REGISTERED NUMBER: 10055536 (England and Wales)
SOCIAL HOUSING REGISTER NUMBER: 5055

Report of the Directors and

Financial Statements for the year ended 30 September 2020

for

Rosewood Housing Limited

Contents of the Financial Statements
for the year ended 30 September 2020

Company Information
for the year ended 30 September 2020

DIRECTORS:	R J Laugharne N M Auerbach S Ingham E A Curran
SECRETARY:	K Worth
REGISTERED OFFICE:	Burnham Yard London End Beaconsfield Buckinghamshire HP9 2JH
REGISTERED NUMBER:	10055536 (England and Wales)
SOCIAL HOUSING REGISTER NUMBER:	5055
AUDITORS:	BDO LLP (Statutory Auditor) 55 Baker Street Marylebone London W1U 7EU
SOLICITORS:	Devonshires 30 Finsbury Circus London EC2M 7DT

Report of the Directors
for the year ended 30 September 2020

The directors present their report together with the audited financial statements of the Company for the year ended 30 September 2020.

PRINCIPAL ACTIVITY
The principal activity of the Company in the period under review was that of the development of real estate and as a provider of social housing, having registered as a Private Registered Provider of Social Housing on 2 August 2018.

DIRECTORS
The directors who held office during the period from 1 October 2019 to the date of this report are as follows:

R J Laugharne	
N M Auerbach	
S Ingham	
E A Curran	Appointed 4 January 2021

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS
The Company has made qualifying third party indemnity provisions for the benefit of directors which were made during the period and remain in force at the reporting date.

RESULTS AND DIVIDENDS
The results for the period are set out on page 9.

Our managing partner, Thrive Homes, continue to provide full property management service for all of our properties. Our first pilot shared ownership scheme in Tring is now fully sold, with a mixture of affordable and shared ownership properties fully occupied. We now move on to our next scheme, Randall's Uxbridge, which will see the Company bring forward a wholly shared ownership scheme consisting of 9 1&2 bed apartments.

With effect from 17 September 2020, Rosewood Housing qualified to participate in SOAHP 2016-21 and associated affordable homes programme. We are now reviewing pipeline opportunities which will enable us to access Homes England grant funding to support our growth aspirations.

No dividends will be distributed for the year ended 30 September 2020 (period ended 30 September 2019: nil).

VALUE FOR MONEY
The Value for Money Standard for Registered Providers of Social Housing (2018) ('VfM') issued by the Regulator applies from 1 April 2018. The Value for Money Metrics are shown below.

The figures presented reflect the stage of the progression of the Company, in its second year of operation, the growth from 2019 and the relatively small number of units held. Whilst the Metrics are in line with targets, the Directors do not feel there are any appropriate peers to make meaningful comparisons with as a small, relatively young, private sector Registered Provider of Social Housing.

Reinvestment
The financial statements represent the Company's second period of operations having registered as a provider of social housing on 2 August 2018. Accordingly, the investment in the year as a percentage of the total properties held at 30 September 2020 remains high with the completion of properties in construction during the year adding costs of £2.1m to investment property of £0.3m at the start of the year, representing reinvestment of 87% (2019: 100%).

VALUE FOR MONEY (continued)

New Supply Delivered
At 30 September 2020 the Company had delivered 12 new units (2019: 1 new unit) for social housing which represents 92% (2019: 100%) of total units.

There were no non-social housing units.

Gearing
The Company's gearing, including amounts due group undertakings and cash and cash equivalents as a percentage of tangible fixed assets is 98% (2019: 332%).

Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) interest cover
During the year the Company was charged interest of £59,134 (2019: nil) on EBITDA MRI of £301,776 after the revaluation of investment property, giving interest cover of 5.1.

Headline Social Housing Cost Per Unit
During the period the Company incurred operating expenditure of £489,330 (2019: £74,080) and held 13 units (2019: 1 unit) resulting in a headline social housing cost per unit of £37,640 (2019: £74,080).

Operating Margin
During the year the Company reported an operating surplus of £301,776 after the revaluation of investment property of £261,921 (2019: deficit of £66,578) on turnover of £529,185 (2019: £7,502) resulting in a 57% operating margin attributed wholly to social housing.

Return on Capital Employed
The Company reported an operating surplus of £301,776 and total assets less current liabilities of £908,994 (2019: deficit of £66,578) giving a return on capital employed of 33%.

CODE OF GOVERNANCE
The Company has adopted the NHF Code of Governance and is compliant with all applicable requirements.

COMPLIANCE WITH GOVERNANCE AND FINANCIAL VIABILITY STANDARD
The Company has complied with the requirements of the regulatory standard. As the Company's parent undertaking is not a registered provider, the Company has mechanisms in place to ensure that it will receive such support and assistance as required to meet the regulators standards and other regulatory requirements.

The Group to which the company is a member, continuously reviews the overall effectiveness of the internal controls framework, supported by the audit committee and therefore the Directors are satisfied that the Company has appropriate and effective internal controls.

PRINCIPAL RISKS AND UNCERTAINTIES

Mitigating the impact of Covid-19 continues to be a focus for the Board. The Company's parent undertaking provides support and guidance to all its subsidiaries, in line with Public Health England and sector relevant advice. Risks and uncertainties resulting from the Pandemic continue to be assessed by the Parent Company and the Rosewood Housing Board.

In meeting its long-term objectives, the following risk and uncertainties affecting the Company are shown below alongside mitigating strategies:

Risk and uncertainties	Mitigating strategies
Valuation of properties	A prudent approach is taken to appraisal and assumptions around house price inflation help to mitigate some of this uncertainty.
Ability to secure new housing opportunities	The pipeline secured through the Company's parent and group mitigates some of the impact of this risk.
Rent regime risk	Outside of current committed regime, the Company takes a cautious view of future rental income.
Shared ownership risk: market exposure	The Company maintains a balanced portfolio between rented and sale tenures.
3rd party management contract performance	Performance KPIs and clear monthly reporting strategies mitigate this risk.
Health and safety	Regular statutory H&S checks are undertaken through a management contract, alongside an annual health and safety audit .
Cost and Inflation: linking to Brexit and a 'disorderly' no deal Brexit	Current strategy to secure opportunities through land and fixed price package deal arrangements provides certainty in the face of this risk.

Financial risk management objectives and policies

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk, cash flow fair value interest risk, credit risk and property market risk. The directors review and agree policies for each of these risks.

All potential areas of financial risk are regularly monitored and reviewed by directors and management. Any preventative or corrective measures are taken as necessary. The Company uses various financial instruments. These include cash, amounts owed to group undertakings and trade creditors and amounts due to group undertakings that arise directly from its operations. The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail on the following page.

Liquidity risk
The Company seeks to manage financial risks by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility may be achieved by overdraft facilities.

Interest rate risk
The Company finances its operations through intercompany loans. The Company controls the exposure to interest rate fluctuations by ensuring that the level of gearing is maintained at a reasonable level.

SUPPLIER PAYMENT POLICY
The Company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London, WC1A 1DU).

The Company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the Company's contractual and other legal obligations.

STATEMENT OF BOARD MEMBERS RESPONSIBILITIES
The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Company law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company association for that period.

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

STATEMENT OF BOARD MEMBERS RESPONSIBILITIES (continued)
The board members 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, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board members are responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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

In preparing this report, the directors have taken advantage of Small Companies' exemptions provided by Section 415A of the Companies Act 2006 in not preparing a Strategic Report.

AUDITORS
The auditors, BDO LLP (Statutory Auditor), who were appointed during the year, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

....
S Ingham - Director

Date: 26 February 2021

Opinion
We have audited the financial statements of Rosewood Housing Limited ("the Company") for the year ended 30 September 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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

Conclusions related to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions from the in preparing the Directors' report.

Responsibilities of Directors
As explained more fully in the Report of the Directors, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with the Housing and Regeneration Act 2008 and 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.

Thomas Edward Goodworth (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 26 February 2021

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

Rosewood Housing Limited (Registered number: 10055536)

Statement of Comprehensive Income
for the year ended 30 September 2020

	Notes	Year ended 30 September 2020 £'000	Period to 30 September 2019 £'000
TURNOVER	6	529	7
Operating expenditure		(489)	(74)
Revaluation of investment property	9	261	-
OPERATING SURPLUS / (DEFICIT)		301	(67)
Interest payable and similar expenses		(59)	-
SURPLUS / (DEFICIT) BEFORE TAX		242	(67)
Tax on surplus / (deficit)	7	(50)	-
SURPLUS / (DEFICIT) AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		192	(67)

The notes form an integral part of these financial statements

Rosewood Housing Limited (Registered number: 10055536)

Statement of Financial Position
30 September 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Properties under construction	8	-	1,247
Investment property	9	2,513	320
		2,513	1,567
CURRENT ASSETS			
Stocks	10	118	243
Trade and other debtors	11	7	8
Cash and cash equivalents		-	1
		125	252
CREDITORS			
Amounts falling due within one year	12	(1,730)	(1,887)
NET CURRENT LIABILITIES		(1,605)	(1,635)
TOTAL ASSETS LESS CURRENT LIABILITIES		908	(68)
CREDITORS			
Amounts falling due after more than one year	13	(784)	-
NET ASSETS/(LIABILITIES)		124	(68)
CAPITAL AND RESERVES			
Called up share capital	15	-	-
Income and expenditure reserve		124	(68)
SHAREHOLDER'S FUND/(DEFICIT)		124	(68)

The financial statements were approved by the Board of Directors on 26 February 2021 and were signed on its behalf by:

S Ingham - Director

The notes form an integral part of these financial statements

Rosewood Housing Limited (Registered number: 10055536)

Statement of Changes in Equity
for the year ended 30 September 2020

	Called up share capital £'000	Income and expenditure reserve £'000	Total equity £'000
Balance at 30 June 2018	-	(1)	(1)
Changes in equity			
Total comprehensive income	-	(67)	(67)
Balance at 30 September 2020	-	(68)	(68)
Changes in equity			
Total comprehensive income	-	192	192
Balance at 30 September 2020	-	124	124

The notes form an integral part of these financial statements

1. STATUTORY INFORMATION

Rosewood Housing Limited is a private Company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page. The Company is also registered with the Regulator of Social Housing.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework", the Companies Act 2006, the Housing SORP 2018, statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Directive for Private Registered Providers of Social Housing 2019, having taken advantage of the exemptions for entities with less than 1,000 homes allowing reduced disclosures. The financial statements have been prepared under the historical cost convention.

On 6 June 2019, the Group and Company changed its accounting reference date from 30 June to 30 September so that the reporting timetable was more closely aligned to value recognition and the operational cycles of the business. As a result of the change in the Group and Company’s accounting reference date, the current period is a year in comparison to the prior period which is fifteen months. The current period is therefore not entirely comparable with the prior year.

2. **ACCOUNTING POLICIES – continued**

Accounting convention
The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10)(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

The group accounts of Inland Homes Plc are available to the public and can be obtained from the Company Secretary, Inland Homes Plc, Burnham Yard, London End, Beaconsfield, HP9 2JH.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest thousand pounds (£'000).

2. **ACCOUNTING POLICIES – continued**

Going concern

The Directors have reviewed the performance of the Group to which the Company is a member of for the current period and forecasts for the period to 28 February 2022. The ability of the Company to continue as a going concern is dependent on that of the Group due to the use of intercompany debt across the Group to support the consolidated operations and therefore Going Concern has been considered at Group level.

The Directors are required to assess the Group's and Company's abilities to continue as a Going Concern for a period of at least the next twelve months. Given the significant adverse impact of the COVID-19 crisis on the economy and the activities of the Group, a thorough review of the Going Concern assumption has been undertaken in preparing the financial statements.

The Company's Going Concern assessment considers the Group's and Company's principal risks and is dependent on several factors, including its financial performance, continued access to borrowing facilities and the ability to operate within their respective financial covenants.

In response to the global COVID-19 pandemic, which quickly emerged in March 2020, the Group adopted stringent cash management procedures to conserve resources, a range of other measures undertaken to reduce the cost base and raised new equity of £9.4m, net of expenses, to strengthen the balance sheet and provide additional liquidity during this uncertain period.

In preparing the forecasts the Directors have considered the continued adoption of stringent cash management procedures, market disruptions already brought about by COVID-19, the possibility of future disruption in the Going Concern period which could potentially be caused by COVID-19 and other risks and uncertainties, including credit risk and liquidity risk, the present and possible future economic climate, the current and possible future demand for land with planning consent and the state of the housing market in the geographic areas where the Group operates.

The key risks faced by the Group are set out on in the Group's Annual Report. At the date of signing of the Company's accounts, the continued and prolonged impact of COVID-19 may result in further uncertainties that are not apparent at present.

There are contractual and anticipated cash inflows expected which ensure that the Group and Company have sufficient working capital for its requirements.

At the date of signing of this report, the Group has a total forward order book of £50.6m for private homes reserved or contracted, including a contracted block sale of 85 units and a contracted sale of a hotel and £71.3m for partnership housing contract income. In addition, the Group has contracted to sell a parcel of land for £14.0m (including payments for infrastructure works) subject to certain conditions being fulfilled.

2. **ACCOUNTING POLICIES – continued**

Going concern - continued
The Group also has contracted annualised residential and commercial rental income of £2.3m.

As also disclosed in Note 42 of the Group's Annual Report, the Group extended the following facilities during January 2021:

- a revolving credit facility for £15.4m to 31 December 2021.
- two loan facilities amounting to £11.0m to 31 December 2021.
- three bank loan facilities amounting to £41.3m to 30 April 2022.

The Group has three facilities totalling £26.4m falling due for repayment on 31 December 2021. The Directors are in advanced discussions with the provider of the revolving credit facility to renew the facility for a further five-year period. The Directors have positive relationships and have had constructive discussions with all their existing lenders and a number of other potential lenders; however, they do not as yet have a binding commitment to extend or refinance these facilities beyond 31 December 2021.

The Group has also negotiated a relaxation to the interest cover covenant test under the revolving credit facility with HSBC in respect of the December 2020 and March 2021 periods as proactive defence against any possible severe but plausible downside scenarios.

The Directors have performed detailed sensitivity analyses to test the Group's future liquidity and banking covenant compliance based on several scenarios. The Group has forecast land sales in the next twelve months in the normal course of its business. As part of their Going Concern review, the Directors have considered the impact of a delay of six months on each of these sales in isolation. They have also considered, again in isolation, a price reduction of 10% on all residential unit sales that have not been contracted and are forecast to complete after 31 March 2021. Finally, the Group considered a delay in residential unit sales by three months. None of these scenarios leads to an issue with either the Group's debt covenants or its liquidity.

The Directors have also considered the following severe, but plausible downside scenario:

- only residential sales that have exchanged or reserved complete between now and 31 March
- after 31 March through to 28 February 2022 legal completions of residential units continue, but at a 50% reduction in volume and a 10% reduction in sales prices
- no land sales until the end of May 2021, other than a small scheduled sale where negotiations with the purchaser are in progress at the date of this report.

Additionally the Directors considered an even more severe scenario which mirrors the above, but assumes no residential unit sales for a period of three months from 1 April 2021 before returning to the assumptions in the Group's base case.

The Board's modelling choice of cessation of activity period for the severe, but plausible downside scenario is based on the market experiences of 2020, when the national housebuilders stopped purchasing land for a short period during national lockdown.

2. **ACCOUNTING POLICIES – continued**

Going concern - continued
In making their assessment of the sensitivity tested above the Directors have considered the Stamp Duty Land Tax holiday which expires on 31 March 2021. The Directors are therefore confident that residential unit sales reserved or exchanged for completions due in the months of February 2021 and March 2021 are secure. The Directors have assumed that the current Stamp Duty Land Tax holiday window is not extended by the UK Government after 31 March 2021 in preparing their projections.

Under both severe, but plausible scenarios, the Directors would need to make strategic choices in the near term to delay both planning application activity, construction activity and identified but non-contractual purchases however there is no need for any further liquidity to be introduced into the Group or any need for any relaxation of the Group's financial covenants with its lenders.

Should the cessation of the land and planning activity and housebuilding activity discussed above, extend beyond the periods referred to above, then the Group may have to rely on the sale of property assets at lower than open market values to generate liquidity for the Group and Company to meet their obligations as they fall contractually due. Again, there would be no need for any relaxation of the Group's financial covenants with its lenders under such circumstances. Additionally, the Directors also have the option to access the capital and debt markets to raise further liquidity as may be needed.

The Strategy outlined above details our approach to the current situation but, the Directors are mindful that no one can forecast exactly how the global COVID-19 pandemic will play out and how this may affect the Group, industry and the wider economy for the foreseeable future. A significant worsening of the situation and a return to a strict national lockdown for a prolonged period longer than the severe, but plausible downside scenarios would have implications for the Group as it would for many other businesses. Such a situation would then require the Directors to re-examine the Group's financial position at the time and if necessary, report any significant adverse changes.

At the time of approving these financial statements and after making appropriate enquiries, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion the Directors have given consideration to the support that its parent has indicated it will provide for a period of at least 12 months from the signing of these financial statements. The Directors therefore consider it appropriate to prepare the financial statements on the Going Concern basis.

Adoption of new accounting standards
IFRS 16 – Leases
IFRS 16 eliminates the classification of leases for lessees as either operating leases or finance leases as per IAS 17, and introduces a single lessee accounting model. The adoption of this new Standard has not result in any changes to financial statements of the company.
Other than as described above, the same accounting policies, presentation and method of computation are followed in these financial statements as were applied in the previous financial statements.

2. **ACCOUNTING POLICIES – continued**

Revenue
In the prior year, the Company adopted IFRS 15 'Revenue from Contracts with Customers'. This establishes a principles based approach for revenue recognition and is based on the concept of recognising revenue for obligations only when they are satisfied and the control of goods or services is transferred.

The standard is applicable to sales of land and sales of reversionary freehold, sales of residential units, property construction services and management fees from management of sites owned by third parties but excludes rental income which is accounted for within the scope of IFRS 16 'Leases'. The adoption of IFRS 15 has not had a significant impact on the revenue recognition policies of the Company or treatment of revenue undertaken in the prior period to 30 September 2019.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligations are satisfied.

The Company often enters into transactions with multiple performance obligations. In these cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.
Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other payables in the Statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or receivable in the Statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied, excluding VAT and trade discounts.

Rental income
Rental income, including service charges, derived from operating leases is recognised on a straight line basis over the lease term.

Investment property
Investment properties are those properties which are not occupied by the Company and which are held for long-term rental yields, capital appreciation or both.

Investment property also includes investment property under construction that will be developed for future use as investment property.

2. **ACCOUNTING POLICIES – continued**

Investment property - continued
Investment properties are initially measured at cost, including related transaction costs. At each subsequent reporting date they are remeasured to their fair value. Movements in fair value are included in the Company Income Statement. Investment properties are valued by the Directors based on up to date market information.
Subsequent expenditure is capitalised to the asset's carrying value only where it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Any gain or loss resulting from the sale of an investment property is immediately recognised in the Company Income Statement. An investment property shall be derecognised on disposal.

When the Directors consider that the status of the property has changed to being a development property it is transferred to inventories. A property is transferred to inventories when it has been decided that the units being constructed will be sold and no future rental income is expected. When a partial disposal or transfer is made, the proportion relating to the disposal or transfer is derecognised.

Stocks
Stocks consist of land and work in progress and are valued at the lower of cost and net realisable value. Cost includes the purchase of sites, the cost of infrastructure and construction works, and legal and professional fees incurred during development prior to sale. Net realisable value is estimated based upon the future expected selling price, less estimated costs of completion and estimated costs to sell.

Taxation
Current tax is the tax currently payable based on taxable profit for the period calculated using tax rates and laws substantively enacted at the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures unless reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates and laws that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the year end date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Company Income Statement except where they relate to items that are recognised in other comprehensive income or directly in equity in which case the related deferred tax is also recognised in other comprehensive income or equity respectively.

2. **ACCOUNTING POLICIES - continued**

Financial assets
The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Amortised cost
These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for all other receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses. For those for which credit risk has increased significantly, lifetime expected credit losses are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and amounts due from joint ventures (other than those held at fair value through profit and loss) and associates in the consolidated statement of financial position.

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2. **ACCOUNTING POLICIES - continued**

Financial liabilities
Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial liabilities are initially recognised at fair value net of any transaction costs. Subsequently they are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the Company Income Statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the Company Income Statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Share capital and other equity reserves
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Retained earnings represents cumulative net gains and losses recognised in the Company income statement together with other items such as dividends and share-based payments.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES**

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

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Fair value of investment properties
The fair value of materially completed investment property is determined by independent valuation experts using the open market value of existing use method, subject to current leases and restrictions, as this has been assessed currently as the best use of these assets. Investment properties awaiting construction are valued by the Directors using an appraisal system; critical accounting estimates relate to the forecasts prepared in order to assess the carrying value.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES - continued**

Classification between investment property and stocks
In applying the accounting policy for the recognition of properties between investment property and stocks, on completion management make a distinction between investment property and inventories based on the expected use of the asset.

An investment property is an asset that is held for long-term capital appreciation and/or income generation. Inventories are assets that are held with an intention for sale.

Rosewood Housing Limited is a registered provider and developer of high-quality, affordable homes providing Shared Ownerships units and Affordable Rent units.

The sale of Shared Ownerships units is the main ordinary course of business. The proportion of the properties expected to be sold through Shared Ownership is classified as stocks with the remainder classified as investment property reflecting the intention of the company to hold the properties for rental income. In order to estimate the proportion expected to be sold, management considers matters such as the affordability of the share ownership properties, local demand for shared ownership properties and its general experience of first tranche shared ownership sales in the social housing sector.

The rental of Affordable Rent units is classified as investment property reflecting the intention of the company to hold the properties for rental income.

4. **EMPLOYEES AND DIRECTORS**
There were no employees or direct staff costs for the year ended 30 September 2020 nor for the period ended 30 September 2019.

An amount of £43,000 (2019: £30,000) has been recharged from Inland Limited, a fellow subsidiary undertaking, in respect of time spent by employees of that undertaking engaged in the operations of Rosewood Housing Limited. Fees paid to directors totalled £4,000 (2019: £8,000).

5. **SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR/PERIOD**
The audit fees were borne by the ultimate parent Company, Inland Homes plc.

6. **ACCOMODATION UNITS AND SOCIAL HOUSING TURONVER AND COSTS**
At 30 September 2020, the Company held 13 units (2019: 1 unit) of which 9 units (2019: 1 unit) were let under affordable rent.

Turnover includes rent receivable of £43,000 (2019: £7,000) and revenue from the first tranche of shared ownership sales of £486,000 (2019: nil). Turnover and social housing expenditure costs of £489,000 (2019: £74,000) are recognised in the Statement of Comprehensive Income. There was no service charge receivable in the year / period. There were no void losses in the current year. One property was empty in the prior period for the dates between practical completion and the initial letting.

No financial assistance or other government grants have been received.

7. TAXATION

Analysis of tax expense

	2020 £'000	2019 £'000
Tax expense	50	-

Factors affecting the tax expense

The tax assessed for the year/period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £'000	2019 £'000
Surplus/(Loss) before tax	242	(67)
Surplus/(Loss) multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	46	(13)
Expenses not deductible for tax	4	-
Group relief surrendered		13
Tax expense	50	-

8. PROPERTIES UNDER CONSTRUCTION

	Freehold property £'000
COST	
At 1 October 2019	1,247
Additions	803
Transfer to investment property	(2,050)
At 30 September 2020	-
NET BOOK VALUE	
At 30 September 2020	-
At 30 September 2019	1,247

9. INVESTMENT PROPERTY

	Total £'000
FAIR VALUE	
At 1 October 2019	320
Transfer from properties under construction (freehold property)	2,050
Transfer to stocks	(118)
Revaluation	261
At 30 September 2020	2,513
NET BOOK VALUE	
At 30 September 2020	2,513
At 30 September 2019	320

10. STOCKS

	2020 £'000	2019 £'000
Stocks	118	-
Work-in-progress	-	243
	118	243

There is no material difference between the replacement cost of stocks and amounts stated above.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade debtors	-	8
Called up share capital not paid	-	-
Prepayments and accrued income	7	-
	7	8

Debtors disclosed above are classified as amortised cost and are therefore measured at amortised cost. All amounts fall due within one year.

The Company applies the general approach to providing for expected credit losses prescribed by IFRS 9 for other receivables. The expected credit loss provision in the current period and prior year are immaterial.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade creditors	3	8
Amounts owed to group undertakings	1,722	1,060
Other creditors	-	815
Accruals and deferred income	5	4
	1,730	1,887

Amounts owed to parent undertaking are unsecured and are repayable on demand. No interest is charged on the loans.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £'000	2019 £'000
Bank loan	734	-
Deferred tax	50	-
	784	-

The bank loan incurs interest of 3.6% for 5 years followed by 3.85% for the subsequent 5 years and is repayable in July 2030

14. COMMITMENTS

At 30 September 2020 the Company had not entered into any agreements for the development of property (2019: a commitment of £0.9m).

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
1	Ordinary	1	1	1

The Company has one class of ordinary shares which carry on right to fixed income. These shares carry voting rights of one vote per share.

16. **ULTIMATE CONTROLLING PARTY AND INTRA GROUP TRANSACTIONS**

Inland Limited owns 100% of the ordinary share capital of the Company and is therefore the immediate parent Company. The directors regard Inland Homes Plc, which is incorporated in the United Kingdom, as the ultimate parent Company and controlling party and is the largest and smallest group undertaking for which group accounts are prepared and made publicly available. A copy of the group accounts can be requested from the Company Secretary, Inland Homes Plc, Burnham Yard, London End, Beaconsfield, HP9 2JH.

Details of intra group transactions are given in notes in the accounts including a recharge for staff costs (note 4) and audit fees, (note 5), for which no recharge was made. The Company operates from the group's premises in Beaconsfield and no charge is made for the property or any other services.

Funding for the purchase of assets has been provided by Inland Limited and details are shown in note 12.

The Company is the only registered entity in the group. Full details of all the entities in the group can be found in note 1 to the Group accounts.