

Company No: 04916897

YARLINGTON HOMES LIMITED

Annual Report and Financial Statements

Year Ended 31 March 2024

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GENERAL INFORMATION

BOARD OF DIRECTORS

Jane Alderman
Stephen Lodge
Vimal Gaglani

COMPANY SECRETARY

Gemma Burton-Connolly
Sarah Pearson

resigned 1 September 2023
appointed 2 September 2023

REGISTERED OFFICE

Collins House
Bishopstoke Road
Eastleigh
Hampshire
SO50 6AD

BANKERS

The Royal Bank of Scotland plc
2 Hendford
Yeovil
Somerset
BA20 1TN

AUDITOR

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

STRATEGIC REPORT

Organisational Overview

Yarlington Homes Limited is registered at Companies House in accordance with the Companies Act. The Company is a member of the Abri Group, with a registered head office in Eastleigh.

Business Model

The primary activity of the Company is the provision of development services for properties across social and affordable tenures.

The Company had also previously invested in Advantage SouthWest LLP, which was set up as a consortium to obtain value for money in purchasing off site manufactured units and broadened its procurement activity into capital works expenditure.

On 16 May 2023 the Company informed fellow partners of Advantage SouthWest LLP of their intention to withdraw as a member, which became effective on 31 March 2024. The Company ceased to be a person with significant control at this date.

Overview of Financial Performance

Turnover has increased from £62.0m to £64.3m, following an increase in volumes of development activity in the Abri Group from which the Company derives its turnover.

Cost of sales, including labour, subcontractor, and materials, have increased from £59.6m to £61.8m, in line with turnover. Operating costs, in the form of management recharges from other group companies, as well as the cost of aborted development sites have increased year on year.

In the year, the Company has commenced depositing surplus cash in money market funds and has generated £0.2m of interest income. At year end, following the withdrawal from Advantage SouthWest the Company is due its share of retained surpluses earned from the partnership of £0.1m.

The increase in activity has also seen profit before tax increase from £2.3m to £2.8m, with a corresponding improvement in net margin from 3.7% to 3.8%.

Receivables have increased from £0.1m to £0.2m, the increase driven by distributions owed by Advantage SouthWest being accrued at the reporting date. Cash has reduced from £16.7m to £7.4m, predominantly due to the cancellation of 5,924,791 ordinary £1 shares in the year.

Payables due within one year have decreased from £14.4m to £11.2m, led by a £2.7m decrease in deferred income and £1.3m reduction in amounts owed to Group undertakings.

In December 2023, the Company paid £1.4m in Gift Aid to its parent company, an amount previously accrued for, fully mitigating its taxable surplus for the year ended 31 March 2023. At the end of the financial year, the Company has accrued a Gift Aid payment of £1.0m to mitigate the taxable surpluses generated during the current year; the amounts will be paid prior to 31 December 2024.

The share cancellation contributed to the Company ending the financial year in a small net asset position.

STRATEGIC REPORT (continued)

Our Performance

The Group monitor operations every month on a group-wide basis by a range of key performance indicators (KPIs), allowing us to assess our financial performance and position and the delivery of our corporate strategy during the year. An appraisal of these KPIs is included in our Group statutory accounts, available on our website.

Principal Risks and Uncertainties

Within the Group, the principal risks and uncertainties, as identified by the Executive Board, are deemed to be those that would impact on the Group's ability to successfully deliver on the aims and objectives of its corporate strategy. An appraisal of these strategic risks is included in our Group statutory accounts.

Operational risks are those that the entities in the organisation face on a day-to-day basis, which are specific to the activities performed in each legal entity.

The principal risk facing the entity is the ability of fellow Group entities being unable to meet their contractual obligations to purchase housing properties as they fall due. Such risks are mitigated by the work performed and reviews undertaken by the relevant committees within the Group.

Section 172 Compliance

The Company operates within the structure of the Abri Group and, as such, key decisions impacting the Company are taken by the Executive Board, subject to approval from the relevant committee and legal entity board. Decisions impacting the entity most typically pass through the Development and Assets Committee with input from the Development directorate.

The Directors place paramount importance on their legal duties under Section 172 of the Companies Act 2006. The Board is of the opinion that its conduct and those it collaborates with led to decisions made in good faith to promote the success of the Company whilst considering the long-term implications of those decisions on its key stakeholders, as outlined below.

Employees

The entity has no direct employees but utilises members of staff from relevant departments who are employed by other members of the Group. All employees share common terms and conditions, irrespective of the employing entity and have access to the same resources, services and development opportunities.

Employees are supported by Connexus, a forum of elected individuals who collaborate with the Executive Board and providing a voice for feedback. Employees are regularly surveyed, have monthly performance check ins with managers and are encouraged to openly share their views.

Customers and Partners

Being members of the same Group, regular contact is maintained with Abri Group Limited and The Swaythling Housing Society Limited to whom all design and build and construction services are provided. This enables the entity to monitor the liquidity of these entities and be comfortable it will be paid for services delivered.

The entity maintains relationships with several suppliers, subcontractors and professional service firms who are all managed under the procurement function of the Group.

STRATEGIC REPORT (continued)

Section 172 Compliance

Community and Environment

The entity is directly involved in the supply of new homes to the registered providers in the Group and plays an important role in building communities, a fundamental pillar of the group wide Corporate Strategy. We seek to engage with local communities in the early stages of planning, keeping them informed and updated during the construction process.

As a housebuilder, the entity is engaged with the relevant departments in the organisation to ensure our homes are delivered in an environmentally friendly way as possible, using modern methods of construction and materials where possible and are sustainable for customers in the long run.

Statement of Compliance

The strategic report was approved by the Board on 22 July 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J Alderman', written in a cursive style.

Jane Alderman
Director

DIRECTORS' REPORT

The Directors present their report for the year ended 31 March 2024.

Board of Directors

The Directors of the Company during the year and up to the date of signing are listed on page 1 and their remuneration is disclosed in note 7.

Membership of Other Legal Entities and Committees

The members of the Board also hold positions as Directors of other legal entities and serve on committees within Abri Group as outlined below:

| | Jane Alderman | Stephen Lodge | Vimal Gaglani |
|----------------------------------|----------------------|----------------------|----------------------|
| Legal entities | | | |
| Abri Group | Member | - | - |
| The Swaythling Housing Society | Member | - | - |
| Oriel Housing | Member | - | - |
| Silva Homes | Member | - | - |
| Radian Capital | - | Member | - |
| Radian Developments | Member | <i>Chair</i> | - |
| Forest Future Homes | Member | Member | - |
| Yarlington Treasury Services | - | Member | - |
| Yarlington Property Management | - | Member | - |
| Committees | | | |
| Treasury | Member | - | - |
| Development and Assets | Chair | - | - |
| Customer Service and Performance | Member | - | - |

Key: Non-Executive Member, ¹ *Executive Board Member*, ² *Corporate Director*

Directors' Indemnities

Directors' and Officer's insurance cover has been established for all Directors to provide appropriate cover, indemnifying them against liability when acting for the Company. The indemnities were in force during the financial year and remain in place for all current and past Directors of the Company.

Dividends

The Directors do not recommend the payment of a dividend (2023: £nil).

Governance and Regulation

The operations of the Company are subject to the governance and management structures in place across the Group, in common with all fellow subsidiaries. An overview of the approach to governance and regulatory compliance, as determined by the Group Board, is included in our Group statutory accounts.

DIRECTORS REPORT (continued)

Employees

The Company had no employees in the year (2023: none).

Post Balance Sheet Events

There have been no events since the reporting date that the Board considers to have had a significant effect on the Company's financial position.

Going Concern

In recent years, several factors – a global pandemic, followed by Russia's invasion of Ukraine, both significant contributors to the resulting cost of living crisis and the consequential rise in interest rates – have all significantly impacted going concern assessments. Whilst certain elements, most notably geo-political instability, continues to exist, others have gradually faded as we adjust to a new normal.

The entity delivers design and build services to fellow Group members, typically on a cost-plus basis, where its tax structure delivers an overall benefit to the Group. The appropriateness of preparing the accounts of the entity on a going concern basis is therefore intrinsically linked to the going concern of the Group as a whole.

The Group has prepared cash flow forecasts covering a period of 19 months from the date of approval of these financial statements. At a Group level, the Board believes that there is no material uncertainty that would cast doubt on the Group's ability to continue as a going concern and it is well placed to absorb the impact of changes that lay ahead.

Prior to entering into contract with third parties, the directors also ensure the purchasing entity can meet its contractual obligations as they fall due via a review of past involvement with the purchaser, updating credit checks and liquidity assessments. The Development and Assets committee also reviews the performance of all development schemes, with delegation from the ultimate parent under Group Standing Orders for effective governance and operations across all Group subsidiaries. They receive assurance at each meeting that financial commitments can be met and are provided with oversight of key financial risks.

The entity is currently engaged in several contracts for work and has a reasonable expectation of being awarded more in future. For the reasons outlined above, the entity is expected to deliver a profit during the execution of these contracts.

The entity has no external funding and is therefore not exposed to bank covenants and is protected from a range of macro-economic factors, such as inflation, given the contractual arrangements in place.

The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis for the 12 months from the signing date.

DIRECTORS REPORT (continued)

Disclosure of Information to Auditor

At the date when this report is approved each of the Board Members confirm the following:

- so far as each Board Member is aware, there is no relevant audit information needed by the Company's auditor in connection with preparing their report, of which the Company's auditor is unaware; and
- each Board Member has taken all the steps that they ought to have taken as a Board Member to make themselves aware of any relevant audit information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

External Auditor

BDO LLP has indicated their willingness to continue in office as auditor to the Abri Group, and a resolution to appoint them will be proposed at the forthcoming annual general meeting.

Approval of the Board

The Directors' Report was approved by the Board on 22 July 2024 and signed on its behalf by:



Jane Alderman
Director

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the 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 Company and of the profit or loss of the Company for that period.

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YARLINGTON HOMES LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2024 and of its 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.

We have audited the financial statements of Yarlington Homes Limited ("the Company") for the year ended 31 March 2024 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YARLINGTON HOMES LIMITED (continued)

Other information

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

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.

Other Companies Act 2006 reporting

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.

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

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YARLINGTON HOMES LIMITED (continued)

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.

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

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:

Non-compliance with laws and regulations

Based on:

- our understanding of the Company and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be UK GAAP, the Companies Act 2006, and the relevant tax legislation.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation.

Our procedures in respect of the above included:

- review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- review of financial statement disclosures and agreeing to supporting documentation; and
- review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- obtaining an understanding of the Company's policies and procedures relating to:
 - detecting and responding to the risks of fraud; and
 - internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YARLINGTON HOMES LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Fraud (continued)

- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls.

Our procedures in respect of the above included:

- testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation. We also selected a sample of journals on an unpredictability basis which are not meeting the defined risk criteria and agreed these back to supporting documentation; and
- assessing significant estimates made by management for bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.

DocuSigned by:

Paula Willock

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Paula Willock (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom

22 August 2024

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

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2024

| | Note | 2024 £'000 | 2023 £'000 |
|---|----------|---------------|---------------|
| Turnover | 3 | 64,301 | 61,974 |
| Cost of sales | | (61,818) | (59,616) |
| Operating costs | | (40) | (60) |
| Operating Profit | | 2,443 | 2,298 |
| Finance income | 4 | 219 | - |
| Distributions from associates | | 120 | - |
| Profit on ordinary activities before tax | 5 | 2,782 | 2,298 |
| Tax charge for the year | 6 | (417) | - |
| Profit on ordinary activities after tax and total comprehensive income | | 2,365 | 2,298 |

All activities derive from continuing operations.

The notes on pages 16 to 21 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 March 2024

| | Note | 2024 £'000 | 2023 £'000 |
|--|------|---------------|---------------|
| Fixed assets | | | |
| Investments | 9 | - | 5 |
| | | <u>-</u> | <u>5</u> |
| Current assets | | | |
| Properties for sale | 10 | 3,647 | 3,620 |
| Receivables | 11 | 223 | 100 |
| Cash and cash equivalents | | 7,351 | 16,680 |
| | | <u>11,221</u> | <u>20,400</u> |
| Payables: amounts due within one year | 12 | (11,220) | (14,445) |
| Net current assets | | <u>1</u> | <u>5,955</u> |
| Total assets less current liabilities | | <u>1</u> | <u>5,960</u> |
| Net assets | | <u>1</u> | <u>5,960</u> |
| Capital and reserves | | | |
| Share capital | 13 | 1 | 5,926 |
| Revenue reserve | | 0 | 34 |
| | | <u>1</u> | <u>5,960</u> |

The notes on pages 16 to 21 form part of these financial statements.

The financial statements of Yarlington Homes Limited, registered number 04916897, on pages 13 to 21 were approved by the Board of Directors and authorised for issue on 22 July 2024 and signed on its behalf by:



Jane Alderman
 Director

STATEMENT OF CHANGES IN EQUITY

| | Share Capital £'000 | Revenue Reserve £'000 | Total £'000 |
|---|---------------------------|-----------------------------|----------------|
| At 1 April 2022 | 5,926 | 33 | 5,959 |
| Profit on ordinary activities after tax | - | 2,298 | 2,298 |
| Gift Aid paid – prior year | - | 2 | 2 |
| Gift Aid accrued – current year | - | (2,299) | (2,299) |
| At 31 March 2023 | 5,926 | 34 | 5,960 |
| Profit on ordinary activities after tax | - | 2,365 | 2,365 |
| Gift Aid paid – prior year | - | (1,399) | (1,399) |
| Gift Aid accrued – current year | - | (1,000) | (1,000) |
| Shares cancelled during the year | (5,925) | - | (5,925) |
| At 31 March 2024 | 1 | - | 1 |

The notes on pages 16 to 21 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. LEGAL STATUS

The Company is a private limited company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006. The registered office is shown on page 1.

2. ACCOUNTING POLICIES

Basis of Preparation

The financial statements of the Company have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102). The financial statements are presented in pounds sterling and have been prepared on the historical cost basis.

Going Concern

In recent years, several factors – a global pandemic, followed by Russia’s invasion of Ukraine, both significant contributors to the resulting cost of living crisis and the consequential rise in interest rates – have all significantly impacted going concern assessments. Whilst certain elements, most notably geo-political instability, continues to exist, others have gradually faded as we adjust to a new normal.

The entity delivers design and build services to fellow Group members, typically on a cost-plus basis, where its tax structure delivers an overall benefit to the Group. The appropriateness of preparing the accounts of the entity on a going concern basis is therefore intrinsically linked to the going concern of the Group as a whole.

The Group has prepared cash flow forecasts covering a period of 19 months from the date of approval of these financial statements. At a Group level, the Board believes that there is no material uncertainty that would cast doubt on the Group’s ability to continue as a going concern and it is well placed to absorb the impact of changes that lay ahead.

Prior to entering into contract with third parties, the directors also ensure the purchasing entity can meet its contractual obligations as they fall due via a review of past involvement with the purchaser, updating credit checks and liquidity assessments. The Development and Assets committee also reviews the performance of all development schemes, with delegation from the ultimate parent under Group Standing Orders for effective governance and operations across all Group subsidiaries. They receive assurance at each meeting that financial commitments can be met and are provided with oversight of key financial risks.

The entity is currently engaged in several contracts for work and has a reasonable expectation of being awarded more in future. For the reasons outlined above, the entity is expected to deliver a profit during the execution of these contracts.

The entity has no external funding and is therefore not exposed to bank covenants and is protected from a range of macro-economic factors, such as inflation, given the contractual arrangements in place.

The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis for the 12 months from the signing date.

Disclosure Exemptions

In preparing the financial statements of the Company, advantage has been taken of the disclosure exemption under FRS 102 paragraph 1.12(b) in not preparing a Statement of Cash Flows on the basis that this is included in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)

2. ACCOUNTING POLICIES (continued)

Associates

Associates are those where the Company holds a significant influence, but has no overall control.

In the financial statements interests in associates are accounted for using the cost method, under which the equity investment is initially recognised at the transaction price and distributions are recorded as income in the period received.

Turnover

Turnover represents income receivable from the provision of construction and development services. For standard contracts, turnover represents the fair value of the service provided based on the stage of completion at the reporting date. For golden brick contracts, no turnover is recognised until the appropriate stage of completion as defined in the contract. Payments received in advance are recognised as deferred income within payables and due within one year.

Cost of Sales

Cost of sales represent direct labour, materials and subcontractor costs incurred in providing construction and development services.

Value Added Tax (VAT)

The Company is VAT registered and makes zero-rated supplies of construction services and partially constructed residential buildings, enabling it to reclaim its input VAT.

Tax

Current tax is recognised for tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash at bank and in hand, deposits, and short-term investments with an original maturity date of three months or less.

Properties for Sale

Properties being developed for fellow group subsidiaries are classed as current assets at the reporting date and are valued at the lower of cost or estimated selling price less costs to complete and sell.

Receivables and Payables

Receivables and payables with no stated interest rate, and receivable and payable within one year, are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income within operating income and expense.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**2. ACCOUNTING POLICIES (continued)****Financial Instruments**

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are classified according to their substance.

Critical Judgements, Estimates, and Uncertainty

Preparation of the financial statements requires management to make the following significant judgments and estimates:

Recoverable amount of properties held for sale to fellow Group entities

Judgement is exercised in determining that the entity within the Group contracted to purchase properties developed for sale can meet their obligations as they fall due and that, subsequently properties are not held at a carrying value higher than their recoverable amount.

3. TURNOVER

The Company operates solely within, and therefore all revenue is generated from, operations in the United Kingdom. All turnover in both the current and prior year relates to the provision of design and build services.

4. FINANCE INCOME

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Interest receivable from cash and cash equivalents | 219 | - |

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

Profit on ordinary activities before taxation is stated after charging:

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Fees payable to the Company's auditor for: | | |
| Audit of the annual financial statements (excluding VAT) | 10 | 7 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**6. TAX**

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 25% (2023: 19%). The differences are explained as follows:

| | 2024 | 2023 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Total tax reconciliation | | |
| Profit on ordinary activities before tax | 2,782 | 2,298 |
| Tax on profit on ordinary activities at 25% (2023: 19%) | 696 | 437 |
| Effects of: | | |
| Movement in unrecognised deferred tax | (29) | - |
| Gift Aid | (250) | (437) |
| Total tax (credit)/charge | 417 | - |

The deduction of £250k (2023: £437k) of Gift Aid relates to an amount of £1,000k (2023: £2,299k) to be gifted prior to 31 December 2024, with the tax benefit taken in the year ended 31 March 2024 as permitted by Section 199 of the Corporation Tax Act 2020.

7. DIRECTORS' EMOLUMENTS

The Key Management Personnel of the Company, who are all remunerated by The Swaythling Housing Society Limited, are identified as:

- The legal Directors, comprising both non-executive and executive board members (as outlined below);
- The remaining members of the Executive Board who are not legal Directors; and
- The Corporate Directors who have day-to-day responsibilities for operational departments in the wider Group structure

Non-Executive members receive a fee in respect of services provided to all Group entities and committees; it is not possible to disaggregate their remuneration at a constituent entity level. Executive Board members receive no incremental remuneration for their role as Directors of individual legal entities.

| Name | Appointed | Resigned | Annual Fee |
|----------------------------|------------------|-----------------|-------------------|
| Jane Alderman | 04/11/2019 | - | 16,238 |
| Stephen Lodge ¹ | 20/09/2016 | - | N/A |
| Vimal Gaglani ² | 24/11/2021 | - | N/A |

Key: Non-Executive Member, ¹ Executive Board Member, ² Corporate Director

8. STAFF COSTS

The Company had no employees in the year (2023: none).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**9. INVESTMENTS**

The Company previously invested in Advantage SouthWest LLP, which was set up as a consortium to obtain value for money in purchasing off site manufactured units and broadened its procurement activity into capital works expenditure.

On 16 May 2023 the Company informed fellow partners of Advantage SouthWest LLP of their intention to withdraw as a member, which became effective on 31 March 2024. The Company ceased to be a person with significant control at this date.

10. PROPERTIES HELD FOR SALE

| | 2024 | 2023 |
|----------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Properties under construction | 1,128 | 1,141 |
| Land held for future development | 2,519 | 2,479 |
| | 3,647 | 3,620 |

11. RECEIVABLES

| | 2024 | 2023 |
|------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Trade receivables | 3 | 1 |
| Other receivables and prepayments | 120 | - |
| Other taxation and social security | 100 | 99 |
| | 223 | 100 |

12. PAYABLES: AMOUNTS DUE WITHIN ONE YEAR

| | 2024 | 2023 |
|------------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Trade payables | 465 | 174 |
| Amounts owed to Group undertakings | 319 | 1,584 |
| Accruals | 5,191 | 4,854 |
| Deferred income | 998 | 3,692 |
| Contract retentions | 2,830 | 1,842 |
| Corporation tax payable | 417 | - |
| Gift Aid distribution | 1,000 | 2,299 |
| | 11,220 | 14,445 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024 (continued)**13. SHARE CAPITAL**

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Shares of £1 each | | |
| Shares issued and fully paid at 1 April and 31 March | <u>1</u> | <u>5,926</u> |

On 13 December 2023, the Company cancelled and extinguished 5,924,791 ordinary £1 shares, each of which were fully paid up by Abri Group Limited, reducing share capital from £5,925,791 to £1,000.

14. RELATED PARTY TRANSACTIONS

The Company, a subsidiary of Abri Group Limited, has taken advantage of the exemption contained in FRS 102 paragraph 33.1A not to disclose transactions or balances with entities which are wholly owned by the Group.

There were no other related party transactions during the period or balances at the reporting date.

15. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 31 March 2024 the Company's ultimate parent and ultimate controlling party was Abri Group Limited, a Co-operative and Community Benefits Society registered with the Financial Conduct Authority.

Abri Group Limited is a registered provider and is the parent of both the largest and smallest group into which the Company is consolidated.

Group financial statements can be obtained from Abri Group Limited, Collins House, Bishopstoke Road, Eastleigh, SO50 6AD.