deferred income	690,726	811,071	-	-
	<u>15,765,670</u>	<u>21,070,970</u>	<u>-</u>	<u>40,796</u>

**20. Loans**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>
<b>Amounts falling due within one year</b>		
Bank loans	7,000,000	14,000,000
	<u>7,000,000</u>	<u>14,000,000</u>
	<u>7,000,000</u>	<u>14,000,000</u>

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**PENTLAND HOMES (HOLDINGS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022**

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The group's bank, Lloyds Bank Plc, has legal charges over portions of land owned by the group as listed below:

- i) A fixed charge and negative pledge dated 25 July 2016 over properties of the group.
- ii) A fixed and floating charge covering all property or undertaking of Pentland Homes Limited dated 2 August 2016. The charge contains negative pledge.
- iii) A floating charge and negative pledge over land adjoining to New Street Farm, Great Chart, Ashford registered at the Land Registry under title number TT42532 was created on 23 August 2016.
- iv) A fixed and floating charge on land lying to the North of Canterbury Road, Lydden, Dover. The charge was created on 26/11/2018. The charge contains negative pledge.
- v) A fixed and floating charge on land located on West Side of Stone Street, Stelling Minnis. The charge was created on 24/05/2019. The charge contains negative pledge.
- vi) A fixed and floating charge on land on the North-West side of Elvington Lane, Hawkinge. The charge was created on 10/08/2022. The charge contains negative pledge.
- vii) A fixed and floating charge on land lying to the North-East of Canterbury Road, Etchinghill. The charge was created on 07/09/2022. The charge contains negative pledge.

Other charges:

Westerley Investments Limited have registered a legal charge on 14 May 2004 on freehold property Pound Farm, Kingsnorth, Ashford, Kent on all initial overage payments and further overage payments which may become due at any time within the Perpetuity Period.

**21. Financial instruments**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Company 2022 £</b>	<b>Company 2021 £</b>
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	<b>5,519,389</b>	<b>6,866,793</b>	<b>273,306</b>	<b>263,411</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022

**Group**

	Group 2022 £	Group 2021 £
Accelerated capital allowances	(75,005)	(48,572)
	<u>(75,005)</u>	<u>(48,572)</u>

**Group**

	Customer care and cost to complete provisions £
At 1 February 2021	318,593
Charged to profit or loss	2,850,049
<b>At 31 January 2022</b>	<b>3,168,642</b>

**Allotted, called up and fully paid**

	2022 £	2021 £
<b>Allotted, called up and fully paid</b>		
15,664 (2021 - 15,664) Ordinary shares of £1.00 each	<b>15,664</b>	15,664

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**PENTLAND HOMES (HOLDINGS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2022**

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**25. Pension commitments**

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the scheme and amounted to £95,528 (2021: £41,943). Contributions totaling £10,286 (2021: £9,546) were payable to the scheme at the balance sheet date.

**26. Commitments under operating leases**

At 31 January 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2022 £</b>	<b>Group 2021 £</b>
Not later than 1 year	<b>11,533</b>	48,198
Later than 1 year and not later than 5 years	-	11,533
	<b><u>11,533</u></b>	<b><u>59,731</u></b>

**27. Transactions with directors**

Following balances were outstanding at the year end:

Loans payable to directors totaled £3k (2021: £3k). During the year the group paid interest of £Nil (2021: £Nil) on the loan.

During the year the group sold motor vehicles totalling £42k to its directors. All of the invoices have been paid in full and there was no balance outstanding at the year end.

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## PENTLAND HOMES (HOLDINGS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2022

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#### 28. Related party transactions

Transactions with group and associated companies:

Pentland Homes (Holdings) Ltd (PHHL), a parent company of Pentland Homes Ltd (PHL), is controlled by P N Tory and J N Tory. During the year, the following transactions occurred:

1) Pentland Homes Ltd received a loan of £6.12m from its parent company, Pentland Homes (Holdings) Ltd. The loan bears interest at 4% per annum. At the year end, the company owes £5.2m (2021: £5.4m) to PHHL.

2) P N Tory and J N Tory are directors of Pentland Homes Ltd and also control Pentland Golf and Etchinghill Golf. During the year, the following transactions occurred with the above businesses:

Etchinghill Golf charged costs of £57k (2021: £70k) to Pentland Homes Ltd. During the year the group purchased properties for £3.75m from Etchinghill Golf. At the year end, the group owed £Nil (2021: £Nil) to Etchinghill Golf.

3) J N Tory is a director of Pentland Homes Ltd and also controls Cave Hotels (UK) Ltd and Boughton Golf. During the year, the following transactions occurred with the above entities:

Costs of £Nil (2021: £16k) recharged to Cave Hotels (UK) Ltd and costs of £47k (2021: £12k) recharged by Cave Hotels (UK) Ltd.

At the year end, the group owed £16k (2021: £10k owed by) to Cave Hotels (UK) Ltd.

4) P N Tory and J N Tory are both directors and shareholders of Pentland Properties Ltd and also directors of Pentland Homes Ltd. During the year the group provided £39.05m (2021: £11.7m) worth of goods and services Pentland Properties Ltd. A management charge of £1.5m was also charged by Pentland Homes Limited to Pentland Properties Limited. At the year end, the group owed £3.3m (2021: £1.8m) to Pentland Properties Ltd.

#### 29. Interest rate hedge

The group has interest rate hedge with Lloyds Bank Plc for maximum loan of £15m with a cap rate of 2.5%. The hedge will expire on 30 June 2022. The fair value of the financial instruments designated as hedging instruments at 31 January 2022 is £Nil (2021 - £Nil). The amount of the change in fair value of the hedging instrument recognised in profit or loss for the period is £Nil (2021 - £Nil).

#### 30. Controlling party

Pentland Homes (Holdings) Limited is the ultimate parent company. P N Tory and J N Tory are the ultimate controlling parties by virtue of their majority shareholding in the parent company.