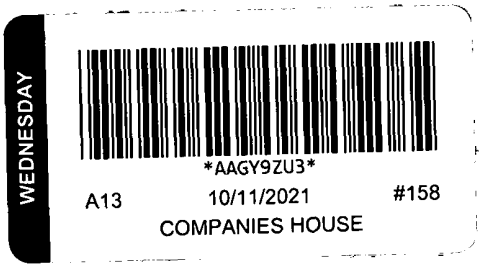
Company Registration No. 03778310 (England and Wales)

FERNHAM HOMES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2021

REGISTRAR'S COPY
OF ACCOUNTS



Cavendish
Chartered Certified Accountants
68 Grafton Way
London
W1T 5DS

Ref : 5074

FERNHAM HOMES LIMITED

COMPANY INFORMATION

Directors	I D Fern D E Masters M C Canham
Secretary	P Rosbrook
Company number	03778310
Registered office	68 Grafton Way London W1T 5DS
Auditor	Cavendish Chartered Certified Accountants Statutory Auditor 68 Grafton Way London W1T 5DS
Business address	Canham Business Centre 426 Vale Road Tonbridge Kent TN9 1SW

FERNHAM HOMES LIMITED

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FERNHAM HOMES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2021

The directors present the strategic report for the year ended 31 July 2021.

Fair review of the business

The business has performed exceptionally well in the last financial year against the backdrop of COVID-19. Revenue has increased to £32.1m, up £8.7m (+37%) from the sale of 60 homes compared to 49 in the previous year. The increase in turnover has flowed through to a corresponding increase in profitability with Profit before tax up from £3.5m to £4.8m, an increase of £1.3m (+37%).

The company has a strong cash position at the year end with a cash balance of £5.7m and no borrowings. This is as a direct result of an excellent sales performance coupled with delays in the planning system that continue to delay the acquisition of new developments. At the date of this report the company's cash balance was more than £8m.

The land bank for the company is now in the region of 800 plots and it remains the ambition of the board to be the leading private housebuilder in Kent building more than 200 homes a year.

The new financial year has started well, and the sales market remains buoyant despite the ending of the stamp duty holiday. The key concern for the board is the availability of building materials with significant delays and price increases being experienced.

Principal risks and uncertainties

Income from housing sales is the principal risk for the business. The housing market has been strong despite the COVID-19 pandemic and continues to be positive as the stamp duty holiday ends. Our development sites are located outside the London area and continue to benefit from the increased demand for homes in greener areas with more outside space. As we enter the winter period, we are in a good position being forward sold on most of our developments.

Material availability and price increases are causing some concern and we are forward buying as much as we can to avoid delays to our construction process, we are likely however to see this impacting on timing of unit completions at the end of the next financial year.

The company is also exposed to financial risks including interest rate and liquidity risk.

Interest rate risk

The company is exposed to short term interest rate risk on specific site development loans. At present we have no development loans and only limited loans forecast for the next 12 months so this is seen as a lower risk at present.

Liquidity risk

Working capital is actively managed to ensure house sale income is matched to construction costs and new site acquisitions.

Key performance indicators

Turnover

Turnover is the amount paid by purchasers for house completions. Comparison is made to previous years and expressed as a percentage growth.

The current results show a significant increase of 38%.

Key performance indicators (continued)

Gross Margin

Gross profit margin is calculated using turnover less cost of sales divided by turnover and expressed as a percentage.

The gross margin enables management to monitor the profitability of developments against prior years and against land acquisition budgets. The gross margin for the current year was 21.2% down from the previous period of 26.0%. Of this decrease of 4.8%, 1.4% can be attributed to a joint venture profit share and 1.2% as a provision against planning cost uncertainty.

On behalf of the board

D E Masters
Director

28 October 2021

FERNHAM HOMES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2021

The directors present their annual report and financial statements for the year ended 31 July 2021.

Principal activities
The principal activity of the company continued to be that of house building.

Results and dividends
The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

I D Fern
D E Masters
M C Canham

Auditor
The auditor, Cavendish, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the annual 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;
- 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.

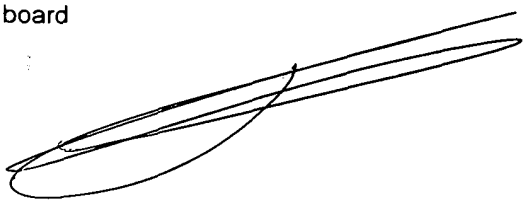
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2021

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



D E Masters
Director

28 October 2021

FERNHAM HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FERNHAM HOMES LIMITED

Opinion

We have audited the financial statements of Fernham Homes Limited (the 'company') for the year ended 31 July 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 company's affairs as at 31 July 2021 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.

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 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. 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 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.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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.

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.

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:

- our understanding of the legal and regulatory framework that the company operates in, focusing on the provisions of those laws and regulations that had a direct effect of the determination of the material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation;
- the company's own assessment of the risks that irregularities might occur either as result of fraud or error;
- the results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- our own assessment of the susceptibility of the company's financial statements to material misstatement, including how fraud might occur;

- the results of our enquiries of management about the legal and regulatory framework applicable to the company and how the company is complying with that framework;
- the company's policies and procedures on fraud risks, including knowledge of any actual, suspected or alleged fraud; and
- discussions among the audit engagement team regarding how and when fraud and non-compliance with laws and regulations might occur in the financial statements and any potential indicators of fraud and non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statements 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;
- In assessing 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 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 non-compliance with laws and regulations throughout the audit.

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.

Cavendish

A K Malhotra FCCA ACA (Senior Statutory Auditor)
For and on behalf of Cavendish

29 October 2021

Chartered Certified Accountants
Statutory Auditor

68 Grafton Way
London
W1T 5DS

FERNHAM HOMES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 £	2020 £
Turnover	3	32,130,799	23,371,556
Cost of sales		(25,332,896)	(17,289,234)
Gross profit		6,797,903	6,082,322
Administrative expenses		(1,257,872)	(1,169,149)
Operating profit	4	5,540,031	4,913,173
Interest receivable and similar income	6	1,997	3,603
Interest payable and similar expenses	7	(790,053)	(1,386,083)
Profit before taxation		4,751,975	3,530,693
Tax on profit	8	(901,279)	(672,747)
Profit for the financial year		3,850,696	2,857,946

The profit and loss account has been prepared on the basis that all operations are continuing operations.

FERNHAM HOMES LIMITED

BALANCE SHEET

AS AT 31 JULY 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	9		34,614		37,272
Investment properties	10		60,000		60,000
Investments	11		2		1
			94,616		97,273
Current assets					
Stocks	13	13,317,347		23,981,409	
Debtors	14	1,703,103		455,115	
Cash at bank and in hand		5,713,031		503,299	
		20,733,481		24,939,823	
Creditors: amounts falling due within one year	15	(10,219,953)		(16,607,125)	
Net current assets			10,513,528		8,332,698
Total assets less current liabilities			10,608,144		8,429,971
Creditors: amounts falling due after more than one year	16		-		(1,745,023)
Provisions for liabilities					
Provisions	18	225,500		153,000	
			(225,500)		(153,000)
Net assets			10,382,644		6,531,948
Capital and reserves					
Called up share capital	19		150		150
Profit and loss reserves			10,382,494		6,531,798
Total equity			10,382,644		6,531,948

The financial statements were approved by the board of directors and authorised for issue on 28 October 2021 and are signed on its behalf by:

D E Masters
Director

Company Registration No. 03778310

FERNHAM HOMES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 August 2019	150	3,673,852	3,674,002
Year ended 31 July 2020:			
Profit and total comprehensive income for the year	-	2,857,946	2,857,946
Balance at 31 July 2020	150	6,531,798	6,531,948
Year ended 31 July 2021:			
Profit and total comprehensive income for the year	-	3,850,696	3,850,696
Balance at 31 July 2021	150	10,382,494	10,382,644

FERNHAM HOMES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from operations	23		15,492,685		2,884,314
Interest and loan arrangement fees paid			(790,053)		(1,386,083)
Income taxes paid			(1,053,181)		(325,622)
Net cash inflow from operating activities			13,649,451		1,172,609
Investing activities					
Purchase of tangible fixed assets		(12,770)		(6,538)	
Interest received		1,997		3,603	
Net cash used in investing activities			(10,773)		(2,935)
Financing activities					
Proceeds from borrowings		-		850,000	
Repayment of borrowings		(850,000)		-	
Proceeds of new bank loans		-		4,051,958	
Repayment of bank loans		(7,578,946)		(7,611,593)	
Net cash used in financing activities			(8,428,946)		(2,709,635)
Net increase/(decrease) in cash and cash equivalents			5,209,732		(1,539,961)
Cash and cash equivalents at beginning of year			503,299		2,043,260
Cash and cash equivalents at end of year			5,713,031		503,299

1 Accounting policies

Company information

Fernham Homes Limited is a private company limited by shares incorporated in England and Wales. The registered office is 68 Grafton Way, London, W1T 5DS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the inclusion of its subsidiaries is not material for the purpose of giving a true and fair view. Accordingly, the financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Revenue from the sale of properties is recognised when the significant risks and rewards of ownership of the properties have passed to the buyer (usually on completion of contracts), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service charges and other income are recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	25% straight line
Fixtures and fittings	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 **Accounting policies** **(Continued)**

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Stocks

Property stocks and work in progress are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises the purchase costs of property, development costs and, where applicable, those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks and work in progress over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

1 **Accounting policies** **(Continued)**

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1 **Accounting policies** **(Continued)**

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies **(Continued)**

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

The total turnover for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

	2021	2020
	£	£
Turnover analysed by class of business		
Property sales	32,088,059	23,339,451
Other income	42,740	32,105
	32,130,799	23,371,556

	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	32,130,799	23,371,556

4 Operating profit

	2021	2020
Operating profit for the year is stated after charging:	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	11,550	11,550
Depreciation of owned tangible fixed assets	15,428	13,051

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
	12	15

	2021 £	2020 £
Wages and salaries	885,819	811,638
Social security costs	112,449	108,722
Pension costs	26,510	17,210
	1,024,778	937,570

6 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	190	3,603
Other interest income	1,807	-
Total income	1,997	3,603

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	190	3,603

7 Interest payable and similar expenses

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	293,555	711,696
	293,555	711,696
Other finance costs:		
Loan arrangement fees and bank charges	466,446	495,203
Other interest	30,052	179,184
	790,053	1,386,083

8 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	899,904	672,747
Adjustments in respect of prior periods	1,375	-
Total current tax	901,279	672,747

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	4,751,975	3,530,693
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	902,875	670,832
Tax effect of expenses that are not deductible in determining taxable profit	4,294	3,530
Adjustments in respect of prior years	1,375	-
Group relief	(4,779)	(302)
Permanent capital allowances in excess of depreciation	(2,486)	(1,313)
Taxation charge for the year	901,279	672,747

9 Tangible fixed assets

	Plant and equipment	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 August 2020	53,636	1,685	55,321
Additions	12,770	-	12,770
At 31 July 2021	66,406	1,685	68,091
Depreciation and impairment			
At 1 August 2020	17,692	357	18,049
Depreciation charged in the year	15,006	422	15,428
At 31 July 2021	32,698	779	33,477
Carrying amount			
At 31 July 2021	33,708	906	34,614
At 31 July 2020	35,944	1,328	37,272

10 Investment property

	2021
	£
Fair value	
At 1 August 2020 and 31 July 2021	60,000

Investment property comprises freehold properties. The fair value of the investment property has been arrived at on the basis of a valuation carried out by the directors at 31 July 2021. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

11 Fixed asset investments

	Notes	2021	2020
		£	£
Investments in subsidiaries	12	2	1

Movements in fixed asset investments

	Shares in subsidiaries
	£
Cost or valuation	
At 1 August 2020	1
Additions	1
At 31 July 2021	2
Carrying amount	
At 31 July 2021	2
At 31 July 2020	1

12 Subsidiaries

Details of the company's subsidiaries at 31 July 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Fernham Homes (Kent) Limited	68 Grafton Way London W1T 5DS	Ordinary	100.00
Fernham Homes (London) Limited	68 Grafton Way London W1T 5DS	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves	Profit/(Loss)
	£	£
Fernham Homes (Kent) Limited	1	(2,877)
Fernham Homes (London) Limited	1	(24,121)

13 Stocks

	2021	2020
	£	£
Stocks and work in progress	13,317,347	23,981,409

14 Debtors

Amounts falling due within one year:	2021 £	2020 £
Trade debtors	3,984	57,185
Amounts owed by group undertakings	1,296,761	-
Other debtors	396,710	386,145
Prepayments and accrued income	5,648	11,785
	1,703,103	455,115

15 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	17	-	5,833,923
Other borrowings	17	-	850,000
Trade creditors		337,502	346,069
Corporation tax		426,411	578,313
Other taxation and social security		22,808	25,224
Other creditors		7,086,026	8,623,069
Accruals and deferred income		2,347,206	350,527
		10,219,953	16,607,125

16 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	17	-	1,745,023

17 Loans and overdrafts

	2021	2020
	£	£
Bank loans	-	7,578,946
Other loans	-	850,000
	-	8,428,946
Payable within one year	-	6,683,923
Payable after one year	-	1,745,023

18 Provisions for liabilities

	2021	2020
	£	£
Other provisions	225,500	153,000

Movements on provisions:

	Other provisions
	£
At 1 August 2020	153,000
Additional provisions in the year	72,500
At 31 July 2021	225,500

19 Share capital

	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of £1 each	150	150	150	150

20 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	26,510	17,210

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	4,591	4,854
Between two and five years	-	4,591
	4,591	9,445

22 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Development costs		Interest paid	
	2021	2020	2021	2020
	£	£	£	£
Other related parties	7,855,591	9,428,153	-	114,452

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2021	2020
	£	£
Key management personnel	1,678,336	1,796,218
Other related parties	4,916,668	5,617,837

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2021	2020
	£	£
Other related parties	143,398	143,398

Other information

During the year, property stock and work in progress with book values of £1,549,930 were transferred to Fernham Homes (London) Limited, a subsidiary undertaking.

23 Cash generated from operations

	2021	2020
	£	£
Profit for the year after tax	3,850,696	2,857,946
Adjustments for:		
Taxation charged	901,279	672,747
Finance costs	790,053	1,386,083
Investment income	(1,997)	(3,603)
Depreciation and impairment of tangible fixed assets	15,428	13,051
Increase/(decrease) in provisions	72,500	(255,518)
Movements in working capital:		
Decrease in stocks	10,664,062	939,800
(Increase)/decrease in debtors	(1,247,988)	181,548
Increase/(decrease) in creditors	448,652	(2,907,740)
Cash generated from operations	15,492,685	2,884,314

24 Analysis of changes in net funds/(debt)

	1 August 2020	Cash flows	31 July 2021
	£	£	£
Cash at bank and in hand	503,299	5,209,732	5,713,031
Borrowings excluding overdrafts	(8,428,946)	8,428,946	-
	(7,925,647)	13,638,678	5,713,031