

Avant Homes (Scotland) Limited

(formerly Bett Homes Limited)

**Annual report and financial statements for the 16 month
period ended 30 April 2016**

Company number: SC024489

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Avant Homes (Scotland) Limited

Directors and advisors

Directors

Colin Lewis
Giles Sharp (appointed 23 January 2015)
David Knight
Glyn Mabey
Scott Varley
Jon Mortimore (resigned 31 March 2015)

Company secretary

Joanne Massey

Registered office

Argyll Court
The Castle Business Park
Stirling
Scotland
FK9 4TT

Independent auditor

KPMG LLP
Chartered Accountants and Statutory Auditors
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Avant Homes (Scotland) Limited

Strategic Report for the 16 month period ended 30 April 2016

In this report the "Company" means Avant Homes (Scotland) Limited and the "Group" means Avant Homes Group Limited and its subsidiaries.

The directors present their Strategic Report on the company for the 16 month period ended 30 April 2016.

Prior to Avant Homes Group Limited's acquisition of Avant Homes Holdings Limited and its subsidiaries, the statutory period end was 31 December. The change in period end from 31 December to 30 April was made to reduce the impact to the Group of subcontractor supply pressure during the December period end pinch point and improve Group operational efficiency.

Principal activities

The principal activity of the Company is residential house-building.

Principal risks and uncertainties

The Company is a member of the Group and its risks are disclosed in the consolidated financial statements of Avant Homes Group Limited. Operational and financial risks are managed on a Group basis.

Financial instruments and risk management

Working capital requirements are principally satisfied from cash generated by the Company and through funding made available from the bank facilities established by Avant Homes (No.2) Limited (formerly Avant Homes Limited).

Financial risk management objectives and policies, and exposure of the Group to price risk, credit risk, liquidity risk and cash flow interest rate risk have been disclosed within note 3 to the consolidated financial statements of Avant Homes Group Limited which are publically available from Companies House.

Business Review

Overview

In the 16 month period ended 30 April 2016, the backdrop to the UK housing market was positive, with strong demand and increasing customer confidence converting into increased sales and healthy sales price growth. The Company's private average selling price from continuing operations in year ended 31 December 2014 was £174,000 but decreased to £159,000 in the 16 month period ended 30 April 2016 primarily reflecting a change in sales mix. The company did not sell any social housing during the year ended 31 December 2014 and recognised a social housing average selling price of £122,000 during the 16 month period ended 30 April 2016. There has been continued significant improvement in mortgage funding availability during the period which has also contributed to customer confidence and competition. The land market also remains positive with no shortage of development opportunities available at attractive hurdle rates. The company continues to approach all land opportunities in a disciplined fashion.

The trading results of the company are difficult to interpret as they include the Avant Homes Group Scottish business as well as certain costs relating to its English business prior to 31 December 2015.

During the 16 month period ended 30 April 2016 the Company transferred its operations in the North West of England, the North East of England and Yorkshire to Avant Homes (England) Limited. All trade and assets associated with these regional operations were transferred to Avant Homes (England) Limited on 31 December 2015 as part of the Group's corporate restructuring exercise. As such these regional operations outside of Scotland are discontinued operations for this company and the income statement for discontinued operations is disclosed in note 26 to the financial statements. As part of the Group restructuring Avant Homes (Scotland MK) Limited transferred its trade and assets to the Company at 31 December 2015, and Avant Homes (Scotland MK) Limited was rendered dormant. Prior to the transfer of trade and assets by Avant Homes (Scotland MK) Limited, the Company purchased one share in Avant Homes (Scotland MK) Limited for a premium of £7,153,000 and made a capital contribution of £687,000 to recapitalise Avant Homes (Scotland MK) Limited.

One-off costs totalled £7,644,000, £7,153,000 relating primarily to an impairment of investment in a subsidiary, further details of which are provided in note 17 to the accounts. These costs will not recur and have therefore been disclosed as exceptional in the current period.

Strategic Report for the 16 month period ended 30 April 2016 (continued)

Business Review (continued)

Following the Group's restructuring, and moving into the new financial period from 1 May 2016 onwards, the Company now solely includes the Avant Homes Scottish business. Trading results for next year will reflect this, will not include any costs from the English operation or one-off costs.

Strategy

Our strategy is differentiated by our long term focus on quality; through our customer centric all-inclusive specification creating modern desirable living spaces, and on achieving our financial objectives with an appropriate focus as a responsible housebuilder.

During the period ended 30 April 2016, the Company has continued to reposition itself as an upper mid-market house builder focused mainly on three, four and five bed detached family homes. In October 2015 the Company rebranded adopting the 'One' Avant brand, with the continuing aim of being the leading provider of premium family homes in its regions of operation. Prior to October 2015 the Company traded under the 'Bett Homes' brand.

During the period ended 30 April 2016 the Group has further strengthened its third party financing position which has enabled the Company to focus strategically on land purchase opportunities and drive conversions from the Company's strategic land pipeline. Throughout the period the Company has continued to strengthen its strategic land pipeline.

Throughout the period ended 30 April 2016 the Company has increasingly appraised the return on capital of its strategic decisions to deliver an optimised return for the Company's shareholders.

Results

Revenue for the 16 month period ended 30 April 2016 was £27,135,000 compared with £35,672,000 for the year ended 31 December 2014. The fall in revenue is primarily due to a change in sales mix with a significant focus on sales at the Company's inner-city redevelopment in Glasgow and the transfer of an element of trade and assets during the period to Avant Homes (England) Limited. Revenue from continuing activities for the 16 month period ended 30 April 2016 was £24,933,000 compared with £26,671,000 for the year ended 31 December 2014.

The Company is proud of its inner-city redevelopment project, Oatlands, in Glasgow which demonstrates the Company's commitment to deliver quality affordable housing in this area. The product which the Company sells at the Oatlands development, is designed specifically for this inner-city development project, with a focus on affordable local housing, and therefore differs from the Company's standard product which primarily explains the sales mix variances discussed above.

During the 16 month period ended 30 April 2016 the Company acquired a number of new sites which will host the Avant house types which focus on our customer centric all-inclusive specification and the Company expects these developments to sell positively during the year ending 30 April 2017.

Balance Sheet at 30 April 2016

At 30 April 2016, the Company's investment in inventory was £76,885,000. As the product mix has changed towards upper mid-market three and four bed family homes the use of incentives has moved away from shared equity loans to part exchange. At 30 April 2016, the Company owned 10 part exchange properties with a book value of £1,044,000. At the balance sheet date 6 of these properties, totalling £708,000 were reserved for sale.

As the use of part exchange has increased, the Company has discontinued its use of shared equity. The Company is currently not offering shared equity as a sales incentive.

The Company had a developable current land bank at 30 April 2016 of approximately 1,639 units. The average selling price of the units in the developable current land bank is assessed at £201,000 giving an estimated developable GDV of £329,439,000. There were also 1,468 units either controlled by option or with terms agreed with a reasonably high probability of development within an 18 month time scale.

Strategic Report for the 16 month period ended 30 April 2016 (continued)

Key performance indicators (KPIs)

The Company determines the below KPI's to be key reporting metrics consistent with those disclosed in the Chief Executive Officer's report within the consolidated financial statements of Avant Homes Group Limited.

Key performance indicators from continuing operations

	16 month period ended 30 April 2016 £'000	12 months to 30 April 2016 £'000	Year ended 31 December 2014 £'000
Units sold	156	145	150
Revenue (£'000)	24,933	22,816	26,671
Private average selling price (ASP) (£'000)	159	156	174

The Company is strategically focussing on the housing market in Scotland. The housing market continues to see growth opportunities and the Company is well placed to take advantage of those opportunities.

Housing market

The UK housing market backdrop during the period was positive and was underpinned by:

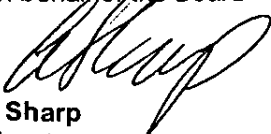
- the ongoing significant undersupply of housing across the UK, combined with
- strong and resilient demand due to increasing customer confidence and government industry support (via initiatives such as Help to Buy).

In addition, access to mortgage financing remained robust while the changes to the UK planning system following the National Planning Policy Framework continue to have a positive impact on the Group's ability to secure planning consents in a timely manner.

Overall, selling process and rates of sale continued to increase in regions outside of the South East and London.

However the UK vote to leave the European Union in the referendum held on 23 June 2016 has created uncertainty which may have a negative impact on the UK economy, the housing market and the Company's trading performance. Despite this, at the date of signing these accounts, the impact on the company was negligible.

On behalf of the Board



G Sharp
Director

16 November 2016

Avant Homes (Scotland) Limited

Argyll Court
The Castle Business Park
Stirling
Scotland
FK9 4TT

Directors' Report for the 16 month period ended 30 April 2016

The directors present their annual report together with the audited financial statements of the Company for the 16 month period ended 30 April 2016.

Avant Homes (Scotland) Limited is principally engaged in residential house building. The Company's principal focus is the Scottish housing market. During the period from 1 January 2015 to 31 December 2015 the Company also had some operations in the North West of England, North East of England and Yorkshire. As part of the Group's corporate restructuring exercise the trade and assets outside of Scotland were transferred to Avant Homes (England) Limited at net book value which was considered equivalent to fair value.

The Company is a private company and is incorporated and domiciled in the United Kingdom. The address of its registered office is Argyll Court, The Castle Business Park, Stirling, Scotland, FK9 4TT.

Results, dividends and future developments

The results for the 16 month period ended 30 April 2016 are set out in the income statement on page 9 and the statement of comprehensive income on page 10. The results for the period and future developments have been discussed in the Strategic Report on pages 2 to 4.

No interim dividends were paid in the period ended 30 April 2016 (year ended 31 December 2014: £nil). The directors do not recommend the payment of a final dividend in respect of the period ended 30 April 2016 (year ended 31 December 2014: £nil).

Going concern

At 30 April 2016 the Group had banking facilities of £160.0m that are due to expire on 31 March 2020.

The Directors have prepared forecasts and projections, including reasonable downside sensitivities, which show that the Company and the Group should be able to operate within the level of its banking facilities and meet all its banking covenants for at least 12 months from the date of signing these financial statements. Based on the Company's and Group's projected trading and forecast cash-flows for a period of more than one year from the date of signing these financial statements, the Directors are satisfied that the Company will have adequate resources to continue in operational existence for the foreseeable future. Consequently, the Directors continue to adopt the going concern basis in preparing the Directors' Report and the financial statements of Avant Homes (Scotland) Limited.

Directors

The directors who, unless otherwise stated, served throughout the period ended 30 April 2016 and up to the date of signing the financial statements were as follows:

Colin Lewis
Giles Sharp (appointed 23 January 2015)
David Knight
Glyn Mabey
Scott Varley
Jon Mortimore (resigned 31 March 2015)

Employees

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and employees are consulted regularly on a wide range of matters affecting their current and future interests.

The Company is committed to equal opportunities. Its people are diverse and are chosen for their experience, potential and personal attributes regardless of gender, sexual orientation, marital status, age, race, colour, nationality, ethnic origin, religion or disability. The Company is committed to giving full and fair consideration to applications for employment that disabled individuals make to the Company and is committed to equal training opportunities, career development, and promotion of such individuals. With regard to individuals who become disabled, the Company policy is to take all reasonable steps, including retraining, to ensure that they can remain in employment wherever practicable.

Directors' Report for the 16 month period ended 30 April 2016 (continued)

Employees (continued)

The Company remains committed to equality of opportunity in all its employment policies, practices and procedures throughout the Company. All employees should be given equal opportunity and are appraised solely on annual performance, personal attributes and potential.

Financial instruments and risk management

The use of financial instruments, including financial risk management objectives and policies, exposure to price risk, credit risk, liquidity risk and cash flow interest rate risk, are disclosed in note 3 to the consolidated financial statements of Avant Homes Group Limited, which are publically available from Companies House.

Basis of preparation

A new financial reporting framework became effective in the United Kingdom for periods beginning on or after 1 January 2015. The Directors have elected to adopt Financial Reporting Standard 101, which replaces 'old' United Kingdom Generally Accepted Accounting Practice, and have notified the Company's shareholders without objection. The year ended 31 December 2014 has been re-stated where appropriate applying the recognition and measurement principles of International Financial Reporting Standards. The impact to the Company's financial statements from a presentational and value perspective is disclosed in note 27 to the financial statements.

Group restructuring

During the period ended 30 April 2016 the Group undertook a restructuring process to simplify its structure and streamline its business operations. As part of the restructuring process the Company transferred its trade and assets in England to Avant Homes (England) Limited on 31 December 2015. The Company also acquired the trade and assets of Avant Homes (Scotland MK) Limited for consideration equal to the net book value of the assets and liabilities of Avant Homes (Scotland MK) Limited at 31 December 2015.

Clearance was obtained from Her Majesty's Revenue and Customs (HMRC) during the restructuring to ensure that the Company and the Group continued to meet its obligations and responsibilities.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year/period. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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 United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

Directors' Report for the 16 month period ended 30 April 2016 (continued)

Statement of directors' responsibilities (continued)

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.

Statement of disclosure of information to auditors

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent auditors

During the period the Company reviewed its auditor relationship. Following a tender process, PwC LLP resigned from office citing 'no circumstances' in their resignation. The Company subsequently appointed KPMG LLP as auditors. KPMG LLP have indicated their willingness to continue in office. Therefore pursuant to S487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board



**G Sharp
Director**

16 November 2016

Avant Homes (Scotland) Limited

Argyll Court
The Castle Business Park
Stirling
Scotland
FK9 4TT

Independent auditor's report to the members of Avant Homes (Scotland) Limited

We have audited the financial statements of Avant Homes (Scotland) Limited for the 16 month period ended 30 April 2016 set out on pages 9 to 43. The financial reporting framework that has been applied in the preparation of these financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS101 Reduced Disclosure Framework.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 6 and 7 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 April 2016 and of the loss for the 16 month period then ended;
- the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial report for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 by the company, 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.



David Morritt (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Leeds
LS1 4DA

16 November 2016

Avant Homes (Scotland) Limited

Income Statement for the 16 month period ended 30 April 2016

	Note	16 month period 30 April 2016 £'000	Year ended 31 December 2014 £'000
Revenue	4	27,135	35,672
Cost of sales		(26,411)	(33,544)
Gross profit		724	2,128
Selling and administrative expenses		(13,037)	(9,591)
Other income	4	1,488	34
Exceptional administrative expenses	17	(7,644)	-
Operating loss	16	(18,469)	(7,429)
Finance income	19	57	91
Finance costs	19	(170)	(18)
Share of profit / (losses) from joint ventures	6	(52)	1,003
Loss before income tax		(18,634)	(6,353)
Income tax charge	20	(884)	(89)
Loss for the year		(19,518)	(6,442)

Statement of comprehensive income for the 16 month period ended 30 April 2016

	Note	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Loss for the year		(19,518)	(6,442)
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Actuarial gain / (loss) on post employment benefit obligations	15	13	(861)
Deferred tax impact of actuarial gain on post employment benefit obligations	14	(162)	21
		(149)	(840)
Other comprehensive income / (loss) for the year		(149)	(840)
Total comprehensive loss for the year		(19,667)	(7,282)

All amounts relate to continuing activities.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial period stated above and their historical cost equivalents.

The accompanying notes form an integral part of these financial statements.

Avant Homes (Scotland) Limited

Balance Sheet as at 30 April 2016

	Note	30 April 2016 £'000	31 December 2014 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	187	38
Investment in subsidiary undertakings	24	729	1,655
Investment in joint venture	6	1,395	2,175
Retirement benefit asset	14	1,375	476
Trade and other receivables	5	121	130
Deferred income tax assets	13	1,948	-
		5,755	4,474
Current assets			
Inventories	7	76,885	34,219
Asset held for sale	10	790	-
Trade and other receivables	5	1,072	47,967
Cash and cash equivalents	8	3,217	2,362
		81,964	84,548
TOTAL ASSETS		87,719	89,022
LIABILITIES			
Current liabilities			
Trade and other payables	11	52,519	39,620
Provisions for other liabilities and charges	15	-	159
		52,519	39,779
Net current assets		29,445	44,769
Non-current liabilities			
Trade and other payables	11	6,149	-
Deferred income tax liability	13	248	86
		6,397	86
Total liabilities		58,916	39,865
Net assets		28,803	49,157

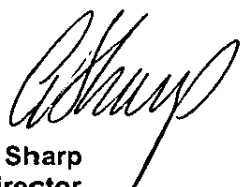
Avant Homes (Scotland) Limited

Balance sheet as at 30 April 2016 (continued)

	Note	30 April 2016 £'000	31 December 2014 £'000
EQUITY AND LIABILITIES			
Equity attributable to owner of the parent			
Called up share capital	9	3,254	3,254
Share premium		1,117	1,117
Profit and loss account		24,432	44,786
TOTAL EQUITY		28,803	49,157

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 9 to 43 were authorised for issue by the board of directors on 16 November 2016 and were signed on its behalf by:



G Sharp
Director

Avant Homes (Scotland) Limited
Company number: SC024489
Argyll Court
The Castle Business Park
Stirling
Scotland
FK9 4TT

Avant Homes (Scotland) Limited

Statement of Changes in Equity as at 30 April 2016

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Opening balance sheet as at 1 January 2015	3,254	1,117	44,786	49,157
Comprehensive income				
Loss for the period	-	-	(19,518)	(19,518)
Total comprehensive income	-	-	(19,518)	(19,518)
Other comprehensive income				
Actuarial gain on post employment benefit obligations	-	-	13	13
Deferred tax impact of actuarial gain on post employment benefit obligations	-	-	(162)	(162)
Total other comprehensive income	-	-	(149)	(149)
Transactions with owners, recognised directly in equity				
Capital contribution to subsidiary undertaking	-	-	(687)	(687)
Total transactions with owners, recognised directly in equity	-	-	(687)	(687)
Total loss for the period	-	-	(20,354)	(20,354)
Balance at 30 April 2016	3,254	1,117	24,432	28,803

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Opening balance sheet as at 1 January 2014	3,254	1,117	52,068	56,439
Comprehensive income				
Loss for the period	-	-	(6,442)	(6,442)
Total comprehensive income for the period	-	-	(6,442)	(6,442)
Other comprehensive income				
Actuarial loss on post employment benefit obligations	-	-	(861)	(861)
Deferred tax impact of actuarial gain on post employment benefit obligations	-	-	21	21
Total other comprehensive income for the period	-	-	(840)	(840)
Total loss for the period	-	-	(7,282)	(7,282)
Balance at 31 December 2014	3,254	1,117	44,786	49,157

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements for the 16 month period ended 30 April 2016

1. General information

Avant Homes (Scotland) Limited ('the Company') is a residential house-builder.

The Company is a private limited company and is incorporated and domiciled in the United Kingdom. The address of its registered office is Argyll Court, The Castle Business Park, Stirling, Scotland, FK9 4TT.

2. Summary of significant accounting policies

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation

These are the Company's first financial statements prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The accounting policies set out in note 2 have been applied in preparing the financial statements for the 16 month period ended 30 April 2016, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out in note 27 to the financial statements.

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies.

The following exemptions from the requirements of International Financial Reporting Standards (IFRS) have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, '*Financial Instruments: Disclosures*';
- Paragraphs 91 to 99 of IFRS 13, '*Fair value measurement*' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1, '*Presentation of financial statements*' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1, '*Presentation of financial statements*';
 - (ii) paragraph 73(e) of IAS 16 '*Property, plant and equipment*';
- The following paragraphs of IAS 1, '*Presentation of financial statements*':
 - (i) 10(d) (statement of cash flows);
 - (ii) 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - (iii) 16 (statement of compliance with all IFRS);
 - (iv) 38A (requirement for minimum of two primary statements, including cash flow statements);
 - (v) 38B-D (additional comparative information);
 - (vi) 40A-D (requirements for a third statement of financial position);
 - (vii) 111 (cash flow statement information);
 - (viii) 134 – 136 (capital management disclosures);
- IAS 7, '*Statement of cash flows*';
- Paragraph 30 and 31 of IAS 8 '*Accounting policies, changes in accounting estimates and errors*' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraphs 17 and 18A of IAS 24, '*Related party disclosures*' (key management compensation); and
- The requirements in IAS 24, '*Related party disclosures*' to disclose related party transactions entered into between two or more members of a group.

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

2.1 Basis of preparation (continued)

The company proposes to continue to adopt the reduced disclosure framework of FRS101 in its next financial statements.

2.2 Going concern

The Company meets its day to day working capital requirements through the cash flow generated from the sale of residential properties, while also being reliant on funding from debt facilities with its bankers. Full details of the Group's current debt facilities are disclosed within the consolidated financial statements of Avant Homes Group Limited.

The directors have prepared forecasts and projections, including reasonable downside sensitivities, which show that the company should be able to operate within the level of its revised facilities for at least 12 months from the date of signing these financial statements.

Based on the company's projected trading and forecast cash flows for a period in excess of one year from the date of approval of these financial statements, the directors are satisfied that the company will have adequate resources to continue in operational existence for the foreseeable future. Consequently the directors consider it appropriate to prepare the financial statements on the going concern basis.

2.3 Functional and presentational currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£) which is also the company's functional currency.

2.4 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes the original purchase price of the asset and any directly attributable costs to bring the asset to its working condition for its intended use. Subsequent costs, such as refurbishment costs, are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Operating properties	2% - 33% per annum
Machinery, equipment, fixtures and fittings	10% - 50% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the income statement.

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

2.5 Inventories

Raw materials and consumables stock, land for development, work in progress and part exchange properties are valued at the lower of cost and net realisable value.

Work in progress includes raw materials and consumable stock, direct labour, other direct costs and related overheads appropriate to the relevant stage of completion. Net realisable value is based on estimated selling prices less all further costs to completion and all relevant marketing and selling costs.

The Company's principal activity is residential house building. Due to the nature of this activity, much of the development entered into by the Company is speculative in nature. Accordingly, at each period-end, the Company has in its balance sheet current assets that are not covered by a forward sale. At the period-end, the Company conducts a review of the net realisable value of its land and work in progress. This review is conducted on a site by site basis, using valuations which incorporate forecast sales rates and average selling prices that reflect both current and anticipated market conditions. In making these assessments, there is a degree of judgement and uncertainty due to the volatility and speculation that has surrounded the residential housing sector.

Where the estimated future net realisable value of the site is less than its current carrying value within the balance sheet, the Company impairs the land and work in progress value.

2.6 Trade and other receivables

Trade and other receivables are amounts due to the business from contractual agreements with customers, other Group companies and suppliers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.8 Share capital

Ordinary shares are classified as equity.

2.9 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and other Group companies. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

2.10 Current and deferred income tax (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the company's financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.11 Employee benefits

The company operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

(a) Defined contribution pension obligations

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(b) Defined benefit pension obligations

The Company operates a defined benefit scheme which is closed to further accrual. The assets of this scheme are held separately from those of the Company in independently administered funds. Typically defined benefit plans define an amount of pension benefit that employees will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

Under IAS 19 the liability recognised in the balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The Scheme documentation entitles the Company to a refund from the Scheme of any future surpluses arising in the Scheme and therefore meets the recognition criteria of IFRIC 14. The company has therefore recognised an asset on the balance sheet at 30 April 2016 because the fair value of plan assets exceeds the present value of the defined benefit obligation.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

2.11 Employee benefits (continued)

(b) Defined benefit pension obligations (continued)

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in other comprehensive income in the period in which they arise. The amount charged or credited to finance costs is the net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset. Past-service costs are recognised immediately in the income statement.

Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet. Deferred tax is recognised on the retirement benefit asset/liability and presented on the face of the balance sheet.

2.12 Provisions

Provisions for legal claims, health and safety claims, remediation work and onerous leases are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation providing that a future settlement date can be reasonably fixed. The increase in the provision due to the passage of time is recognised as interest expense.

2.13 Revenue recognition

Revenue is measured at the fair value of the consideration received on completion, and represents amounts receivable for residential property supplied, stated net of discounts and value added taxes. The company recognises revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the entity. Further detail is provided as follows:

Sales of private residential property

Revenue on the sale of residential property is recognised when the contract has legally completed and when the significant risks and rewards of ownership have been transferred to the purchaser.

Sales of affordable property

Revenue in respect of affordable housing delivered under construction contracts is recognised in accordance with the legal construction contract valuation and based on the build unit stage of completion. Revenue on the sale of affordable housing sold as individual units is recognised when the sales contract has legally completed and when the significant risks and rewards of ownership have been transferred to the purchaser.

Sales of land and commercial property

Revenue is recognised on land and commercial property sales when contracts are exchanged and all conditions of the contract have been met.

Cash and non-cash incentives

Cash and non-cash incentives are considered to be a discount from the purchase price offered to the acquirer and are therefore accounted for as a reduction to revenue.

Part exchange property

In certain circumstances, property may be accepted in part consideration for a sale of a residential property. The fair value is established by independent surveyors, reduced for cost to sell. Net proceeds generated from the subsequent sale of part exchange properties are recorded as a reduction to cost of sales. The original sale is recorded in the normal way, with the fair value of the exchange property replacing cash receipts.

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

2.14 Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.15 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.16 Leased assets

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The company leases certain property, plant and equipment. Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

All leases are treated as operating leases in the current period. Annual rentals are charged to the income statement on a straight line basis over the term of the lease. The value of any incentives received from the lessor are spread straight-line over the period of lease.

2.17 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the performance of the company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount

2.18 Assets (or disposal groups) held for sale

Assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.19 Forward land - options

Expenditure relating to forward land, including options, is initially recognised on the balance sheet within inventories. These amounts are reviewed regularly and written off to the income statement when it is not probable that related options will be exercised.

2.20 Classification of sales and marketing costs

Historically the company recognised sales and marketing costs within cost of sales. To be consistent with other residential homebuilders of a similar size in the north of the United Kingdom the Company has taken the opportunity in the current period to reclassify sales and marketing expenses to admin expenses. The impact to the income statement for the year ended 31 December 2014 is to decrease cost of sales by £1,572,000 and increase administrative expenses by £1,572,000. There is no impact to the loss reported during the period.

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

3 Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Inventory provisioning

The company builds upmarket desirable residential homes. The nature of homebuilding is capital intensive and as a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the value of inventory in line with expected future cash inflows from the sale of residential property.

(b) Defined benefit pension schemes

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depends on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

(c) Deferred tax

Management assesses, by reference to latest forecasts, whether there will be sufficient future profits to utilise the deferred tax assets recognised at the balance sheet date.

4 Revenue

Revenue is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Sales of goods	27,135	35,672
Other operating income	1,488	34
Total revenue	28,623	35,706

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

5 Trade and other receivables

	30 April 2016	31 December 2014
	£'000	£'000
Current:		
Trade debtors	105	880
Amounts owed by Group undertakings	72	46,454
Prepayments and other debtors	437	340
Corporation tax receivable	-	137
VAT receivable	458	156
Total current trade and other receivables	1,072	47,967
Non-current:		
Equity share receivables	-	9
Amounts owed by Group undertakings	121	121
Total non-current trade and other receivables	121	130
Total trade and other receivables	1,193	48,097

All trade receivables are denominated in sterling. Amounts owed by Group undertakings are interest-free, unsecured and repayable on demand, with the exception of £121,000 (year ended 31 December 2014: £121,000) which is recoverable after more than one year.

6 Investments in joint ventures and associates

	Note	30 April 2016	31 December 2014
		£'000	£'000
Opening balance sheet		2,175	3,853
Share of operating profits / (losses) of joint venture		(52)	1,003
Share of tax (charge) / credit of joint venture	20	22	(226)
Share of finance income of joint venture	19	-	45
Dividends paid to controlling parent undertakings		(750)	(2,500)
Closing balance sheet		1,395	2,175

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

6 Investments in joint ventures and associates (continued)

The principal joint ventures of the Company are as follows:

Names	Description and amount of shares held	Activity	Percentage of share capital held
Strada Developments Limited	500 ordinary 'A' shares of £1 each	Housebuilding	50%

£750,000 (year ended 31 December 2014: £2,500,000) of dividends have been received from Strada Developments Limited during the 16 month period ended 30 April 2016. Strada Developments Limited prepares financial statements to 31 December.

7 Inventories

	30 April 2016	31 December 2014
	£'000	£'000
Work in progress	75,841	32,034
Part exchange properties	1,044	2,185
	76,885	34,219

The value of inventories expensed in the 16 month period ended 30 April 2016 and included in cost of sales was £26,411,000 (year ended 31 December 2014: £33,544,000). Work in progress is carried at valuation. Details of the methodology adopted are shown in note 2 to the financial statements.

8 Cash and cash equivalents

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	30 April 2016	31 December 2014
	£'000	£'000
Cash and cash equivalents	3,217	2,362

9 Called up share capital

	30 April 2016	31 December 2014
	£'000	£'000
Allotted, issued and fully paid		
16,271,000 ordinary shares of 20p each	3,254	3,254

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

10 Assets held for sale

As part of the Group's review of its strategic focus for growth during the period ended 30 April 2016, a number of pieces of land were identified which did not meet the Company and the Group long term strategic plan. The Company's intention was to dispose of these pieces of land at 30 April 2016 and management consider that these assets to meet the criteria under IFRS 5 and therefore these assets have been classified as held for sale.

Assets held for sale	30 April 2016 £'000	31 December 2014 £'000
Land held for sale	790	-
Total assets held for sale	790	-

11 Trade and other payables

	30 April 2016 £'000	31 December 2014 £'000
Non-current		
Trade payables	6,149	-
Non-current creditors	6,149	-
Current		
Trade payables	14,672	4,985
Amounts owed to Group undertakings	34,428	32,457
Other taxation and social security	160	134
Accrual and other creditors	3,259	2,044
Current creditors	52,519	39,620
Total trade and other payables	58,668	39,620

Amounts due to Group undertakings are interest free, unsecured and repayable on demand.

Land purchased on extended payment terms

When land is purchased on extended payment terms, the Company initially records it at its fair value with a land creditor recorded for any outstanding monies based on this fair value assessment. Fair value is determined by using the effective interest method. The difference between the nominal value and the initial fair value is amortised over the period of the extended credit term and charged to finance expense, increasing the value of the land creditor such that at the date of maturity the land creditor equals the payment required. The undiscounted value of land creditors at 30 April 2016 was £14,494,000 (year ended 31 December 2014: £nil) and the fair value included in trade and other payables was £13,359,000 (year ended 31 December 2014: £nil).

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

12 Property, plant and equipment

	Plant and machinery and equipment	Operating properties	Total
	£'000	£'000	£'000
Cost			
Opening balance at 1 January 2015	1,652	-	1,652
Reclassification of cost	(65)	65	-
Additions	266	2	268
Disposals	(68)	-	(68)
Transfer to another group company	(48)	(67)	(115)
Closing balance at 30 April 2016	1,737	-	1,737
Accumulated depreciation			
Opening balance at 1 January 2015	1,614	-	1,614
Reclassification of cost	(54)	54	-
Disposal	(8)	-	(8)
Charge for the period	47	11	58
Transfer to another group company	(49)	(65)	(114)
Closing balance at 30 April 2016	1,550	-	1,550
Net book amount			
At 30 April 2016	187	-	187
At 31 December 2014	38	-	38

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

13 Deferred income tax

Deferred income tax assets have only been provided for in the financial statements to the extent that the directors of the Company feel that it is probable that there will be sufficient taxable profits arising in the foreseeable future against which to recover the asset.

	30 April 2016 £'000	31 December 2014 £'000
At beginning of period	(86)	(107)
Transferred in from a subsidiary undertaking as part of the Groups Corporate restructuring exercise	3,150	
(Debited) / credited the income statement	(1,202)	-
(Debited) / credited to other comprehensive income	(162)	21
At end of period	1,700	(86)

The deferred tax asset, which has been recognised in the financial statements, comprises:

	30 April 2016 £'000	31 December 2014 £'000
Trading losses	1,948	-
Retirement benefit deferred tax liability	(248)	(86)
	1,700	(86)

The 2015 Finance Act included legislation to reduce the main rate of corporation to 18% with effect from 1 April 2020. This change was substantively enacted on 26 October 2015 and the unrecognised deferred tax asset is based on this reduced rate. The 2016 Chancellors Budget announced a further reduction to Corporation Tax to 17% from 1 April 2020. This change was not exacted by the balance sheet date and therefore is not included within the deferred tax calculation.

An increase in the unrecognised deferred tax asset during the period of £10,740,000 is primarily as a consequence of the Group's corporate restructuring exercise following the transfer of trade and assets from Avant Homes (Scotland MK) Limited to Avant Homes (Scotland) Limited. On 31 December 2015 the trade and assets of Avant Homes (Scotland MK) Limited were transferred to Avant Homes (Scotland) Limited, a fellow group company, under CTA 2010 S940A. There are ongoing trade obligations relating to sites sold by Avant Homes (Scotland MK) Limited which are passing to Avant Homes (Scotland) Limited; on that basis we believe that the trade has not ceased and the tax losses will transfer for future use, in line with the agreed treatment per the tax clearance dated 28 October 2015, agreed with Her Majesty's Revenue and Customs.

At 30 April 2016 the Company has unrecognised trading losses of £79,379,000 (year ended 31 December 2014: £17,890,000). This equates to an unrecognised deferred tax asset of £14,288,000 (year ended 31 December 2014: £3,578,000) relating to unrelieved trading losses. The Company also has unrecognised deferred tax assets of £365,000 (year ended 31 December 2014: £353,000) relating to accelerated capital allowances and £31,000 (year ended 31 December 2014: £35,000) relating to other timing differences available to carry forward. The total unrecognised deferred tax asset of £14,684,000 (year ended 31 December 2014: £3,966,000) has not been provided for in the financial statements as the directors of the Company have only assessed taxable profits in the foreseeable future (three years) against which to recover the asset.

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

14 Retirement benefit obligations

The Bett Limited Superannuation and Life Assurance Scheme ("the Bett Scheme") is a funded defined benefit pension scheme which is closed to new entrants.

Introduction

The asset / (liability) recognised in the balance sheet in respect of the defined benefit pension plan is the fair value of plan assets less the present value of the defined benefit obligation at the end of the reporting period, subject to any adjustment required under IAS 19 in respect of surpluses. The defined benefit obligation is calculated annually by independent actuaries, using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in the actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

The Scheme is a funded, defined benefit, final salary pension plan. The level of benefits provided depends on members' length of service and their salary at their date of leaving the Scheme. Pensions in payment in the Scheme receive increases in line with RPI (Retail Prices Index) inflation capped at 5% a year. The benefit payments are from Trustee-administered funds. The Trustees insure certain benefits payable on death before retirement. The amount of contributions to be paid is decided jointly by the Employer and the Trustees of the Scheme. Assets held in trust are governed by United Kingdom regulations and practice. The Scheme's investment strategy is decided by the Trustees, in consultation with the Company.

The amounts recognised in the balance sheet are determined as follows:

Profile of the Scheme

The Scheme is closed to new entrants and future accrual and the Scheme has no active members accruing benefits as at 30 April 2016, so no ongoing contributions are payable to the Scheme. The defined benefit obligation includes benefits for current employees, former employees and current pensioners.

The duration is an indicator of the weighted-average time until benefit payments are made. The Scheme duration is around 15 years.

Funding requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Scheme was carried out by qualified actuaries as at 30 June 2013, and showed a deficit of £2.8 million for the Scheme. The Company currently pays £633,000 a year to the Scheme which is expected to make good this shortfall by 30 September 2019. The next funding valuation is currently in progress and will be valued as at a date no later than 30 June 2016.

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

14 Retirement benefit obligations (continued)

Risks associated with the Schemes

The Scheme exposes the Company to a number of risks, the most significant of which are:

Asset volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Scheme holds a significant proportion of equities which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Schemes' long term objectives.
Changes in bond yields	A decrease in corporate bond yields will increase the value placed on the Schemes' liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Schemes' bond holdings.
Inflation risk	A significant proportion of the Schemes' benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect, against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
Life expectancy	The majority of the Schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

A contingent liability exists in relation to the equalisation of Guaranteed Minimum Pension ("GMP"). The UK Government intends to implement legislation which could result in an increase in the value of GMP for males. This would increase the defined benefit obligation of the Schemes. At this stage, it is not possible to quantify the impact of this change.

In the past there has been uncertainty as to whether additional liabilities exist in relation to the equalisation of benefits between males and females and the increases to pensions in payment.

The court ruling dated 15 April 2016 confirmed that an additional liability needs to be recognised in respect of Equalisation, but no additional liability needs to be recognised in respect of escalation.

The equalisation issue relates to historic changes to the Scheme in the past that were thought to have closed the Barber window to equalise Normal Retirement Age to 65 for males and females. The 30 April 2016 disclosures have made allowance for the additional liabilities in this respect.

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

14. Retirement benefit obligations (continued)

Reporting at 30 April 2016

The results of the latest funding update of the Scheme have been adjusted to the balance sheet date taking account of experience over the period, changes in market conditions and differences in the financial and demographic assumptions. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumptions used to calculate the liabilities under IAS 19 are set out below:

Main financial assumptions

	30 April 2016 % p.a.	31 December 2014 % p.a.	31 December 2013 % p.a.
RPI Inflation	3.0	3.1	3.4
CPI Inflation	1.9	2.0	2.4
Pension increases (RPI capped at 5% p.a.)	2.9	2.9	3.2
Discount rate for scheme liabilities	3.4	3.5	4.4

The financial assumptions reflect the nature and term of the Schemes' liabilities.

Main demographical assumptions

	30 April 2016	31 December 2014	31 December 2013
	Base table: 100% of S1PXA tables, rated up two years	Base table: 100% of S1PXA tables, rated up two years	Base table: 100% of S1PXA tables, rated up two years
	Future improvements: CMI_2014 with 1.25% p.a. long-term rate of improvement	Future improvements: CMI_2014 with 1.25% p.a. long-term rate of improvement	Future improvements: CMI_2013 with 1.25% p.a. long-term rate of improvement
Mortality table adopted			
Life expectancy for male currently aged 65	20.8	20.7	20.6
Life expectancy for female currently aged 65	23.0	22.9	22.8
Life expectancy at 65 for male currently aged 45	22.5	22.3	22.3
Life expectancy at 65 for female currently aged 45	24.9	24.7	24.6
	Members assumed to exchange 25% of their pension for a cash lump sum at retirement	Members assumed to exchange 25% of their pension for a cash lump sum at retirement	Members assumed to exchange 25% of their pension for a cash lump sum at retirement
Cash commutation			

The mortality assumptions are based on industry standard mortality tables, and allow for expected future improvements in mortality rates.

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

14. Retirement benefit obligations (continued)

The Schemes' assets are invested in the following asset classes (all assets have a quoted market value in an active market):

Asset allocation

	Value at 30 April 2016 £'000	Value at 31 December 2014 £'000	Value at 31 December 2013 £'000
Equities	11,157	10,924	10,968
Government bonds	4,949	5,201	4,193
Corporate bonds	9,069	9,145	7,658
Cash / other	10	-	-
Total	25,185	25,270	22,819

The amounts recognised on the balance sheet are set out below:

Reconciliation of funded status to balance sheet

	Value at 30 April 2016 £'000	Value at 31 December 2014 £'000
Fair value of Scheme assets	25,185	25,270
Present value of funded defined benefit obligations	(23,810)	(23,359)
Funded status	1,375	1,911
Adjustment to remove surpluses from the balance sheet	-	(1,435)
Asset recognised on the balance sheet	1,375	476

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

14. Retirement benefit obligations (continued)

The amounts recognised in comprehensive income are set out below.

Breakdown of amounts recognised in the income statement and other comprehensive income

	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Financing cost		
Interest on defined benefit liability	1,053	873
Interest on assets	(1,162)	(993)
Interest on adjustment to remove surpluses from the balance sheet	67	94
Pension credit recognised in the income statement	(42)	(26)
Re-measurements in other comprehensive income:		
Return on plan assets (in excess of)/below that recognised in net interest	313	(1,974)
Actuarial losses due to changes in financial assumptions	233	2,014
Actuarial (gains)/losses due to changes in demographic assumptions	* 1,395	(38)
Actuarial (gains)/losses due to liability experience	(452)	1,287
Adjustments to restriction on surpluses on the balance sheet	(1,502)	(428)
Total amount recognised in other comprehensive income	(13)	861
Total amount recognised in the income statement and other comprehensive income	(55)	835

* Actuarial (gains)/losses due to change in assumptions includes recognition of additional liability in respect of equalisation.

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

14. Retirement benefit obligations (continued)

Changes to the present value of the defined benefit obligation for the period

	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Opening defined benefit obligation	23,359	20,455
Interest expense on DBO	1,053	873
Contributions by Scheme participants	-	-
Actuarial (gains)/losses on Scheme liabilities arising from changes in demographic assumptions	* 1,395	(38)
Actuarial losses on Scheme liabilities arising from changes in financial assumptions	233	2,014
Actuarial (gains) / losses on Scheme liabilities arising from experience	(452)	1,287
Net benefits paid out	(1,778)	(1,232)
Closing defined benefit obligation	23,810	23,359

* Actuarial (gains) / losses due to change in assumptions includes recognition of additional liability in respect of equalisation.

Changes to the fair value of Scheme assets during the period

	16 month period ending 30 April 2016 £'000	Year ended 31 December 2014 £'000
Opening fair value of Scheme assets	25,270	22,819
Interest income on Scheme assets	1,162	993
Re-measurement gains/(losses) on Scheme assets	(313)	1,974
Contributions by the employer	844	716
Net benefits paid out	(1,778)	(1,232)
Closing fair value of Scheme assets	25,185	25,270

Actual return on Scheme assets

	16 month period ending 30 April 2016 £'000	Year ended 31 December 2014 £'000
Interest income on Scheme assets	1,162	993
Re-measurement gain/(loss) on Scheme assets	(313)	1,974
Actual return on Scheme assets	849	2,967

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

14. Retirement benefit obligations (continued)

Analysis of amounts recognised in Other Comprehensive Income

	16 month period ending 30 April 2016 £'000	Year ended 31 December 2014 £'000
Total measurement losses	(1,489)	(1,289)
Adjustment in respect of surpluses on the balance sheet	1,502	428
Total gain / (loss)	13	(861)

Changes in the effect of the asset ceiling during the period

	16 month period ending 30 April 2016 £'000	Year ended 31 December 2014 £'000
Irrecoverable asset at start of period	(1,435)	(1,769)
Interest on adjustment to balance sheet to restrict surpluses	(67)	(94)
Adjustment due to change in restriction on balance sheet surpluses	1,502	428
Unrecognised asset at end of period	-	(1,435)

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

15. Provisions for other liabilities and charges

	30 April 2016	31 December 2014
	£'000	£'000
At beginning of period	159	220
Utilised in the period	(106)	(61)
Transferred to Avant Homes (England) Limited as part of trade and asset transfer	(53)	-
At end of period	-	159

Onerous lease provision

The onerous lease provision has been recognised where leased properties are vacant or sub-let to third parties at below the rent payable by the Group on those properties.

16. Operating loss

Operating loss is stated after charging:	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Depreciation		
Owned tangible fixed assets	58	42

Auditor's remuneration of £22,000 (year ended 31 December 2015: £5,000) was borne by Avant Homes Limited (formerly Gladedale Holdings Limited).

17. Exceptional expenses

Exceptional items included above consist of:

	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Cost of rebrand and website development	264	-
Reorganisation costs	227	-
Impairment of investment in subsidiary undertaking as part of corporate simplification exercise	7,153	-
	7,644	-

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

18. Employee benefit expense

	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Wages and salaries	7,681	7,507
Social security costs	827	697
Other pension costs	305	244
	8,813	8,448

Average number of people employed

	16 month period ended 30 April 2016 Number	Year ended 31 December 2014 Number
Average monthly number of people (including executive directors) employed:		
House building and related activities	139	165

During the 16 month period ended 30 April 2016 the Group undertook a corporate restructuring exercise. As part of this exercise the Company's operations in the North West of England, the North East of England and Yorkshire were transferred to Avant Homes (England) Limited on 31 December 2015.

Three of the Directors are executives of the immediate parent undertaking, Avant Homes Limited (formerly Gladedale Holdings Limited), two of the Directors are executives of another Group company, Avant Homes (England) Limited (formerly Gladedale (South Yorkshire) Limited) and two are executives of an intermediate parent undertaking, Avant Homes Group Limited. It is not practicable to allocate their total remuneration between their services as executives of the Company and their services as directors of the other Group companies. As such, only one of the Directors is remunerated through the Company and his remuneration is disclosed below. Details of the other directors' remuneration can be found in the financial statements of Avant Homes Limited, Avant Homes (England) Limited and Avant Homes Group Limited, as appropriate.

The remuneration of the remaining Director is disclosed below

Directors' remuneration:

	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Aggregate emoluments:		
Aggregate emoluments	256	199
Company contributions to money purchase pension scheme	-	12
	256	211

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

18 Employee benefit expense (continued)

Directors' remuneration (continued):

	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Highest paid director:		
Aggregate emoluments	256	167
Company contributions to money purchase pension scheme	-	12
	256	179

19 Finance income and costs

Group	Note	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Interest costs:			
- Land creditor interest expense		170	-
- Other interest payable		-	18
Finance costs		170	18
Finance income:			
- Bank interest receivable		5	-
- Unwinding of discounted equity share receivables		-	12
- Interest receivable by joint venture undertaking			45
- Pension scheme interest credit		42	26
- Other interest receivable		10	8
Finance income		57	91
Net finance income / (costs)		(113)	73

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

20 Income tax

	16 month period ended 30 April 2016 £'000	Year ended 31 December 2014 £'000
Current tax		
Adjustment in respect of previous periods	(296)	(137)
Share of joint venture tax charge	(22)	226
Current tax charge / (credit) for the period	(318)	89
Deferred tax		
Origination and reversal of timing differences	1,202	-
Deferred tax credit	1,202	-
Tax charge / (credit) on ordinary activities	884	89

The tax assessed for the period is higher (year ended 31 December 2014: higher) than the standard rate of corporation tax in the UK of 20.19% (year ended 31 December 2014: 21.5%) for the period ended 30 April 2016. The differences are explained below:

	16 month period ended 30 April 2016 £'000	Year end 31 December 2014 £'000
Profit / (loss) before tax	(18,634)	(6,353)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 20.19% (year ended 31 December 2014: 21.5%)	(3,762)	(1,366)
Tax effects of:		
- Income not subject to tax	(289)	(538)
- Expenses not deductible for tax purposes	15	320
- Profit / (loss) on sale / impairment of investments	187	-
- Other timing differences	-	(570)
- Movement in unrecognised deferred tax due to tax rate changes	12	
- Transfer pricing adjustment	(326)	(191)
- Tax losses for which no deferred income tax asset was recognised	5,544	2,345
- Deferred tax recognised in other comprehensive income on pensions	(179)	
- Adjustment in respect of previous periods	(296)	(137)
- Interest payable / (receivable) by joint venture undertaking	(22)	226
Income tax (credit) / charge	884	89

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

20 Income tax (continued)

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 21% to 20% effective from 1 April 2015. The UK corporation tax rate is due to reduce from 20% to 19% from 1 April 2017 and to 18% with effect from 1 April 2020. This will reduce the company's future tax charge accordingly.

No income tax has been charged or credited directly to equity during the period. A tax charge of £162,000 was recognised in other comprehensive income relating to the deferred tax impact of the recognition of the retirement benefit asset on the balance sheet.

21 Dividends per share

No interim dividends were paid in the 16 month period ended 30 April 2016 (year ended 31 December 2014: £nil). The directors do not recommend the payment of a final dividend in respect of the period ended 30 April 2016 (year ended 31 December 2014: £nil).

22 Contingencies

Provision is made for the Directors' best estimate of all known legal claims and all legal actions in progress. The Company takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice that the action is unlikely to succeed, or a sufficiently reliable estimate of the potential obligation cannot be made.

23 Financial Commitments

The terms of property leases vary although they all tend to be tenant repairing with rent reviews every 2 to 5 years and many have break clauses. The Company leases various plant and machinery under cancellable operating lease agreements. The Company also leases various plant and machinery and motor vehicles under non-cancellable operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 April 2016		31 December 2014	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
Within one year	140	101	226	262
In two to five years	274	103	506	362
	414	204	732	624

The fall in financial commitments from the year ended 31 December 2014 to the period ended 30 April 2016 relates primarily to the transfer of the Company's England operations to Avant Homes (England) Limited as part of the Group's restructuring exercise undertaken during the period.

The Company's financial commitments from continuing activities are disclosed in the table below:

	30 April 2016		31 December 2014	
	Land and Buildings	Vehicles, Plant and Equipment	Land and Buildings	Vehicles, Plant and Equipment
Within one year	140	101	120	127
In two to five years	274	103	453	169
	414	204	573	296

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

24 Investment in subsidiaries and associates

The subsidiary undertakings of Avant Homes (Scotland) Limited are shown below.

	30 April 2016 £'000	31 December 2014 £'000
At beginning of period	1,655	1,655
Additions	6,227	-
Impairment	(7,153)	-
At end of period	729	1,655

As part of the Group's corporate restructuring the Company subscribed for one £1.00 share in Avant Homes (Scotland MK) Limited for a premium of £6,227,000 to recapitalise the subsidiary undertaking to facilitate the transfer of trade and assets from the subsidiary undertaking at net book value. Upon subscription the Company immediately impaired its investment in Avant Homes (Scotland MK) Limited because the investment was not supported by the distributable reserves in the subsidiary undertaking.

The Company also impaired its investment in Gladedale (North West) Limited following the payment of a final dividend by Gladedale (North West) Limited prior to liquidation of the subsidiary on 29 March 2016.

Residential Group	Country of incorporation	Principal activity	Proportion of ordinary shares held by the Group
Avant Homes (Scotland MK) Limited	Scotland	Dormant	100%
Gladedale (North East England) Limited	Scotland	Dormant	100%
Taydale (Granton) Limited	Scotland	Dormant	100%
Freeport Scotland Limited	Scotland	Property Development	14%
Gladedale (North West) Limited		Dissolved 29 March 2016	
Bett Homes (Yorkshire) Limited		Dissolved 26 January 2016	
Gladedale Partnerships (Scotland) Limited		Dissolved 29 March 2016	
Scotmid-Bett (Fountainbridge) Limited		Dissolved 24 May 2016	

Quasi Subsidiaries

The Company acquired a controlling interest in a Limited Liability Partnership in December 2011. The Members Agreement confers to the Company the rights to all the income plus the majority of the benefits of the entity through a residual interest in scheduled residual distributions.

Company Name	Nature of business	Country of incorporation	Economic interest held by the Group
Stirling Waterfront NHT 2011	Property development	Scotland	100%

The accounting reference date of this quasi subsidiary is 30 April.

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

25 Related parties

The Company is a wholly owned subsidiary of Avant Homes Limited. Avant Homes Group Limited, an intermediate parent undertaking, is the largest and smallest group to which the company belongs and has prepared consolidated financial statements for the period ended 30 April 2016. The Company has relied on the exemptions contained within FRS 101 in respect of the disclosure of related party transactions in accordance with IAS 24.

There are no other related parties transactions that require disclosure in these financial statements.

26 Discontinued operations income statement

	16 month period ended 30 April 2016 £'000
Revenue	2,202
Cost of sales	(2,495)
Gross loss	(293)
Selling and administrative expenses	(4,513)
Other income	2
Exceptional administrative expenses	(155)
Operating loss	(4,959)
Finance income	1
Finance costs	-
Loss before income tax	(4,958)
Income tax credit	-
Loss for the year	(4,958)

27 Explanation of transition to FRS 101

As stated in note 2, these are the Company's first financial statements prepared in accordance with FRS 101. The accounting policies set out in note 2 have been applied in preparing the financial statements for the 16 month period ended 30 April 2016, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting, United Kingdom Generally Accepted Accounting Practice (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

27 Explanation of transition to FRS 101 (continued)

	1 January 2014			31 December 2014		
	Effect of transition			Effect of transition to IFRS		
	UK GAAP £'000	to FRS 101 £'000	FRS 101 £'000	UK GAAP £'000	to FRS 101 £'000	FRS 101 £'000
Non-current assets						
Tangible assets	80	-	80	38	-	38
Investment in subsidiary undertakings	1,655	-	1,655	1,655	-	1,655
Investment in joint venture	-	3,853	3,853	-	2,175	2,175
Retirement benefit asset	-	595	595	-	476	476
Trade receivables	7,747	-	7,747	130	-	130
	9,482	4,448	13,930	1,823	2,651	4,474
Current assets						
Inventory	47,633	-	47,633	34,219	-	34,219
Trade receivables	14,291	-	14,291	47,967	-	47,967
Cash at bank and in hand	27,129	-	27,129	2,362	-	2,362
	89,053	-	89,053	84,548	-	84,548
Current liabilities						
Trade creditors	46,217	-	46,217	39,620	-	39,620
Provisions for other liabilities and charges	220	-	220	159	-	159
	46,437	-	46,437	39,779	-	39,779
Net current assets	42,616	-	42,616	44,769	-	44,769
Non-current liabilities						
Deferred income tax liability	-	107	107	-	86	86
	-	107	107	-	86	86
Net assets	52,098	4,341	56,439	46,592	2,565	49,157

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

27 Explanation of transition to FRS 101 (continued)

	1 January 2014			31 December 2014		
	Effect of transition			Effect of transition to IFRS		
	UK GAAP	to FRS 101	FRS 101	UK GAAP	to FRS 101	FRS 101
	£'000	£'000	£'000	£'000	£'000	£'000
Capital and reserves						
Called up share capital	3,254	-	3,254	3,254	-	3,254
Share premium	1,117	-	1,117	1,117	-	1,117
Profit and loss account	47,727	4,341	52,068	42,221	2,565	44,786
Total reserves	52,098	4,341	56,439	46,592	2,565	49,157

Notes to the reconciliation of shareholder's funds above

FRS 9 'Associates and Joint Ventures' ('old' UK GAAP) required companies to account for investments in joint ventures using the cost model in separate company financial statements and the equity model in consolidated financial statements. *IFRS 11 'Joint Arrangements'* requires companies to account for investments in joint ventures using the equity method and stipulates that other models are generally not permitted. Therefore historically under 'old UK GAAP' the investment in joint venture was not recognised in the Company's individual financial statements. The transition adjustment above is the recognition of the value of the investment in the joint venture on the balance sheet. At 1 January 2014 the value of the investment was £3,853,000. During the year ended 31 December 2014 the Company received dividends of £2,500,000 and recognised a share of the joint ventures profits of £822,000. The £822,000 is made up of a share of operating profits of £1,003,000, finance income of £45,000 and a taxation charge of £226,000 incurred by the joint venture (note 6). After recognition of the Company's share of the joint ventures income statement, an asset of £2,175,000 remained on the balance sheet at 31 December 2014.

FRS 17 'Retirement Benefits' ('old UK GAAP) required companies to account for pension contributions through other comprehensive income but did not stipulate that companies had to recognise surpluses on the balance sheet. As such therefore Avant Homes (Scotland) Limited did not recognise its pension scheme surplus on the balance sheet under 'old UK GAAP'. *IAS 19 'Employee Benefits'* requires that companies recognise both surpluses and deficits to the extent that the company is either liable for the deficit or entitled to the surplus. The Company has therefore recognised the Bett Scheme surplus at 31 December 2014 and the related deferred tax liability associated with the surplus. At 1 January 2014 the value of the surplus recognised in the balance sheet was £595,000. The value of the surplus fell to £476,000 at 31 December 2014 with the actuarial loss recognised through other comprehensive income.

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

27 Explanation of transition to FRS 101 (continued)

31 December 2014			
Effect of transition to IFRS			
	UK GAAP	to FRS 101	FRS 101
	£'000	£'000	£'000
Revenue	35,672	-	35,672
Cost of sales	(35,116)	-	(35,116)
Gross profit	556	-	556
Selling and administrative expenses	(8,019)	-	(8,019)
Other operating income	34	-	34
Operating loss	(7,429)	-	(7,429)
Finance income	20	71	91
Finance costs	(18)	-	(18)
Income from joint ventures	2,500	(2,500)	-
Share of profits / (loss) from joint ventures	-	1,003	1,003
Loss before income tax	(4,927)	(1,426)	(6,353)
Income tax credit / (charge)	137	(226)	(89)
Loss for the year	(4,790)	(1,652)	(6,442)
Other comprehensive income / (loss)			
Items that will not be reclassified to the income statement			
Actuarial loss on post employment benefit obligations	(716)	(145)	(861)
Deferred tax impact of actuarial loss on post employment benefit obligations	-	21	21
Other comprehensive income loss for the year	(716)	(124)	(840)
Total comprehensive loss for the year	(5,506)	(1,776)	(7,282)

**Notes to the financial statements for the 16 month period ended 30 April 2016
(continued)**

27 Explanation of transition to FRS 101 (continued)

Notes to the reconciliation of loss

The value of the investment in joint ventures during the year ended 31 December 2014 fell by £1,678,000. £2,500,000 following dividends received from the joint venture. A further £822,000 was the Company's share of the profit realised by the joint venture for the year ended 31 December 2014. Under 'old UK GAAP' only the dividends were recognised by the Company in its income statement.

The impact to other comprehensive income is predominantly the recognition of the pension surplus at 31 December 2014.

Explanation of material adjustments to the cash flow statement for 31 December 2014

Under 'old UK GAAP', the company was not required to, and did not, prepare a cash flow statement. There are no material differences between the cash flow statement presented under FRS 101 and the cash flow statement presented under 'old UK GAAP'. As such the Company has taken advantage of the disclosure exemption under FRS 101 and elected not to present a cash flow statement. The Company is a wholly owned subsidiary of Avant Homes Group Limited and is included in its consolidated financial statements which are publically available.

28 Ultimate parent undertaking

The Company is a wholly owned subsidiary of Avant Homes Limited.

The Directors consider the ultimate parent undertaking to be Avant SA, a company registered in the Grand Duchy of Luxembourg. The Directors do not consider there to be any ultimate controlling party. Avant Homes Group Limited was the largest and smallest group of which the Company was a member and for which consolidated financial statements are prepared. Copies of the financial statements of Avant Homes Group Limited are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.