

COMPANY REGISTRATION NUMBER: 09323682

Sunningdale House Developments Limited
Financial Statements
31 December 2020

BURGESS HODGSON LLP
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN



Sunningdale House Developments Limited

Financial Statements

Year ended 31 December 2020

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Sunningdale House Developments Limited

Strategic Report

Year ended 31 December 2020

Introduction

The director presents his strategic report for the year ended 31 December 2020.

Principle activities

The company is an multi award winning residential developer building bespoke, high quality multi-occupancy schemes, waterfront, and family housing developments throughout the South East of England.

Financial Performance Indicators

The group achieved a profit of £206,274 (2019: loss of £3,913,506).

The 119 unit completions was significantly higher than the 51 achieved in the prior year, hence turnover increased dramatically by £21,902,784, from £21,014,295 in 2019 to £42,917,079 in 2020. This shows the strength of demand for the high-quality housing stock held.

The group work in progress reduced slightly from £136,813,291 to £131,830,434. Which is due to a significant number of projects nearing the final stages of completion and the increased sales in the year.

The group's bank loans and overdrafts falling due within one year has reduced from £78,838,624 to £70,314,984 with £3,849,132 falling due after more than one year compared to £nil in the prior year.

Future Developments

The number of homes sold in 2020 was 119, an increase of 133% from the prior year.

Land owned by the group with either outline or detailed planning consents equates to 876 units with a further 766 units held under option agreements. The group plans to build on the current year by continuing its work on existing projects through to completion whilst seeking out new opportunities wherever they may present themselves.

Principal risks and uncertainties

COVID-19

The COVID-19 pandemic continues to have widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. The government have required and may in the future require measures to contain the virus, including social distancing, travel restrictions, limitations on public gatherings, work from home, supply chain logistical changes, and closure of non-essential businesses at times also. However, the residential housing market and the associated outsourced construction has been allowed to remain open throughout most of the pandemic and the business has put procedures in place to ensure it can continue safely and efficiently.

The extent to which the COVID-19 pandemic impacts our business going forward will depend on numerous evolving factors we cannot reliably predict, including the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or financial market instability.

Financial

The director believes that the company is in a strong position to recover the loss from the prior year and continue to be profitable going forward despite the impacts of coronavirus as the residential housing market continues to prove robust with little downturn and high demand combined with more of the projects being completed or in the final phases of construction and thus more attractive to potential buyers, as borne out by post year-end sales.

The main creditor of the business, also a shareholder, continues to be supportive and has provided additional assurance that loans will not be recalled within the next 12 months.

Liquidity

Sunningdale House Developments Limited

Strategic Report *(continued)*

Year ended 31 December 2020

The business has managed creditors to ensure liquidity throughout the year and expects to improve on this position as a significant percentage of the 119 units delivered during the year were done so via non-profit making S106 agreements this will enhance profit margins in subsequent years from continuing development projects.

Political

Management are aware of the risks Brexit poses and continues to monitor various policies which can drive the housing markets such as the help to buy scheme and the current stamp duty holiday.

This report was approved by the board of directors on 30/09/2021 and signed on behalf of the board by:



Mr D R Pownceby
Director

Registered office:
Camburgh House
27 New Dover Road
Canterbury
Kent
United Kingdom
CT1 3DN

Sunningdale House Developments Limited

Director's Report

Year ended 31 December 2020

The director presents his report and the financial statements of the group for the year ended 31 December 2020.

Directors

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

Mr D R Pownceby

Mr T C le Maistre

(Resigned 17 November 2020)

Dividends

The director does not recommend the payment of a dividend.

Director's responsibilities statement

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

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

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

Sunningdale House Developments Limited

Director's Report *(continued)*

Year ended 31 December 2020

This report was approved by the board of directors on ...30/09/2021... and signed on behalf of the board by:



Mr D R Pownceby
Director

Registered office:
Camburgh House
27 New Dover Road
Canterbury
Kent
United Kingdom
CT1 3DN

Sunningdale House Developments Limited

Independent Auditor's Report to the Members of Sunningdale House Developments Limited

Year ended 31 December 2020

Opinion

We have audited the financial statements of Sunningdale House Developments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty in respect of going concern

We draw your attention to note 3 (going concern accounting policy) which details there is financial reliance on an associated entity. As stated in the note, this matter indicates that material uncertainty may exist that may cause doubt over the company's ability to continue as a going concern.

Our opinion is not modified in respect of this.

Sunningdale House Developments Limited

Independent Auditor's Report to the Members of Sunningdale House Developments Limited *(continued)*

Year ended 31 December 2020

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Sunningdale House Developments Limited

Independent Auditor's Report to the Members of Sunningdale House Developments Limited (continued)

Year ended 31 December 2020

Responsibilities of the director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered; the nature of the industry, control environment and business performance.

We also consider the results of our enquiries of management, relating to their own identification and assessment of the risks of irregularities and possible related fraud. This includes reviewing available documentation on their policies and procedures and performing tests of controls to evidence their effectiveness.

Throughout the audit testing we are considering the incentives that may exist within the organisation for fraud. Key areas include timing of recognising income around the year end, posting of unusual journals and manipulating the company's performance measures to meet bank covenants. 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 ensure we have an understanding of the relevant laws and regulations and remain alert to possible non-compliance throughout the audit.

Despite proper planning and audit work in accordance with auditing standards there are inherent limitations and unavoidable risk that we may not detect some irregularities and material misstatements in the financial statements. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Sunningdale House Developments Limited

Independent Auditor's Report to the Members of Sunningdale House Developments Limited *(continued)*

Year ended 31 December 2020

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

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

Sunningdale House Developments Limited

Independent Auditor's Report to the Members of Sunningdale House Developments Limited *(continued)*

Year ended 31 December 2020

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

Use of our report

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



Andrew Collyer (Senior Statutory Auditor)

For and on behalf of
Burgess Hodgson LLP
Chartered accountants & statutory auditor
Camburgh House
27 New Dover Road
Canterbury
Kent
CT1 3DN

30/09/2021

Sunningdale House Developments Limited
Consolidated Statement of Income and Retained Earnings
Year ended 31 December 2020

	Note	2020 £	2019 (restated) £
Turnover	4	42,917,079	21,014,295
Cost of sales		<u>40,966,359</u>	<u>24,285,656</u>
Gross profit/(loss)		1,950,720	(3,271,361)
Administrative expenses		<u>1,744,446</u>	<u>642,046</u>
Operating profit/(loss)	5	206,274	(3,913,407)
Loss on impairment or disposal of operations		<u>—</u>	<u>(99)</u>
Profit/(loss) before taxation		206,274	(3,913,506)
Tax on profit/(loss)	8	<u>—</u>	<u>—</u>
Profit/(loss) for the financial year and total comprehensive income		<u>206,274</u>	<u>(3,913,506)</u>
Retained (losses)/earnings at the start of the year		(3,331,588)	581,918
Retained losses at the end of the year		<u>(3,125,314)</u>	<u>(3,331,588)</u>

All the activities of the group are from continuing operations.

The notes on pages 15 to 24 form part of these financial statements.

Sunningdale House Developments Limited
Company Statement of Income and Retained Earnings
Year ended 31 December 2020

	2020	2019 <i>(restated)</i>
	£	£
Note		
Profit/(loss) for the financial year and total comprehensive income	(550,160)	(1,761,709)
Retained (losses)/earnings at the start of the year	<u>(1,162,925)</u>	<u>598,784</u>
Retained losses at the end of the year	<u>(1,713,085)</u>	<u>(1,162,925)</u>

The notes on pages 15 to 24 form part of these financial statements.

Sunningdale House Developments Limited

Consolidated Statement of Financial Position

31 December 2020

	Note	2020 £	2019 (restated) £
Fixed assets			
Tangible assets	9	10,575	7,851
Current assets			
Stocks	11	131,830,434	136,813,291
Debtors	12	3,792,759	2,215,016
Cash at bank and in hand		657,083	533,451
		<u>136,280,276</u>	<u>139,561,758</u>
Creditors: amounts falling due within one year	13	<u>135,567,000</u>	<u>142,901,164</u>
Net current assets/(liabilities)		<u>713,276</u>	<u>(3,339,406)</u>
Total assets less current liabilities		<u>723,851</u>	<u>(3,331,555)</u>
Creditors: amounts falling due after more than one year	14	<u>3,849,132</u>	<u>—</u>
Net liabilities		<u>(3,125,281)</u>	<u>(3,331,555)</u>
Capital and reserves			
Called up share capital	17	4	4
Profit and loss account		<u>(3,125,314)</u>	<u>(3,331,588)</u>
Equity attributable to the owners of the parent company		<u>(3,125,310)</u>	<u>(3,331,584)</u>
Non-controlling interests		<u>29</u>	<u>29</u>
		<u>(3,125,281)</u>	<u>(3,331,555)</u>

These financial statements were approved by the board of directors and authorised for issue on 30/01/2021, and are signed on behalf of the board by:



Mr D R Pownceby
Director

Company registration number: 09323682

The notes on pages 15 to 24 form part of these financial statements.

Sunningdale House Developments Limited

Company Statement of Financial Position

31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	9	10,575	7,851
Investments	10	665	433
		<u>11,240</u>	<u>8,284</u>
Current assets			
Stocks	11	2,778,999	1,624,858
Debtors	12	60,138,643	51,917,656
Cash at bank and in hand		269,593	532,979
		<u>63,187,235</u>	<u>54,075,493</u>
Creditors: amounts falling due within one year	13	<u>64,911,556</u>	<u>55,246,698</u>
Net current liabilities		<u>1,724,321</u>	<u>1,171,205</u>
Total assets less current liabilities		<u>(1,713,081)</u>	<u>(1,162,921)</u>
Net liabilities		<u>(1,713,081)</u>	<u>(1,162,921)</u>
Capital and reserves			
Called up share capital	17	4	4
Profit and loss account		<u>(1,713,085)</u>	<u>(1,162,925)</u>
Shareholders deficit		<u>(1,713,081)</u>	<u>(1,162,921)</u>

The loss for the financial year of the parent company was £550,160 (2019: £1,761,709).

These financial statements were approved by the board of directors and authorised for issue on 30/09/2021 and are signed on behalf of the board by:



Mr D R Pownceby
Director

Company registration number: 09323682

The notes on pages 15 to 24 form part of these financial statements.

Sunningdale House Developments Limited

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	2020	2019 <i>(restated)</i>
	£	£
Cash flows from operating activities		
Profit/(loss) for the financial year	206,274	(3,913,506)
<i>Adjustments for:</i>		
Loss on impairment or disposal of operations	-	99
Accrued expenses	533,233	57,818
<i>Changes in:</i>		
Stocks	4,982,857	(67,687,812)
Trade and other debtors	(1,577,743)	(1,332,344)
Trade and other creditors	(326,647)	25,053,085
Cash generated from operations	<u>3,817,974</u>	<u>(47,822,660)</u>
Tax paid	(829)	(72,668)
Net cash from/(used in) operating activities	<u>3,817,145</u>	<u>(47,895,328)</u>
Cash flows from investing activities		
Purchase of tangible assets	(2,724)	(7,851)
Net cash used in investing activities	<u>(2,724)</u>	<u>(7,851)</u>
Cash flows from financing activities		
Proceeds from borrowings	(3,690,789)	46,938,530
Net cash (used in)/from financing activities	<u>(3,690,789)</u>	<u>46,938,530</u>
Net increase/(decrease) in cash and cash equivalents	123,632	(964,649)
Cash and cash equivalents at beginning of year	533,451	1,498,100
Cash and cash equivalents at end of year	<u>657,083</u>	<u>533,451</u>

The notes on pages 15 to 24 form part of these financial statements.

Sunningdale House Developments Limited

Notes to the Financial Statements

Year ended 31 December 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Camburgh House, 27 New Dover Road, Canterbury, Kent, CT1 3DN, United Kingdom.

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

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

Going concern

In assessing the going concern basis for the group the directors have considered their ability to repay loans as they fall due. There are currently loans with an associated company for £45,062,695 and the subsidiary companies have loans containing charges over the assets of the group of £74,164,116.

The directors have received confirmation from the associated company that the loan will not be recalled until a time where the company has the funds to repay without causing financial difficulty for the entity.

Interest on third party loans accrues and does not become payable until sales of properties are made supporting cash flow. For the third party loans, however, some became payable in April and May 2021 and are currently on a rolling basis, while others become payable over the next 12 months. The directors expect that refinancing will be obtained as the group holds £131,830,434 of WIP, in relation to property under construction, against which security will be given.

If the loans are not renewed then there would be material uncertainty in respect of going concern. There is also material uncertainty at a group level if the associated funding is not continued. The directors believe that loans will be renewed on a company level and that there is continued support to the parent, based on confirmation received, and therefore they continue to adopt the going concern basis.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Sunningdale House Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Consolidation

The financial statements consolidate the financial statements of Sunningdale House Developments Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Non-controlling interests

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

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

Judgements and key sources of estimation uncertainty

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

Any losses expected on projects currently being undertaken are offset against the carrying value of the work in progress at the year end, even when the builds are not yet complete.

Revenue recognition

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

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

Sunningdale House Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the amount of current tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Tangible assets

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

Investments

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

Impairment of fixed assets

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

Stock and work in progress

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Short term debtors and creditors are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Sunningdale House Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Defined contribution plans

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

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

4. Turnover

Turnover arises from:

	2020	2019 <i>(restated)</i>
	£	£
Sale of goods	<u>42,917,079</u>	<u>21,014,295</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging:

	2020	2019 <i>(restated)</i>
	£	£
Impairment of trade debtors	<u>4,340</u>	<u>—</u>

6. Auditor's remuneration

	2020	2019 <i>(restated)</i>
	£	£
Fees payable for the audit of the financial statements	<u>33,850</u>	<u>40,000</u>

7. Staff costs

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

	2020 No.	2019 No.
Production staff	5	1
Administrative staff	3	1
Management staff	7	4
Number of sales staff	<u>11</u>	<u>10</u>
	<u>26</u>	<u>16</u>

Sunningdale House Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

7. Staff costs *(continued)*

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

	2020	2019 <i>(restated)</i>
	£	£
Wages and salaries	744,824	319,988
Social security costs	79,027	33,144
Other pension costs	10,260	3,813
	<u>834,111</u>	<u>356,945</u>

8. Tax on loss

Reconciliation of tax income

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019 <i>(restated)</i>
	£	£
Profit/(loss) on ordinary activities before taxation	<u>206,274</u>	<u>(3,913,506)</u>
Profit/(loss) on ordinary activities by rate of tax	53,236	(736,920)
Effect of capital allowances and depreciation	(518)	(1,492)
Utilisation of tax losses	(52,718)	-
Unused tax losses	-	738,412
Tax on loss	<u>-</u>	<u>-</u>

All items have been calculated using 19%. It is noted that the government announced that for the tax year starting 1 April 2023 there will be an increase to tax rates to 25% for higher profit making entities. This will have an impact on the recognition of deferred tax assets and liabilities within Sunningdale House Developments Limited. No deferred tax asset has been recognised due to the uncertainty of having sufficient future taxable profits to offset the losses incurred to date. The unrecognised deferred tax asset as at 31 December 2020 stands at £711k (2019: £750k).

9. Tangible assets

Group and company	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 January 2020 (as restated)	7,851	-	7,851
Additions	-	2,724	2,724
At 31 December 2020	<u>7,851</u>	<u>2,724</u>	<u>10,575</u>
Depreciation			
At 1 January 2020 and 31 December 2020	-	-	-
Carrying amount			
At 31 December 2020	<u>7,851</u>	<u>2,724</u>	<u>10,575</u>
At 31 December 2019	<u>7,851</u>	-	<u>7,851</u>

Sunningdale House Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

10. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 January 2020 as restated	433
Additions	233
Disposals	(1)
At 31 December 2020	665
Impairment	
At 1 January 2020 as restated and 31 December 2020	—
Carrying amount	
At 31 December 2020	665
At 31 December 2019	433

Sunningdale House Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

10. Investments *(continued)*

Sunningdale House Developments (Evans Fields) Limited was part of the group in 2019 by virtue of control over the share capital of the company. In 2020 a commercial deal was undertaken whereby beneficial ownership was transferred to a third party. This has therefore been treated as a disposal in the current year.

Subsidiaries, associates and other investments

Details of the investments in which the group and parent company have an interest of 20% or more are as follows:

Subsidiary undertakings where 100% of ordinary share capital is held

Cliffside Drive Management Company Limited
Connaught House Bagshot Management Company Limited
Hannover House Management Company Limited
Heritage Farm Two Management Company Limited
Howard Place (Weybridge) Management Limited
Sandgate Pavilion Management Company Limited
Sunningdale House (Cliffside Drive) Limited
Sunningdale House (Heritage Farm Three) Limited
Sunningdale House (Heritage Farm Two) Limited
Sunningdale House (Heritage Farm) Limited
Sunningdale House Developments (Ascot Three) Limited
Sunningdale House Developments (Ascot Two) Limited
Sunningdale House Developments (Ascot) Limited
Sunningdale House Developments (Baxter Farm) Limited
Sunningdale House Developments (Baxter Farm) Management Limited Sunningdale House Developments (Bisley) Limited
Sunningdale House Developments (Dartford) Limited
Sunningdale House Developments (Dover Road Walmer)
Sunningdale House Developments (Eastry) Limited
Sunningdale House Developments (High Halden) Limited
Sunningdale House Developments (Hill Farm) Limited
Sunningdale House Developments (Larkey Wood Farm) Limited Sunningdale House Developments (Maidstone) Limited
Sunningdale House Developments (Minster) Limited
Sunningdale House Developments (Minster) Management Limited Sunningdale House Developments (North Foreland) Limited Sunningdale House Developments (North Foreland) Management Limited Sunningdale House Developments (Plover Road) Limited
Sunningdale House Developments (Plover Road) Management Limited Sunningdale House Developments (Sandgate) Limited
Sunningdale House Developments (Shadoxhurst) Limited
Sunningdale House Developments (St Nicolas) Limited
Sunningdale House Developments (St Nicolas) Management Limited Sunningdale House Developments (Tuckingmill) Limited
Sunningdale House Developments (TW One) Limited
Sunningdale House Developments (Walmer Management Company) Limited Sunningdale House Developments (Walmer) Limited
Winchfield Crescent Management Company Limited
Wrecclesham Hill (Ancient Forest) Management Company Limited Wrecclesham Hill (The Grove) Management Company Limited

Subsidiary undertakings where 75% of ordinary share capital is held

Bisley Management Company Limited

Sunningdale House Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

10. Investments *(continued)*

Subsidiary undertakings where 71% of ordinary share capital is held

Heritage Farm Management Company Limited

11. Stocks

	Group		Company	
	2020	2019 <i>(restated)</i>	2020	2019 <i>(restated)</i>
	£	£	£	£
Work in progress	<u>131,830,434</u>	<u>136,813,291</u>	<u>2,778,999</u>	<u>1,624,858</u>

12. Debtors

	Group		Company	
	2020	2019 <i>(restated)</i>	2020	2019 <i>(restated)</i>
	£	£	£	£
Trade debtors	69,533	54,738	69,533	54,738
Prepayments and accrued income	6,900,301	777,063	6,900,301	777,063
Corporation tax repayable	21,934	–	21,934	–
Other debtors	<u>(3,199,009)</u>	<u>1,383,215</u>	<u>53,146,875</u>	<u>51,085,855</u>
	<u>3,792,759</u>	<u>2,215,016</u>	<u>60,138,643</u>	<u>51,917,656</u>

13. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019 <i>(restated)</i>	2020	2019 <i>(restated)</i>
	£	£	£	£
Bank loans and overdrafts	70,314,984	78,838,624	50,000	–
Trade creditors	15,484,301	2,458,577	15,484,301	2,458,577
Accruals and deferred income	924,791	57,818	534,331	34,956
Corporation tax	–	829	–	829
Social security and other taxes	653,422	15,523	653,422	15,523
Director loan accounts	1,406,945	423,226	1,406,945	423,226
Other creditors	<u>46,782,557</u>	<u>61,106,567</u>	<u>46,782,557</u>	<u>52,313,587</u>
	<u>135,567,000</u>	<u>142,901,164</u>	<u>64,911,556</u>	<u>55,246,698</u>

There are fixed and floating charges held over the land, freehold property and undertaking of the group. The land and freehold property are within the work in progress.

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

	Group		Company	
	2020	2019 <i>(restated)</i>	2020	2019 <i>(restated)</i>
	£	£	£	£
Bank loans and overdrafts	<u>3,849,132</u>	<u>–</u>	<u>–</u>	<u>–</u>

Sunningdale House Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

There are fixed and floating charges held over the land, freehold property and undertaking of the group. The land and freehold property are within the work in progress.

15. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £10,260 (2019: £3,813).

16. Prior period adjustments

The prior period has been adjusted to reflect the following two adjustments:

1) Investment value of £434 in the consolidated statement of financial position has been offset against cash at bank by £443 and non-controlling interests by £9 to reflect the subsidiary investment values' elimination on consolidation. This has no impact on net assets or profit and loss.

2) There has been an additional £35k of costs reflected in the prior year figures in line with the period that they relate. This has increased cost of sales, increased gross loss, increased loss for the financial year, increased other creditors and increased the net liability position by £35k.

17. Called up share capital

Issued, called up and fully paid

	2020		2019 <i>(restated)</i>	
	No.	£	No.	£
Ordinary shares of £1 each	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

18. Analysis of changes in net debt

	At 1 Jan 2020	Cash flows	At 31 Dec 2020
	£	£	£
Cash at bank and in hand	533,451	123,632	657,083
Debt due within one year	(79,261,850)	7,539,921	(71,721,929)
Debt due after one year	-	(3,849,132)	(3,849,132)
	<u>(78,728,399)</u>	<u>3,814,421</u>	<u>(74,913,978)</u>

19. Related party transactions

Group

In addition to the amounts disclosed below, at the year end the group owed a further £nil (2019: £8,758,000) to an associated company.

Sunningdale House Developments Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

19. Related party transactions *(continued)*

Company

At the year end the company owed £1,406,945 (2019: £423,226) to a director.

At the year end the company owed £45,062,695 (2019: £43,637,695) to an associated company.

At the year end the company was owed £785,990 (2019: £785,990) by a company related by virtue of shared key management personnel.

20. Controlling party

There is no single controlling party of Sunningdale House Developments Limited.