



Living better for longer

ANNUAL REPORT AND ACCOUNTS 2022



Welcome to Audley Group Annual Report and Accounts 2022

Audley's villages are designed for independence and our customers control their own choices. Our job is to support them **every step of the way.**

We have a purpose, and it's to ensure that our customers **live better for longer.**

Our focus areas



**LEADING THE
WAY IN OUR
MARKETS**



**ESTABLISHING
A CULTURE
WHERE
PEOPLE CAN
BE THEIR BEST**



**UPHOLDING
OUR COMPANY
VALUES**



**ACTING
AS A FORCE
FOR GOOD**

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CORPORATE GOVERNANCE

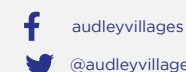
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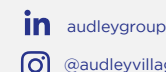
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Find out more



audleyvillages

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audleygroup

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Visit our websites
audleygroup.com
audleyvillages.co.uk
mayfieldvillages.co.uk

Read our ESG report
audley.esg-report.bit





Highlights of the year



PEOPLE

Our team members are central to delivering our ambition. We strive to make our business a brilliant place to work and our villages an excellent place to live.

1,759

Owners and care customers

35

Apprenticeships

1,512

Audley Club members

33

Nationalities of Audley Group team members

826

Team members

70%

Female team members

[Read more about our people](#)
Page 19



PORTFOLIO

During the year we expanded our portfolio to a total of 16 open villages, with the opening of Audley Sunningdale Park and our first Mayfield Village in Watford.

Total revenue

£68.9m

Down from £80.8m in 2021

2022	68.9
2021	80.8

Operating revenue

£34.3m

Up from £32.3m in 2021

2022	34.3
2021	32.3

[Read more in our Chief Financial Officer's statement](#)
Page 24



Total unit sales

£34.7m

Down from £48.5m in 2021

2022	34.7
2021	48.5



PLANET

We are committed to acting responsibly, striving to be a leader on climate and sustainability action and to becoming a net zero carbon emissions business.

Energy consumption (kWh/m²)

133.31

2021: 136.26kWh/m²

Scope 1 & 2 emissions (kgCO₂e/m²)

15.65

2021: 10.72kgCO₂e/m²

Water consumption (m³/m²)

0.69

2021: 0.57m³/m²

GRESB (star rating out of 5)

4

2021: 3

[Read more about our commitment to ESG](#)
Page 18

Audley Group at a glance

INDEPENDENT LIVING

We lead the way in independent retirement living and strive to ensure that every one of our customers are able to **live better for longer.**

Our Audley and Mayfield brands offer a wide range of people the ability to live independently with support as needed.



Read more about our villages
audleygroup.com/our-villages



Read more about Mayfield villages
mayfieldvillages.co.uk

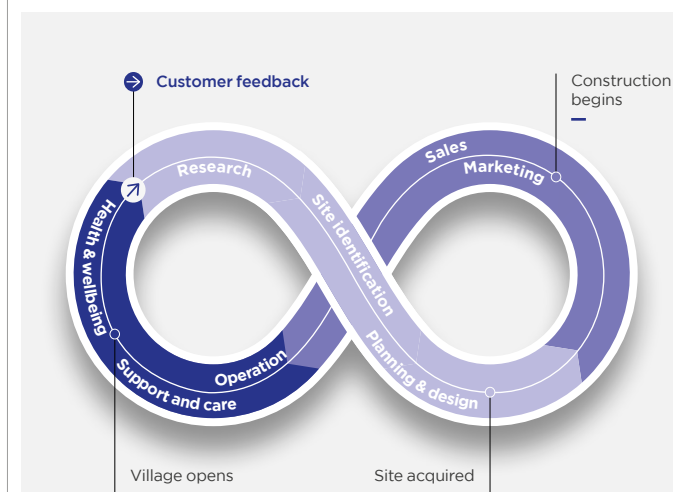
OUR PORTFOLIO

There are 16 open Audley Group villages and a further 3 under development. (31 December 2022).



OUR BUSINESS MODEL

Optimising returns for shareholders through a sustainable and considered approach to the development and operation of retirement villages, whilst delivering on the expectations of our customers, colleagues and partners.



View our business model
 Page 15

OUR STAKEHOLDERS

Audley Group is the developer, operator and long-term owner of its villages. More recently we have formed excellent partnerships to develop villages that we operate and will ultimately own.

Read more about how we engage with our stakeholders
 Page 16



OUR OFFERING

- ➔ **Hassle free**
We take care of all the facilities, and your property too if you would like us to.
- ➔ **Support**
As little or as much as you want, 24/7.
- ➔ **Secure**
A safe, managed environment.
- ➔ **Independent**
Own your lifestyle in your property.
- ➔ **Promoting a healthy lifestyle**
Health club with a full range of classes, dining options for casual or formal situations, events and activities to suit everyone, on the doorstep.

* Knight Frank seniors housing report 2022/2023

 **Read more about the quality care we provide**
audleygroup.com

The Audley Group difference

Living at one of our villages ensures a truly independent lifestyle in an attractive and uplifting environment designed to enhance physical and mental wellbeing.

**Market leader with scale**

We use our extensive knowledge about our customers to help us build and operate the best environments, and we maintain our villages to ensure that our oldest villages are as attractive to customers as our newest.

Total number of units

1,800

(As at 31 December 2022)

**A growth market**

The market for Housing with Care is growing quickly, to meet the significant undersupply of age appropriate accommodation in the UK. By 2040 there will be a shortfall of 1,000,000 units in the UK.

Sector opportunity

+17%

in age 65+ years (2021-2031) with the 75+ years age group to grow by 23%*

**Experienced management**

We have developed and operated villages through the global financial crisis, Brexit and Covid-19 and provided care support to thousands of customers over the course of many decades.

Number of owners supported

1,645

**Culture**

At the core of our local culture is a caring attitude – for our customers, our team members, our local communities and the environment in which we live. We strive to find the right harmony of both caring and delivering a commercial return to encourage investments into our business.

Spending on learning and development

£145,128

**A force for social good**

Our villages provide amenities and employment to the local community, they allow our customers to free up housing for families to grow into and, because they live in a supported environment, they will spend less time in hospital, freeing up beds for acute care.

Total community contribution

£28,000

OUR SUSTAINABILITY AMBITION

Our 2030 ambition is to be one of Europe's most trusted senior living providers. Being a responsible business underpins all three pillars of our strategic framework.

1 Build the strongest foundations

We will continue to strengthen our foundations by developing high-quality, efficient villages. We will simplify our processes, utilising technology to continually improve efficiency.

2 Create standout owner experiences

We will relentlessly focus on creating standout owner experiences by providing real estate solutions that work for both today's society and the future. We will act with transparency and respond diligently to our property owners' needs.

3 Lead the way to a bright sustainable future

We want to be a trusted partner and build deeper connections with our stakeholders. We aim to be a responsible and sustainable business leader by bringing value to all of our stakeholders and delivering returns to our investors over the long term.

**Read more in our ESG Report**

<https://www.audleygroup.com/wp-content/uploads/2023/11/Audley-Group-ESG-Report-2023.pdf>



Living better for longer

Leading the way in our market

Our mission is to be a market leader and the most trusted choice. Enabling this is our experience, culture and amazing people who make our communities what they are.

We are a market leader with scale

Since introducing a new kind of retirement living to the UK – the luxury retirement village – we have had the privilege of being formally honoured with a number of awards. They are testimony to the outstanding hard work and unwavering dedication of each and every one of the Audley team and to the innovative thinking, outstanding retirement properties and luxury facilities that make Audley unique.



Read more about our recognition
www.audleygroup.com/recognition/

LaingBuisson
Awards
2022



UNITED KINGDOM
PROPERTY
AWARDS

RES
AWARDS
10
WINNER



Establishing a culture where people can be their best

Our team members are central to delivering our ambition, so our people strategy aims to make Audley Group (Audley and Mayfield) a brilliant place to work.

“We have supported the development of 22 team members by enrolling them onto the Level 3 Lead Adult Care Worker and Level 4 Lead Practitioner in Adult Care apprenticeships. All team members continue to flourish within the business.”

Jessica Rooke
Care Branch Manager, Audley Redwood



Living better for longer continued

Upholding our values

At Audley, we work hard to foster an ethos of fairness and compassion. One of our key values is the unwavering belief in the importance of relationships.



Proud

Work in a company that's best in class whether it's the food we serve, the care we provide or the benefits we offer.



Caring

We create warm, friendly environments to live and work in, where empathy and respect abound.



Enriching

Grow and develop within an innovative company that's changing the way people view retirement.



Exceptional

A career where your skills, passion and dedication will deliver the exceptional every day.



Acting as a force for good

Audley's long-term focus on sustainability creates value by reducing carbon emissions, improving the environmental and social benefits of our villages, and driving operational efficiencies. Our work to foster inclusivity, diversity and career development contributes not only to an inspired workforce, but also to stronger financial performance.



Read more in our ESG report

<https://www.audleygroup.com/wp-content/uploads/2023/11/Audley-Group-ESG-Report-2023.pdf>

OUR PROGRESS SO FAR

Electricity used from a renewable source

100%

Carbon emissions from 2021 to 2022

-30%

Use of digital learning management system by our colleagues

100%

Water usage from 2021 to 2022

-7%



Chairman's statement



“Through these turbulent times, Audley has maintained its position as the leading operator of retirement villages in the UK.”

Marc Gilbard
Chairman

For the last two years my introduction to Audley Group's annual report has covered the unprecedented challenges the Group, and indeed the world has faced as we have navigated a changing world.

2022 marked another exceptional year, but for many different reasons. With a sense of normality returning at the start of the year and in the midst of a global economic recovery, the invasion of Ukraine sent economic and political shockwaves across the world. This triggered a year of instability, with events such as the mini budget only compounding this.

Through these turbulent times, Audley has maintained its position as the leading operator of retirement villages in the UK, with its focus on the delivery and operation of exceptional villages, and commitment to providing property owners with excellent customer service.

When I look at the results, it's clear that there has been a need for consolidation and managing risk, but Audley has navigated this well. The stagnating housing market and the resultant impact on development value presents another short-term challenge, but the scale of Audley Group now gives it the strength and depth through the existing portfolio to rise to the challenge adeptly.

Amidst all of this, the demand for our model continues to be strong. Several of our villages sold out in 2022, and sales at Mayfield Watford, our first Mayfield village, have been particularly encouraging for the new model, which all underlines that appetite that continues to exist in the market.

I'd like to take this moment to thank the Audley Group Board and senior management team for their hard work this year. It is a team that has grown in strength and depth, and their combined experience has been the foundation of Audley's resilience.

Importantly, the passion and expertise that Audley Group has in its senior team is mirrored through the rest of the business, and that has shone through in 2022. Working to keep property owners safe and well, but with a continued focus on growth and meeting the demand that exists for retirement living units across the UK.

Our commitment to diversity and inclusion, and sustainability, as part of our ESG strategy, has continued over the last year and we've seen some excellent results, many of which are outlined in our most recent ESG report. This remains a key focus for us, and our sector, and we expect to continue the positive trajectory next year and beyond.

Looking ahead

As I look at the year ahead, I do so with positivity about the future direction of Audley Group. With new openings planned in the coming months, a strong growth trajectory for the new Mayfield village model and continued excellence in the existing village portfolio there is much to look forward to. The Group's strong foundations and ever-increasing scale act as a fantastic base for a scalable, sustainable and accelerating business.

Marc Gilbard
Chairman

31 December 2023





Year in review

2022 was another significant year for Audley Group, marked by the opening of our first Mayfield village in Watford and strong performances from fully operational villages.

Financial highlights

Total revenue

£68.9m

Down from £80.8m in 2021

2022	68.9
2021	80.8

Gross profit

£15.8m

2021: £20.4m

2022	15.8
2021	20.4

Operating Loss

£44.5m

Down from £4.1m profit in 2021

44.5	2022
2021	4.1

Net loss

£41.7m

2021: £3.8m

2022	41.7
2021	3.8

People highlights

Over

8,000

hours of training received by team members

35

team members took part in apprenticeship programmes

36

trained and qualified Mental Health First Aiders across the Group

Our workforce is made up from

33

different nationalities

Operational highlights

74,324

hot drinks served

18,519

afternoon teas served

2,934

personal training sessions delivered

912

croquet games played

Development highlights

246

total completions

167

new units built (11% increase on 2021)

286

new units in planning

£240m

of new villages under construction

We delivered £68.9m of revenue, down from £80.8m in the previous year, as a result of a number of villages selling their last remaining stock units. Operating revenue remained stable, at £34.3m (against £32.3m in 2021).

This year we needed to respond to external events and a slowed rate of growth. This also allowed us to step back and consider how we should do things differently. The focus was on reducing central costs, improving processes and efficiencies.

DEVELOPMENT

There are significant positives to draw on this year. Continued demand was evident as the population ages. Binswood, St Elphins and Redwood sold their last remaining units. In 2022 we had 246 total completions, including 167 new units, an 11% year-on-year increase.

A real highlight of the year was the opening of Mayfield Watford – filling a gap in the mid-market and showcasing a stunning new village model. The village will deliver 255 mid-market units with extensive facilities. The new brand, and new village also means new investors into the sector. BlackRock and Homes England joined owners and local dignitaries at the opening and echoed the words of owner Mrs Sylvester.

Audley Group also continued to deliver value for investors. Villages in joint ventures completed on 102 sales this year. Highlights from the joint venture villages included construction starting in May on Audley Scarcroft Park, while Audley Sunningdale Park welcomed its new owners in September 2022. JV villages dilute initial development earnings but the long-term value is in the operational and leased incomes of the villages.

“My grandchildren think it is a five star hotel. They love visiting!”





Year in review continued

OPERATIONS

Operating revenue was driven by a rise in F&B and Club revenue and stability in care. Restaurant covers increased by 8% year-on-year as the world further opened up post-pandemic, and the teams were busy; nearly 14,000 roasts and 74,324 hot drinks were served in 2022.

The number of customers receiving care saw a slight drop of 10% year on year, but the number of owners receiving care support rose from 517 to 531. Audley Group's homeware rating remained at over 9.



Club members rose from 1,182 in 2021 to 1,606 in the year, and over 2,900 personal training sessions were delivered. This kept the personal trainers busy.

"The village is lovely and there is a sense of pride when I walk through the doors every day. The team and owners are very friendly and there is a feeling of being part of a big family, you feel that the work you do is appreciated."



PEOPLE

Exceptional customer service is right at the heart of what we do. 93% of owners this year said that Audley felt like home, something that is very important to us. To maintain this customer excellence requires continual investment in our team. Over 8,000 hours of training were provided in the period and 35 staff took part in apprenticeship programmes through the Audley Academy.

Two long-standing Audley Group team members were promoted into new, strategically important roles. Nick Vincent was appointed General Manager of the first Mayfield village, while Kevin Green became Commissioning General Manager for Audley Sunningdale Park, Fairmile and Wycliffe Park, three villages which open soon.

Shaun Swanepoel was recruited into the Group as Group Financial Director.

LAND AND PLANNING

In the last year we exchanged contracts on Lingfield in Surrey and a joint planning application with Young Epilepsy has been submitted for an Audley village with 150 units.

Most recently, a real highlight was planning being granted, subject to section 106 for a new Audley village at Headley Court in Surrey. The village will include a sympathetic restoration of the historic former military hospital.

Audley Group remains strong and resilient; the size of the operating business adding secure long-term upward inflating incomes.



Our portfolio

Our villages are what sets us apart.

There are 16 open
Audley Group villages
and a further 3 under
development.
(31 December 2022)

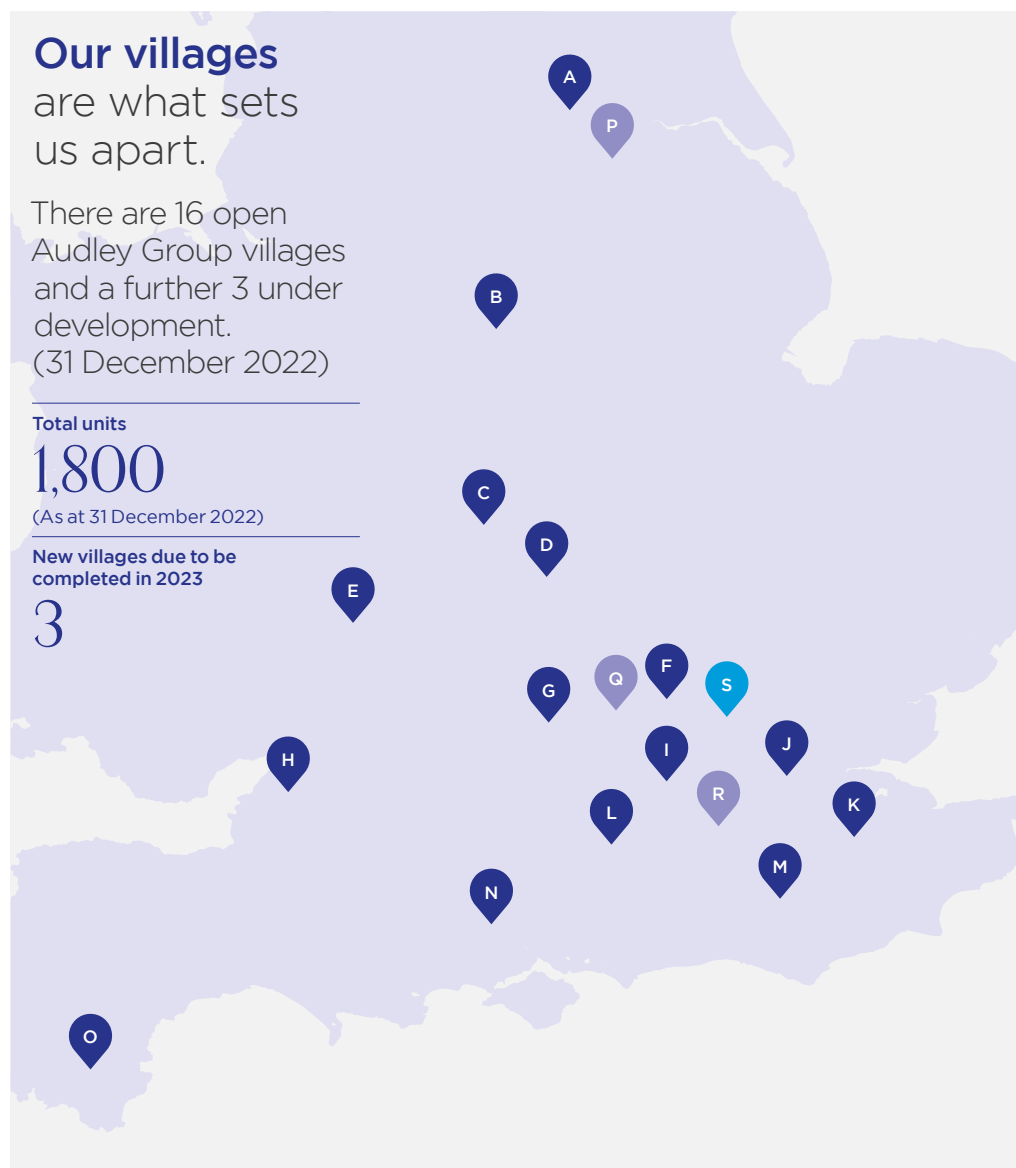
Total units

1,800

(As at 31 December 2022)

New villages due to be
completed in 2023

3



AUDLEY VILLAGES

Open

- | | |
|---|--|
| A Clevedon
Ilkley, Yorkshire | K Mote House
Bearsted, Kent |
| B St Elphin's Park
Matlock, Derbyshire | L Cooper's Hill
Englefield Green, Surrey |
| C St George's Place
Edgbaston, Birmingham | M Willicombe Park
Ivybridge, Devon |
| D Binswood
Royal Leamington Spa,
Warwickshire | N Stanbridge Earls
Ivybridge, Devon |
| E Ellerslie
Malvern, Worcestershire | O Flete House
Ivybridge, Devon |
| F Chalfont Dene
Chalfont St Peter,
Buckinghamshire | |
| G Inglewood
Kintbury, Berkshire | |
| H Redwood
Bristol | |
| I Sunningdale Park
Ascot, Berkshire | |
| J Nightingale Place
Clapham, London | |

Under development

- | |
|--|
| P Scarcroft Park
Scarcroft, Yorkshire |
| Q Wycliffe Park
Horsleys Green,
Buckinghamshire |
| R Fairmile
Cobham, Surrey |

[Read more about Audley villages](http://www.audleyvillages.co.uk)
www.audleyvillages.co.uk

MAYFIELD VILLAGES

- S Watford**
Hertfordshire

[Read more about Mayfield villages](http://www.mayfieldvillages.co.uk)
www.mayfieldvillages.co.uk



Spotlight on: Cooper's Hill

Audley Cooper's Hill is set in Magna Carta Park, in the leafy village of Englefield Green. Originally a private residence, it's now home to a variety of two-bedroom apartments with extraordinary views over the surrounding landscape.

The Victorian Gothic centrepiece building is home to the Audley Club with its swimming pool, sauna, restaurant, bar-bistro, lounge, library, and fitness studio. In the spectacular grounds are tennis courts, woodland walks and a putting green, so a healthier, more active lifestyle has never been more within reach.

Average property price

£750,000

Acreage

3 acres

of the 60 acre Magna Carta Park



Our brands



MAYFIELD
• VILLAGES •



AUDLEY
VILLAGES

Read more about our brands
on the following pages





Mayfield

11.8 million people aged over 65 currently live in the UK, and the number of people aged over 75 is projected to double in the next 30 years.

As Nick Sanderson, Audley Group's CEO and Associated Retirement Community Operators' Chairman, said in ARCO's annual report, "We have got to massively expand supply beyond the meagre 0.6% of over-65s who currently have the opportunity to live in a Housing-with-Care setting." Mayfield Villages was conceived to bring retirement living to a much wider audience and give more people, more choice over how and where they live as they get older.

- It might have a more accessible price point, made possible by higher density villages and well-chosen locations, but there is no compromise in quality.

- The exceptional build and high-quality central facilities that Audley Group is known for are much in evidence at Mayfield Watford, the first Mayfield village which opened this year and which will deliver 255 units with extensive wellbeing, care and leisure facilities.
- Mayfield Watford is part of Watford Riverwell, a £400m mixed-use regeneration partnership between Watford Borough Council and Kier Property that is reviving the area around Watford Hospital and delivering new homes, shops, community facilities and open spaces.

Mayfield villages will be in more urban locations, many as part of mixed-use developments that offer much needed regeneration to towns across the country.

As the Mayor of Watford said at the opening of Mayfield Watford,

"The role of specialist retirement housing like this within our community but also across the UK is becoming increasingly essential. I can already see that Mayfield Watford is set to become a cornerstone of the local community."

"When I speak to our owners, almost all of them tell me they wish they'd made the move sooner. They are blown away by the quality of their new home, the facilities, the team and most importantly the sense of community."

"It's hard to express, but the community spirit is incredible at Mayfield Watford. It's like-minded people, from a range of backgrounds and life experiences, enjoying a way of life enhanced by the village."

Nick Vincent
General Manager at Mayfield Watford

"My property is lovely, beyond all the expectations I had, and I have a wonderful view of the local surroundings and nature. The people I've met at the village have been so friendly. A group of us meet most afternoons for a chat and drink in the bar and most Saturdays we all go to supper or a social arranged by the owners at the village, it's been a fantastic way to get to know everyone. With so much going on it can be hard to fit everything in, but I'm always trying new activities like dance, yoga, and Pilates. The staff are great and always delighted to have a chat with us owners."

Estelle Cohn
Mayfield Watford





Audley

With 18 villages across the UK at the time of publication, Audley villages are the hallmark of aspirational retirement living.

The villages, often centred around historic properties, such as the Grade II* listed Georgian Mansion at Mote House, give people a choice of high-quality retirement living options with a strong sense of community and the knowledge that support is there if needed.

- Such an extensive portfolio brings with it a wealth of experience developing and importantly operating retirement villages.
- From Willicombe Park which opened in 1999, to Binswood and Redwood which sold out in 2022, and on to brand new openings such as Sunningdale Park and Fairmile, Audley Villages brings both scale and expertise to the market.

This shines through in the views of the people who live in the villages.

"I very much enjoy living at the village. It's so convenient to be able to close your front door and go away for a month at a time on a cruise. I am also very keen on staying fit and often go down four floors to the gym and pool. The friendly Audley team work very hard so owners are able to enjoy their retirement."

Paul Kelly
Owner at Audley Ellerslie

"Moving to Audley Nightingale Place was absolutely the right decision for me. As an actress, I adore going to the West End and with the tube and bus on my doorstep it's so easy. The village really does feel like a community and I take comfort in knowing that care support will be there for me should I need it in the future."

Andrea Miller
Audley Nightingale Place

"Enabling people to lead the lifestyle they want is something we really pride ourselves on. For some owners at Stanbridge Earls that's travelling the world, safe in the knowledge their home is cared for when they are away, while for others it's enjoying the village itself and all it has to offer. Getting to know our owners, their interests and passions, and how they want to spend their time is really important, and I find it one of the most rewarding parts of what we do."

Fiona Gebert
General Manager at Audley Stanbridge Earls

"I'm currently overseeing four new villages and it's fantastic to see them grow and change from building sites into people's homes, with a thriving community around them. When I speak to new owners, it's usually one of three things that prompts them to move into an Audley village. The security and safety that this type of living provides, the community in the village, or the five-star facilities that are available to property owners when they move in."

Kevin Green
Commissioning General Manager at Audley Sunningdale Park, Wycliffe Park, Fairmile and Scarcroft Park



AUDLEY
VILLAGES



Our business model

HOW WE WORK

We **identify sites**, design schemes, obtain planning permissions, place construction contracts and **manage the development** of retirement villages.

We then market and sell properties on long leaseholds and when the village opens, we **operate the wonderful facilities** which include restaurants, bars and health and wellbeing clubs as well as providing care services through our regulated care branch.

The restaurants, bars and care services are available to owners and the local community – our villages are truly Integrated Retirement Communities.

Site Identification and Design

We use our knowledge of our customers to research location for suitable sites and to design villages that are appropriate to their local surroundings that have a very high chance of being acceptable to the local planners and councillors.

Development Management

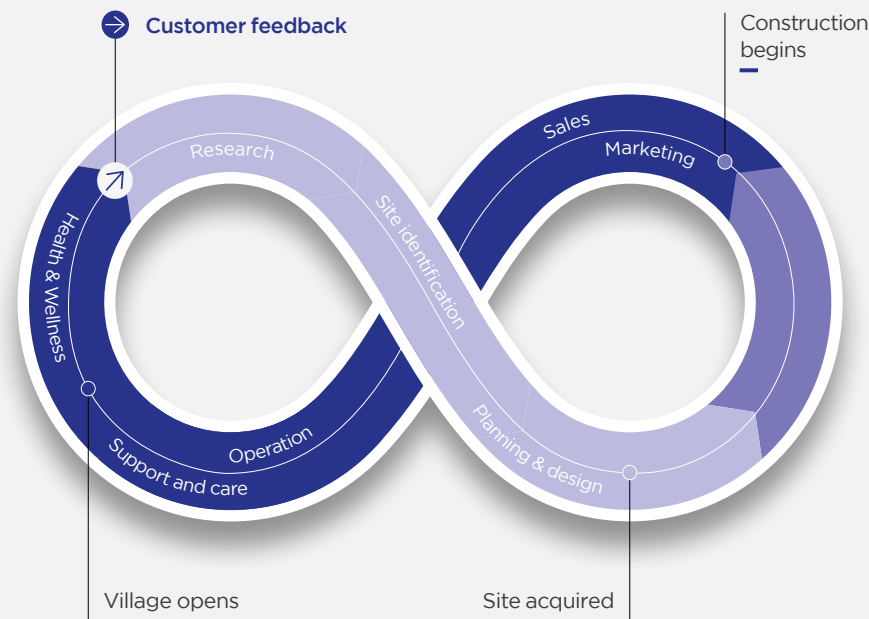
We place contracts with trusted construction companies according to a detailed specification guide, and then we manage the delivery of the programme to ensure that the expectations of our customers will be met.

Marketing and Sales

We launch our Marketing and Sales programme before the village opens and start to explain to potential customers the benefits of living in an Integrated Retirement Community and exploring whether it is the right living option for them.

Operations and Care support

Our Operations and Care teams are all Audley employees and this enables us to provide our owners and customers with joined up support that gives them and their family members the knowledge that we will be doing all that we can to enable them to live better for longer.



Audley's positive social impact

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Commitment to employees

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Commitment to a sustainable society

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Management of our environmental impact

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Ethics and governance

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Our process

Led by the Senior Management Team, every stage of our process of developing and operating Audley's award-winning villages is analysed, designed and executed by experts in their field.

Optimising returns for shareholders

Through a sustainable and considered approach to the development and operation of retirement villages, whilst delivering on the expectations of our customers, colleagues and partners.

Listening to our customers

Our annual owner and care customer surveys, alongside comprehensive market research and a single-minded focus on our mission, underpins our approach to development and operations.



Find out more about our business model
[audleygroup.com](https://www.audleygroup.com)



Read more in our ESG report
<https://www.audleygroup.com/wp-content/uploads/2023/11/Audley-Group-ESG-Report-2023.pdf>



Engaging with our stakeholders



CUSTOMERS

Our customers appreciate the environments we create, the services we provide, and that we care about them. We encourage them to provide feedback on how we could do better.



TEAM MEMBERS

Our team members tell us they are proud to work for Audley and have a shared belief that the communities we create will make a profound difference to the lives of our customers.



INVESTORS

Our investors value our contribution to creating a better society and the long-term returns that we generate from the capital that we employ on their behalf.



COMMUNITIES

We support our local communities with our amenity provision in health and wellbeing, and care and support activities, and through creating employment opportunities for local people.



LENDERS

We source debt from high quality lenders who believe in our business model, our approach to improving local communities and gain confidence from our strong track record in development.



Diversity, Equality and Inclusion

From the way we hire new talent to our pay and reward practices, we want to make sure that diversity, equality and inclusion run through everything we do at Audley like a watermark. Across our everyday operations and our social and cultural initiatives, everyone should feel included, and empowered to develop their full potential.

Apprenticeships offered

36

Workforce from a Black, Asian or minority ethnic (BAME) background

10%

➤ Read more about Diversity, Equality and Inclusion
Page 20



Read more about how we engage
www.audleygroup.com/csr-overview/



Chief Executive Officer's statement



“Our joint venture partnerships go from strength to strength, and bringing new investors to the sector is vital for its future growth.”

Nick Sanderson
Chief Executive Officer

2022 was a year where we showcased the resilience of the integrated retirement community model through a challenging economic period.

The war in Ukraine, continuing labour shortages and the effects of the mini-budget all contributed to a challenging environment and a stagnating housing market which impacted our development revenue over the last year. However, the scale of the business meant that our 14 established villages around the country continued to deliver strong operating revenue. Scale is key to long-term success given the model delivers a long-term secure income stream from fully operational villages.

Audley Group's high-quality portfolio is the reason why we continue to attract significant investment interest. Our joint venture partnerships go from strength to strength, and bringing new investors to the sector is vital for its future growth. Those investors include BlackRock and Homes England, who have been part of a watershed moment this year for Audley Group – the opening of the first of many Mayfield villages, in Watford.

¹ **Read more about living longer lives**
<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/ageing/articles/voicesofourageingpopulation/livinglongerlives#:~:text=Over%2011%20million%20people%20%E2%80%93%2018.6,least%2090%20years%20of%20age.>

There has long been a need for a mid-market option, to bring integrated retirement communities to more of the population, and I was delighted to open Mayfield Watford. The team have done a magnificent job with the village and I think many visitors were pleasantly surprised to see the quality of the build and the facilities.

A further highlight was the strength of our established villages. Redwood and Binswood sold out this year and it was a personal highlight to see our original village, Audley Willicombe Park, continue to top the owner satisfaction survey after 23 years in operation.

This year we put wellbeing front and centre, with a strategic focus on the holistic ways we can support our owners and customers through nutrition, fitness, facilities, social activity as well as care if needed. The appointment of a new Health and Wellbeing Director has helped us drive this change. It is this focus that can prevent the need for hospitalisation and care homes.

Our demand

Demand for our villages continues to be driven by demographic change, as well as the increasing knowledge about the benefits of living in age-appropriate housing with facilities on site. The Census 2021 results show over 11 million people are now aged over 65¹, and as David Sinclair at the ILC rightly points out, cohort life expectancy at 65 is still increasing. This is the reason there is intolerable pressure on the NHS and social care systems, and the reason the government announced a taskforce looking at housing with care, in the knowledge that only by looking at prevention and focusing on bringing housing and health together can we truly make a change. The government must now fulfil its promise and launch the taskforce as soon as possible to inform social care reform.

Audley Group has exceptional foundations in the strength and depth that we have in the team, which allows us to rise to challenges. I'd like to thank everyone at Audley for all the work they put into helping our customers live better for longer.

Looking ahead

The future looks bright for the Group. We have much to announce in the coming months: Mayfield is just at the start of an exciting journey and we expect significant expansion. We open Audley Fairmile later this year and have recently received planning permission for a new Audley village at the incredible heritage site of Headley Court near Leatherhead.

As a sector, there is still work to be done. The spotlight has been turned on, with investor, Government and consumer interest and growing knowledge about the commercial and societal benefits of integrated retirement communities. Now we need the support of planners to accelerate provision and satisfy the growing demand.

Nick Sanderson
Chief Executive Officer

31 December 2023

AUDLEY STRATEGY

- 1 Maintain quality of established villages**
- 2 Focus on new quality sites**
- 3 Expand the number of Mayfield sites**
- 4 Continued drive to sustainability**
- 5 Focus on our people** - it's the team that makes the Company



Our commitment to ESG

Our robust 2022 financial performance empowers us to take further bold action to counter accelerating global sustainability challenges.



Read our ESG report

<https://www.audleygroup.com/wp-content/uploads/2023/11/Audley-Group-ESG-Report-2023.pdf>

OUR SUSTAINABILITY

Our 2030 ambition is to be one of Europe's most trusted senior living providers. We will get there by **building the strongest foundations, creating standout owner experiences and contributing to a sustainable future.** That's how we will grow and deliver value for all our stakeholders.

1 Build the strongest foundations

Our ambition is only as strong as the foundations we are built on. That is why we will continue to strengthen them by developing high-quality, efficient villages. We will simplify our processes, utilising technology to continually improve efficiency – a culture where people can be their best. We will give team members the opportunity to learn and grow, offer clear career paths to attract and retain the best, diverse talent, keep people safe and well, and continue to make Audley a brilliant place to work.

2 Create standout owner experiences

We will relentlessly focus on creating standout owner experiences by providing real estate solutions that work for today's society. We will act with transparency and respond diligently to our property owners' needs.

3 Contributing to a sustainable future

We want to be a trusted partner and build deeper connections with our stakeholders. We aim to be a responsible and sustainable business leader by bringing value to all of our stakeholders and delivering returns to our investors over the long term. We will be a visible leader in creating solutions to shared challenges.

Being a responsible business underpins all three pillars of our strategic framework. We report progress on each pillar in our ESG report, as well as in-depth content on other material topics.



Our people

At Audley we believe **our team members are our most valuable asset** and the key to our success.

We are committed to developing the talent and potential of our people, through a culture based around our values, and using our social focus to continue to embed Diversity, Equality and Inclusion. Ultimately, we work together to create a brilliant place to work.

In 2022 we navigated our way through the return to the new normal post the Covid pandemic. We are proud of the achievements and contributions of our people in 2022, who continued to demonstrate resilience in the face of unprecedented challenges posed by the COVID-19 pandemic, whilst continuing to show commitment to our purpose and our values.

Even though the UK saw many people make different career choices because of the pandemic, we continued to improve our attrition rate and maintain high retention values despite the ongoing challenges seen by both the Hospitality and Care Sectors.

Supporting our team members

During 2022 we continued to focus on supporting our team members. We want our team to have access to tools that allow them to engage as and when they are needed. We help with this through the wide range of benefits provided to our team members.

We launched a new partnership relationship that allows team members to access their salary in advance of pay day, should they find themselves in a position where they need to. This is a safe, confidential service and helps our team members when they may need it most.

We provided all our team members with a wellbeing day to allow them to take time flexibly to focus on themselves and their physical and mental wellbeing.

During 2022 we continued to train Mental Health First Aiders meaning we have a larger network of trained colleagues available.

We are proud that we continued to develop our Champion Networks for support in the following areas: Men's Health; Menopause; LGBTQIA+; Race & Equality and Neurodiversity. We will continue to develop and evolve these.



Developing our team members

Through the Audley Academy we invest in the learning and development of our team members. We offer a wide range of learning opportunities from role-based skills requirements to leadership programmes. We always encourage our team members to own their personal development and understand what is available to them outside of mandatory training requirements.

Listening to our team members

Seeking the views of our team members is really important to us, and we do this through our annual engagement survey. This allows us to understand and improve team member satisfaction. During 2022, our survey told us that 94% of respondents were proud to work for Audley Group; however, despite this strong result we continue taking steps to listen, learn and improve.

We are proud of the achievements and contributions of our people in 2022, and we are confident that by maintaining our investment in our team members we will continue to help build a stronger business for the future.



Diversity, equality and inclusion

Audley already has many talented people from a wide mix of groups – but we're aware our diversity statistics aren't perfect. We know, too, that simply having a diverse workforce is not enough.

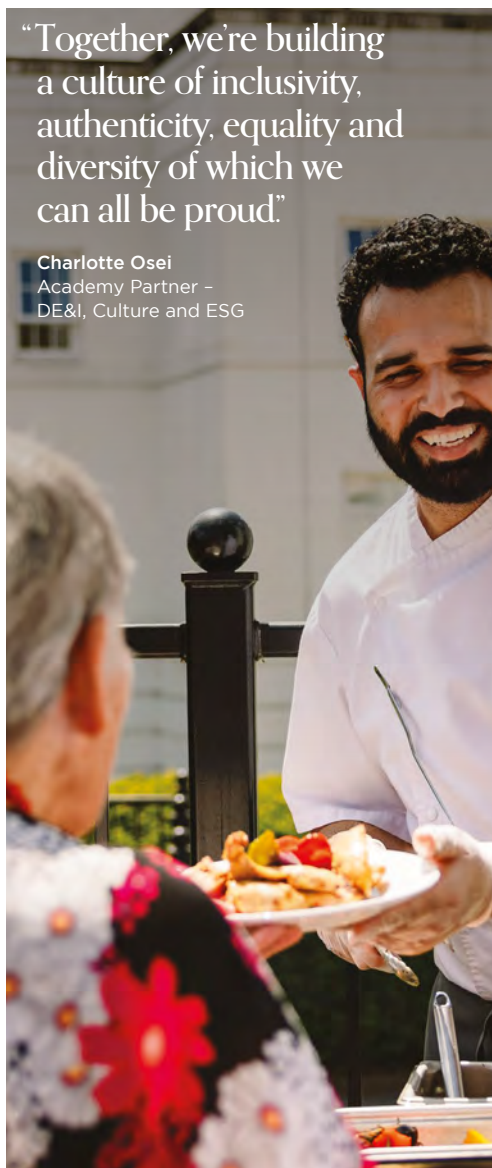
We must foster a truly inclusive culture if we're to live up to our promise to every employee; to use their skills, passion and empathy to the full, and give them the opportunity to grow and develop with us. That's why we've set up a DE&I steering committee with members drawn from all across Audley to represent everybody from Senior figures to those in client-facing roles. Together, we'll drive change for everyone.

Our approach

The Academy is committed to supporting Diversity, Equality & Inclusion. We do this by engaging with, and learning about, the viewpoints and experiences of all our Audley Group team members. We consider what's important to our team members and ensure that we are supporting them with the right information and committing to what we believe is the right thing to do. We believe that The Academy does not belong to us as an organisation but belongs to us all as individuals. Every single team member who works at Audley Group has a stake in it. This ethos is important to us and helps ensure we provide the best, most relevant information that supports our DE&I and ESG culture.

"Together, we're building a culture of inclusivity, authenticity, equality and diversity of which we can all be proud."

Charlotte Osei
Academy Partner –
DE&I, Culture and ESG



Each year we complete an evaluation on what we do towards DE&I, how we work, what our initiatives are and how we measure and evaluate what we do as a business. This is then submitted and benchmarked against other members of the ENEI (employers network for equality and inclusion). A select few are awarded a Bronze, Silver or Gold award. We are proud to have achieved Bronze for our second year.

Steering us forward – our DE&I Committee's work

Over the last two years we have been on a journey. The learning opportunities have been vast, and we are proud of how far we have come. We have seen many changes in our work environment, the biggest being a culture shift whereby we consider DE&I in everything we do. Team members across Audley Group have taken an active role in supporting our DE&I initiatives and offer their time and care when doing so.



Our Champions at their annual meeting and celebratory lunch

Our Goal

Is to ensure our team members **feel as though they belong at work**. Since our work began in 2020, we have not only seen team members increase their knowledge in DE&I but engage in the tools we provide to ensure they cultivate a truly inclusive working environment.

Accomplishments so far:

- Recruitment and training of 36 supportive Mental Health (MH) first aiders across different areas of the business.
- Creation of the Notable Dates Calendar: Available through Spirit, this helps ensure recognition of different cultures and events is consistent and widespread.
- Menopause Friendly Registration: Audley Group is a Menopause Friendly organisation, with an appointed Menopause Champion who has driven such changes as updating our menopause policy, created an official online Menopause Network, menopause training, and implementation of day-to-day adjustments including temperature-control measures and flexible working.
- Website updates to show our commitment to diversity, using more diverse images and non-gender specific colours.
- Achieving the bronze TIDE award in 2022 and 2023 for the work we have done since our Steering Group commenced.
- Using Spirit to communicate our DE&I work and regularly blogging on relevant subjects like LGBT History Month or Men's Health.
- Implementation and growth of the Champion Network.
- Introduction of the Count Me In Campaign, a campaign to encourage our team members to share their diversity data with us.



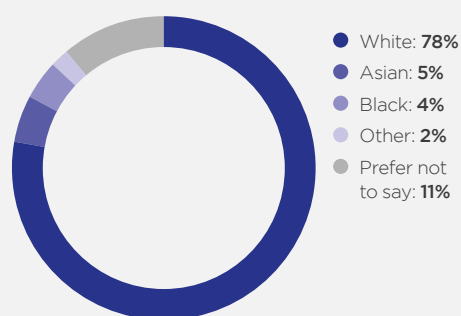
Find out more about our DE&I Steering Committee
www.audleyjobs.co.uk/diversity-equality-inclusion/



DIVERSITY METRICS

Diversity metrics help us understand who works for us and to utilise our resources in the right areas.

Ethnic diversity



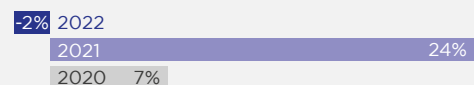
Percentage of females within senior management

29%



Gender pay gap percentage (median)

-2%



DIVERSITY IS IN OUR DNA

Our team members have made our values a key part of their working lives. They are also intrinsically linked to our drive to continuously improve diversity, equality and inclusion across Audley.

“To achieve a truly inclusive and diverse workforce, organisations need to start by reflecting on themselves from the top-down. Audley Group will be following this thought process and exploring ways we can continue to develop and embed a diverse workforce and a culture that underpins our commitment. I believe that if we look, act, and think in similar ways there will be ongoing authentic success within Audley Group. The mission is to achieve a successful culture that ensures we do not miss out or exclude experiences all individuals bring and contribute to our ongoing success and future growth.”

Nick Sanderson

CEO & Founder of Audley Group





Diversity, equality and inclusion continued

First steps to big change

The members of our DE&I Steering committee are working consistently to drive change.

Right now, they are:

- Working towards achieving further DE&I accreditations, through sharing our good practice.
- Reviewing our policies that support DE&I, making sure they are in keeping with environmental and legislative changes.
- Building upon our DE&I communication strategy, including our internal support network model.
- Compiling our DE&I data and working on a strategy to improve upon this where needed.
- Educating our team members on DE&I related subjects through training, blogs, webinars, and workshops.

All team members have completed basic DE&I training via a bespoke module.

Number of DE&I Committee meetings held per year

4

In conversation with our community

We believe that diversity, inclusion, accessibility and equality (DE&I) is everyone's business. We spoke to members of our skilled team and our valued owners about their experiences.

Q What does pride mean to you?

A Pride for me, means a bit of relief.

A Pride, I think, is a celebration of us being different, but also that we are included and that we've been treated as equal.

Q Do people still struggle in the same way they used to?

A When I was that age, there was rather a big divide. You thought you were the only gay person in the village.

Q How does it feel to be LGBTQIA+ at Audley?

A There's been a complete zero prejudice within Audley. It's absolutely fantastic. It's always felt very inclusive and very free, so yeah, it's great.

A Part of Audley, is that there's no such a thing – whoever you are, you are accepted.

A I have had line managers that have proved to me time and time again how much we can be ourselves. I can't fault them.



Find out more in our video
[www.audleyjobs.co.uk/
diversity-equality-inclusion/](http://www.audleyjobs.co.uk/diversity-equality-inclusion/)





Supporting our communities

Our villages are an important part of the neighbourhoods we operate in, and often help bring them together.

Our approach

Building and preserving relationships with all the communities we serve is not just important to our commercial success, but it is also key to the way we operate as a responsible and sustainable business. Local communities rely on us to:

- Improve the fabric of their immediate surroundings.
- Protect the environment, help tackle issues like climate change and conduct business ethically and responsibly.

We define 'local community' as our immediate neighbours and those in the local catchment areas surrounding our retirement villages. We believe that having an open and transparent dialogue with our local communities enables us to create a harmonious environment for our neighbours, owners and staff alike.

Philanthropy and community involvement are a foundational part of our corporate culture and remain very important to our employees and their wellbeing.

Total amount raised for the Foundation

£31,251



Read more about these stories in our ESG report
<https://www.audleygroup.com/wp-content/uploads/2023/11/Audley-Group-ESG-Report-2023.pdf>

The Audley Foundation

The Audley Foundation was launched to enable Audley to collectively organise the fundraising of our owners, community customers, team members and corporate partners to "make a lasting difference to the lives of less fortunate older people". As part of its social responsibility, the Foundation continually aims to have a positive impact on local communities, and donations will be made to charities identified by owners and team members.

2022 was the first full year of fundraising for the Foundation. In total we raised £31,251. The villages also raised monies which went directly to charities such as Children in Need and Macmillan Coffee Morning which were supported by Audley.



Blenheim Fun Run Group Shot



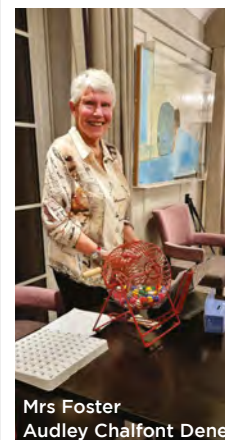
Audley St George's Place Car wash



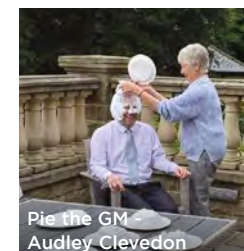
John Nettleton Tour d'Audley



Binswood charity lunch



Mrs Foster Audley Chalfont Dene



Pie the GM - Audley Clevedon



Malvern Walk



John Nettleton Tour d'Audley



Audley St George's Place car wash

Foundation fundraising events included:

- Foundation Week - fundraising events throughout the villages.
- Match Funding - with the Foundation matching funds raised in each village.
- Tour d'Audley - John Nettleton cycled round all the villages- 560 miles in 8 days.
- Eversheds Sunderland sponsorship of Foundation Week.
- Summer and Christmas Fairs in all villages with stalls to raise funds.
- Blenheim run - attended by over 100 team members, families and dogs.
- Villages trek for owners and team members.
- Marathon by Darren Little.
- Villages nominated the charities that they wanted to support. In 2022 we donated to the following charities: The Myton Hospices; Galanos House; Abbeyfield Beaconsfield Society; The Marjorie Bott Memorial Fund; Chiltern Music Therapy; Rennie Grove Hospice Care; Sue Ryder Manorlands Hospice; Runnymede Foodbank; St Richard's Hospice Foundation; Dementia Friendly Parishes around the Yealm; Friends of the Elderly; Parkinson's UK; Royal Trinity Hospice; Friends of Clapham Common; Great Western Air Ambulance; Ashgate Hospice; Re-engage; Alzheimer's Research UK and Care Workers Charity.
- We also held Friendship Teas at each village.



Friendship Tea



Chief Financial Officer's statement



“2022 saw the launch of our first Mayfield village in Watford, the opening of Audley Sunningdale, refinancing our Group development debt and appointment of a Group Finance Director.”

Gary Burton
Chief Financial Officer

Emerging from a pandemic and entering a period of economic uncertainty made for a challenging year. Despite this, the underlying business performed well:

- £68.9m Revenue (2021: £80.8m).
- £44.5m Operating loss (2021: £4.1m profit).
- Refinanced existing development facilities, before their expiry in January 2023, with a three-year stock financing facility from Silbury Finance. This improved the loan-to-value ratio and reduced considerably the asset value held as security; both clear signs of improving lender confidence in Audley and in the IRC sector more generally.

- Secured a £22.9m three-year shareholder financing facility (February 2023) and a new five-year £28.5m freehold financing facility from Federated Hermes (November 2023).
- The significant deterioration in the UK macroeconomic conditions resulted in a £22m devaluation (2021: £11.3m gain) to the value of investment properties. This was driven by a reduction to market assumptions for house price movement (HPI) over the near term.
- As we enter the final phase of selling the remaining new units at our wholly owned villages (Audley Chalfont Dene and Audley Ellerslie) we have written down the £14.7m Goodwill in full (2021: £nil).

KEY PERFORMANCE INDICATORS

The Group regards its key performance indicators as the number of unit completions in the period, gross margin, earnings (profit before exceptional items, interest, tax and fund manager fees) and net asset value.

The table below provides a comparison of the key performance indicators of the last two years.

Despite challenging market conditions, particularly during the final months of the period, we sold 65 units across our owned villages. This resulted in the selling-out of all new units at four Audley villages (Redwood, Binswood, Chalfont and St George's), with the final three units completing during Q1 2023. Newly owned village stock units are now selling only at Audley Cooper's Hill and Audley Ellerslie. New developments are currently via our partnerships with Octopus, BlackRock and Royal London.

The gross margin for the year was 23% and 2.4% lower year-on-year. This was driven by the mix of unit sales and higher utilities costs more than offsetting higher leased incomes from higher average occupancy across the villages and the annual inflationary increase on the monthly management charges (+7.1%). The Group manages its exposure to utilities price rises by entering into fixed price contracts with utilities providers.

During the year a number of contracts were renewed that resulted in a higher cost being incurred.

The Group generated a loss of £44.5m (operating profit before exceptional items, interest, tax and fund manager fees) for the year to 31 December 2022 compared with a gain of £3.2m in 2021. This was driven by a revaluation loss of £22m (2021: £11.3m gain) and a £14.7m (2021: £nil) impairment of goodwill.

The devaluation to investment properties was driven by a response to the macro and micro economic environment and the effect of Brexit, mini-budget (September 2022) and war in Ukraine on the supply of labour, interest rates and inflation. This resulted in a reduction to the forecast of house price inflation (HPI) over the near term. The value of the integrated retirement community (IRC) sector was itself not as negatively impacted as the wider real estate market, in part differentiated by mortgage free buyers and a stronger need driven decision to experience an IRC setting.

Total net assets decreased by £41.7m in the year (2021: £3.5m reduction).

KEY PERFORMANCE INDICATORS COMPARISON

	Year to December 2022	Year to December 2021	Year to December 2020
Owned unit sales	65	94	83
Revenue £'000	68,980	80,781	71,579
Gross profit £'000	15,779	20,466	15,814
Gross margin %	22.9%	25.3%	22.1%
Earnings before exceptional items, interest, tax and fund manager fees £'000	(44,533)	3,195	(7,513)
Net asset value £'000	184,517	226,245	230,083



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The consolidated statement of comprehensive income presents the results for the year to 31 December 2022. A commentary on all significant line items is set out below.

Revenue

Revenue of £68.9m comprised of £34.7m from property sales, £20.3m of estate management fees, £6.7m of Audley Care income, £1.8m of development fee income and £5.4m of other income. Overall, revenue was down £11.8m and 14.6% year-on-year, caused by 29 fewer completions, partially offset by higher occupancy rates.

£34.7m of property sales revenue was driven by 65-unit sales from wholly owned stock (2021: 94). Estate management fees contributed £20.3m to revenue in the year, an increase of £1.8m or 10% year-on-year and includes both monthly and deferred management fees (each increasing with each unit sold). Care revenue of £6.7m was relatively consistent with 2021 (2021: £6.8m). Food and beverage income of £3.1m was up 33.6% year-on-year (2021: £2.3m), with the removal of restrictions imposed to control the coronavirus pandemic and a return to regular demand for dining out.

Direct costs

Direct costs for the year were £53.2m (2021: £60.3m), comprising £28.3m (2021: £39.9m) relating to property sales, £19.1m (2021: £14.9m) estate management costs and £4m (2021: £3.9m) of care costs.

Administrative expenses

Administrative expenses of £24.2m (2021: £26.4m) represent operating costs of the business and include no exceptional items (2021: £0.9m). No amounts were received with regards to the government furlough scheme and other government pandemic related subsidies (2021: £0.3m).

Share of results from joint ventures

The Group recognised a £3.1m (2021: £4.2m loss) share of profit from its joint ventures with Octopus and BlackRock. Two of the five sites (2021: four of the five sites) across these joint ventures are under construction and not yet generating revenues. See note 14 for a summary of the results of the joint ventures. The Group invested total equity of £945k (2021: £13.9m) in the year.

Loss on revaluation of investment properties

The Group had a total revaluation loss at year-end of £22.0m (2021: £11.3m gain) on its investment properties. The valuation was carried out by CBRE on a fair value basis and takes into consideration estimated future cash flows driven by the contractual arrangements contained in our owners' lease. In general, there were contractions in several of the key variables, resulting in a lower revaluation of investment properties, such as lower HPI. Investment properties are adjusted for the accrued income £28.7m (2021: £23.8m), already accounted for in receivables and additional impairments the Directors deem appropriate.

Other operational income

During the year the Group recognised no other operating income other than that accounted for under the other categories within this report.

Impairment losses

Impairment losses consists of a loss of £14.7m (2021: £nil) in respect of an impairment of goodwill.

Net finance expense

Finance costs of £5m (2021: £5.2m) represent interest, facility fees and the full amortisation of loan arrangement costs on the Group's loan facilities that were refinanced in September 2022. Finance income of £3.2m (2021: £2.6m) includes preference share interest receivable and other interest receivable.



Taxation

The net taxation credit for the year was £4.6m (2021: £5.4m charge) and relates, primarily, to the recognition of deferred tax assets on the revaluation losses on the investment properties. The Group did not recognise any deferred tax assets, as it is not certain if or when such losses will be assessed.

Profit/(loss)

An operating loss of £44.5m was delivered (2021: £4.1m profit) and a statutory net loss of £41.7m (2021: £3.8m).

Material uncertainty

The Directors have modelled cash flow forecasts underpinning the going concern assumption using both a base case and severe but plausible downside case and, as a result, identified a material uncertainty in respect of going concern. Please refer to the going concern section in the notes to the accounts (page 40).

CONSOLIDATED BALANCE SHEET

Non-current assets

Intangible assets

The intangible asset consisting of the goodwill created on the acquisition of Audley Court Limited in 2015, was written-off in full during the year. This followed the successful refinancing of the Group's external borrowings against the remaining new units against which this goodwill was attached.

Investment properties

The investment properties include the freehold and long leasehold interest in each of the villages. Our investment properties were valued by CBRE Limited at the year-end on a fair value basis with consideration for estimated future cash flows. Investment properties are carried at the CBRE valuation less the amount recognised in accrued income in relation to the deferred management charges from owned villages, additional impairments the Directors deem appropriate, plus the Group's proportion of shared equity units.



Chief Financial Officer's statement continued

Right of use asset

The Group leases some of its investment properties as well as its head office. Where the asset is accounted for as an investment property, a right of use asset has not been created, but the asset is held at fair value in investment properties and no depreciation is provided on these assets. The Group provides the estate management services from the communal areas of these lease investment properties.

Trade and other receivables

The Group has £45.4m of long-term trade and other receivables. Of this, £16.6m relates to preference shares in Audley Nightingale Lane Limited and accrued interest thereon. Accrued income for deferred management charges is split between amounts due in greater than one year (£24.7m) and amounts due in less than one year (£9.8m).

Accrued income represents deferred management charges that are levied on each owner upon assignment of their lease.

These deferred management charges are determined from the contractual arrangements contained in each lease and are calculated as a percentage per year of occupation, or part thereof.

The amount recognised in the accounts is based on management's estimate of property values, which is based on historical data of first sales and resales at each village. Any increase or decrease in the expected value of the deferred management charge is recognised in the statement of comprehensive income. These amounts have been estimated, informed by historical sales data to classify the amounts based on the timing of expected cash flows.

The market valuation, performed by CBRE, considers expected cash flows and therefore the amount recognised in relation to deferred management charges in accrued income is deducted from the valuation to arrive at the carrying amount of investment property.

Current assets

Stocks and inventories

Inventories represent land, plots under construction, completed homes ready for sale across all villages and food and beverage stocks at the villages. Finished goods have decreased by £28.6m in the year, following the completion of 65 new unit sales and no new stock units delivered.

Trade and other receivables

Trade and other receivables at the year-end were £16.4m from £9.8m of accrued income, £3.4m of trade debtors, £1.1m of prepayments and £2.1m of other receivables.

Liabilities

Trade and other payables of £16.2m includes £8.3m of accruals, £1.7m of trade payables, £4m of deferred income, £1.5m of other payables and £0.6m owed to related undertakings. Trade payables are all in the normal course of business and included in other payables are reservation and exchange deposits.

Net debt

Net debt excluding lease liabilities at 31 December 2022 was £38.7m and £4m lower year-on-year (2021: £42.7m), driven by the completion of 65 new unit sales and the refinancing of the Group's external borrowings. The Group had borrowings of £41.8m including £1.1m of loan arrangement costs in respect of its stock financing facility.

In September 2022, the Group refinanced its revolving credit facility, provided by HSBC Bank plc and Bank Leumi, with a £59.3m stock financing facility from Silbury Specialty Finance. In so doing seven property assets were released from security and the gross debt borrowing amount was increased.

Equity

No changes during the year.

Post-balance sheet events

Please see the subsequent events section in note 30.

Gary Burton
Chief Financial Officer

31 December 2023

Freehold debt financing

Securing in November 2023 a first-of-its-kind, five-year, £28.5m financing facility, provided by Federated Hermes, was a significant milestone for not only Audley Group but for the Integrated Retirement Community sector.

The loan facility focuses on six fully developed and sold-out villages representing a range of maturities, from 15-year-old Audley Clevedon to Audley Redwood, which has been open for five years. The facility utilises operating surpluses, meaning the more cash flow the villages generate, the more can be advanced.

Until now, financing has concentrated on development. Funds being raised from securitising sold out maturing and mature villages enables further investment into additional new villages, which accelerates the development of much needed units for a growing older population.

Loans and borrowings

	2022 £'000	2021 £'000
Bank loans	42,921	51,870
Loan arrangement	(1,148)	(1,027)

Maturity profile

Between one and five years	41,773	50,843
	41,773	50,843

Cash and cash equivalents

	2022 £'000	2021 £'000
Cash held in restricted bank accounts	2,177	-
Cash at bank and in hand	2,001	9,201
Cash and cash equivalents	4,178	9,201



Risk management

EFFECTIVE RISK MANAGEMENT

Risk management process

Managing risk is integral to Audley Group's business activities and, through a continual process to identify, assess, manage and monitor each risk, we can continue to implement our corporate strategy successfully. Risk management starts at the Board level; setting risk appetite, providing policy, maintaining risk oversight and enforcing risk management actions and initiatives. We operate a Risk & Governance steering group that reports through an Executive management committee to the Board of Directors. This steering group oversees the regular review of risk management activities, is informed of all risk related activities which are considered or suspected to be significant and reviews and agrees risk management planning.

Identified risks are captured and scored on a Risks Register according to their impact and likelihood. The effectiveness of our control environment, at mitigating risks down to a tolerable level, is assessed continually through internal and external regulators. Control failures are captured and monitored on a Controls Tracker until remedied.

Risk appetite

Risk appetite is defined as the level of tolerable risk to deliver our strategic and operational objectives and brand standards across our villages. Overall, our approach is to minimise exposure to compliance, reputational, and excessive financial risk.

New fire safety laws 2023

From 23 January 2023, the long anticipated new fire safety duties came into force, the first of several pieces of fire and building legislation expected to arrive in 2023. To ensure compliance, we have implemented a Fire Safety Focus Group (FSFG) that meets regularly and reports into our Risk & Governance Steering Group. The FSFG includes our newly appointed Health, Safety and Fire Officer.

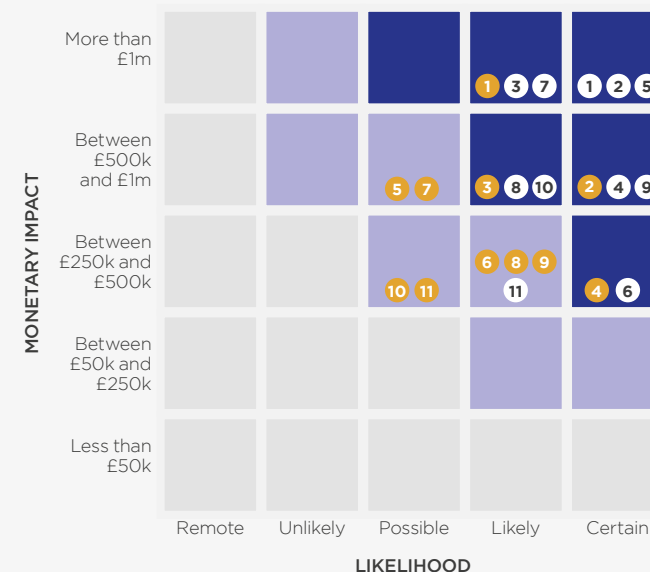
The Group ensures that the new duties within the Fire Safety (England) Regulations 2022 under the Fire Safety Order for building owners or managers (responsible persons) are met.

RISK MANAGEMENT PROCESS FLOW



RISK MATRIX

The risk matrix illustrates the relative positioning of our principal risks before and after mitigating actions. We provide more detail on our principal risks on the following three pages, explaining our risk mitigation strategies and risks movement in the year.



Risk	Risk Area	Movement in year
1	Funding	➡ Maintained risk
2	Build programme and build cost risk	⬆ Increase
3	Economy and risk	➡ Maintained risk
4	Loss of employee or key management personnel	⬆ Increase
5	Food safety	⬇ Decrease
6	Reputation risk	➡ Maintained risk
7	Fraud risk	➡ Maintained risk
8	Cyber and data security risk	➡ Maintained risk
9	Pandemic	⬇ Decrease
10	Regulatory and policy environment	⬆ Increase
11	Environmental, Social and Governance (ESG)	⬆ Increase



Risk management continued

Increased risk
 Maintained risk
 Decreased risk

PRINCIPAL RISKS REVIEW

Risk	Mitigating actions		Movement in year
1 Funding A lack of funding (debt and or equity) would risk illiquidity and a failure to deliver the business plan.	<ul style="list-style-type: none"> The Integrated Retirement Community sector is evolving with increasing lending options for the assets available to secure this funding i.e. improving loan-to-value lending covenants. We partner with credible institutions and banks, with whom we maintain good relations to secure funding on reasonable investment terms. 		
2 Build programme and build cost risk The ability to deliver build programmes on time and within cost is important for the financial performance of the Group. A period of high inflation is challenging both the magnitude and certainty of construction cost.	<ul style="list-style-type: none"> We partner with large 'blue chip' construction companies as well as Tier 2 contractors. We diversify our risk by using several different contractors for different size projects on whom we carry out due-diligence before contracting. Our construction experience and fixed price contracts mitigate cost risk. Our brand and management experience helps mitigate the risk of delay between agreeing an acquisition price and placing a build contract. 		
3 Economy and risk Changing market conditions could impede the Group's ability to sell properties. As housebuilding is cyclical and dependent on the broader economy, any deterioration in economic conditions could damage buyer confidence and impact on the Group's ability to sell units. This could result in lower development revenue, profit and cash. Disruption from Russia's invasion of Ukraine, a change in Prime Minister and withdrawal from the European Union continue to cause economic instability.	<ul style="list-style-type: none"> Management monitor market and economic indicators and model different financial outturn scenarios under different risk assumptions to guide decision making in support of liquidity management. There are more companies offering support initiatives, such as bridging loans, to customers who want to buy our product but who may have difficulties selling their home due to market conditions. The Mayfield Village proposition provides some mitigation to market risk through diversification. 		
4 Loss of employee or key management personnel Failure to attract and retain sufficient quality staff.	<ul style="list-style-type: none"> The Group has in-sourced recruitment to control better the consistency and appropriateness of new hires. Audley operates an attractive working environment, culture and reward structure for key management. A dedicated learning and development team provide training across the Group in addition to external expertise as considered appropriate. Careful succession planning is performed across the business to mitigate the negative impact to the business from any sudden loss of key personnel. 		



Increased risk
 Maintained risk
 Decreased risk

Risk	Mitigating actions		Movement in year
5 Food Safety Failure to comply to UK Food Safety Laws in order to protect consumer health, various laws regulate food retailers who serve food to the public.	<ul style="list-style-type: none"> Enhanced procedures surrounding mandatory training and inductions are completed in full and before employees work in high risk areas. Standard operating procedures covering core areas and specifically food safety (including allergens). 	<ul style="list-style-type: none"> Clear audit work plans and reporting to ensure key risks are understood, an appropriate control environment established and operated. 	
6 Reputational Risk Marketing materials and websites displaying incorrect information either from miscommunication between departments or human error.	<ul style="list-style-type: none"> We ensure price changes and management fee changes are communicated clearly between sales and marketing teams. All print materials are proof-read internally and by our agencies. 	<ul style="list-style-type: none"> Websites are regularly reviewed and maintained by our experienced in-house team. 	
7 Fraud Risk The risk that fraud occurs and exposes the business to direct financial loss and or irreparable reputational damage.	<ul style="list-style-type: none"> Fraud Risk Assessments completed across the business. Anti-Fraud Policy. 	<ul style="list-style-type: none"> Fraud Awareness Programme being rolled out including training. 	
8 Cyber and data security The Group's IT systems are core to delivering effective operational activities with any failure in these systems, particularly those relating to customer or commercially sensitive data, likely to impact the Group's ability to operate effectively and result in penalties where the information is protected by law.	<ul style="list-style-type: none"> The Group works with managed service providers to ensure our systems operate effectively. We also receive leading advice and guidance to support the maintenance of a secure IT environment. An increasing use of virtual technologies has reduced the risk to physical data storage and systems. 	<ul style="list-style-type: none"> Audley takes security of personal data very seriously and continuously reviews security and use of data. 	



Risk management continued

Increased risk
 Maintained risk
 Decreased risk

PRINCIPAL RISKS REVIEW CONTINUED

Risk	Mitigating actions	Movement in year
9 Pandemic Government action in response to a pandemic disease, such as COVID-19, could result in significant disruption to the UK housing and hospitality market in the short to medium with risk of long-term change to the operating practices and/or business model of the Group.	<ul style="list-style-type: none"> Our experience and expertise enable us to take swift and decisive action to ensure the safeguarding of owners, customers and team members. Accessing government aid and support, as this becomes available, for example accessing the Government's Coronavirus Job Retention Scheme, helps to support our business operations and ongoing financial liquidity. 	<ul style="list-style-type: none"> Our business model means operational revenues are reasonably resilient to such disruption. We perform extensive scenario modelling to assess the impact of a pandemic on our cash and financial facilities. Rigorous capital and cost controls are in operation across the business to ensure we can absorb unexpected fluctuations in demand in the market.
10 Regulatory and policy environment Failure to keep abreast of increasing and changing rules, regulations, policies and legislation.	<ul style="list-style-type: none"> Management monitors changes in government policy and the regulatory environment either directly or via its involvement with the ARCO (Associated Retirement Community Operators) body representing the UK retirement community sector. During the previous year, the Group recruited a Group General Counsel, providing greater capacity and capability to monitor the regulatory environment and to ensure internal policies and procedures continue to be appropriate. 	<ul style="list-style-type: none"> A new Risk & Assurance structure was also implemented to provide greater synergies and consistency of approach across health and safety, internal audit and data protection activities. The function was enhanced this year by appointing a Health, Safety and Fire Officer to ensure compliance to the new duties within the Fire Safety (England) Regulations 2022 under the Fire Safety Order for building owners or managers (responsible persons) are met.
11 ESG Failure to demonstrate dedication to corporate responsibility and sustainability and provide assurance to investors of trust in ESG data and analysis.	<ul style="list-style-type: none"> ESG strategy. Our ESG strategy is led by our Group Development Director and an ESG Steering committee. 	

Nick Sanderson
Chief Executive Officer

31 December 2023

Gary Burton
Chief Financial Officer

31 December 2023



Board of Directors



MARC GILBARD
Chairman

Marc is Chair of the Board and Chief Executive Officer of Moorfield Group. Marc assumed management control of Moorfield Group in 1996 and has led Moorfield's transformation from a small company listed on the London Stock Exchange into one of the leading UK Private Equity Real Estate fund managers. Over the last 27 years Moorfield has invested throughout the UK in both the Traditional and Alternative real estate sectors, translating political, economic and societal macro trends into real estate investment themes.

Experience

Marc is a Chartered Surveyor and a Member of the Leaders Council of the British Property Federation (BPF), a Member of the Property Advisory Group to the Bank of England, a Member of the Investment Property Forum (IPF) and a Member of the Royal Institution of Chartered Surveyors (RICS).



NICK SANDERSON
Chief Executive Officer

Nick is the founder and Chief Executive Officer of Audley Group. In the 1980s he founded, operated and then sold Beaumont Healthcare, one of the first corporate providers of private pay nursing care homes. In 1986, that company created close care housing which offered independent living to older people in their own homes adjacent to a Beaumont care home. Nick created Audley Group to develop a portfolio of private retirement villages. The first two award-winning schemes in Tunbridge Wells and Harrogate were completed by 2004. In 2008 Moorfield Group invested in the Audley Group business.

Experience

As one of the founders of the retirement village sector in the UK, Nick is a regular speaker at national and international conferences and a contributor to several publications. He has acted as an adviser to public and private sector organisations. Nick is also Chair of the Associated Retirement Community Operators (ARCO).



NICK EDWARDS
Chief Operating Officer

Nick joined Audley Group in December 2019 having previously held the role of Chief Financial Officer of Moorfield Group. He was at Moorfield from 2008 to 2019 and was a member of the Board and the Investment Committee, on which he continues to sit following his move to Audley. Subsequent to year end, Nick resigned from the Audley Group.

Experience

Nick graduated with a degree in History from Durham University and qualified as an ACA with Arthur Andersen, where he worked in the Corporate Treasury Consulting team advising listed companies on risk management strategies. He then spent three years in corporate finance at Deutsche Bank where he advised businesses on capital raising and M&A across the IT and business services sectors. From 2002 to 2008, Nick worked at Xchanging plc where among other roles he was the Finance and Commercial Director of Xchanging's 2,000-person insurance outsourcing business across the UK, the US and India, where as well as Finance he oversaw HR, Legal and Property teams, and negotiated and structured complex outsourcing arrangements.

Nick is a former Chairman of the BPF Finance Committee and is Chairman of the Governors of Whitgift School.



Board of Directors continued



GARY BURTON
Chief Financial Officer

Gary joined Audley Group in November 2020 and since then has secured a number of new debt facilities and formed new joint venture partnerships to further the growth of the business.

Experience

Gary has a wealth of financial experience honed over 25 years working with leading businesses across different sectors, including nine years with Kingfisher plc as Assistant Treasurer and in Finance Director roles.

Gary has degrees in Architecture and Management and qualified as an accountant with Arthur Andersen and in treasury with Hewlett Packard.



MICHAEL BRUHN
Non-Executive Director

Michael is Senior Adviser to the Executive Directors of the Danish pension fund PFA.

Experience

He has more than 35 years of experience in the Real Estate industry, and before joining PFA in 2013 he served as partner and Head of Nordics in the pan-European real estate fund and asset manager, Valad.

Michael holds an MSc in finance and audit from the University of Copenhagen.



CHARLES FERGUSON-DAVIE
Non-Executive Director

Charlie joined Moorfield in 2005 and since then Moorfield has raised six discretionary real estate private equity funds, comprising some £1.7bn of equity. Charlie sits on a number of industry committees, including the BPF Commercial Property Forum and the IPF Indirect Property Funds Group.

Experience

Charlie has a degree in Modern Languages from Oxford University and prior to joining Moorfield he worked in corporate finance at Lazard in the real estate advisory group.



Directors' report

The Directors present their report and the audited consolidated and Company financial statements for Audley Group Limited for the year ended 31 December 2022.

Audley Group Limited is a company limited by shares incorporated in England and Wales and domiciled in England. The registered office is 65 High Street, Egham, Surrey TW20 9EY. The immediate Parent Company is MAREF Topco Ltd. The controlling parties are disclosed in note 28 of the consolidated financial statements.

DIRECTORS

The Directors who served during the year and up to the date of signing the financial statements are:

Director	Appointed/Resigned
Nick Sanderson	—
Nick Edwards	Resigned 21 February 2023
Gary Burton	—
Paul Morgan	Resigned 18 August 2022
Michael Bruhn	Appointed 12 May 2022
Marc Gilbard	—
Charles Ferguson-Davie	—
Henrik Poulsen	Resigned 12 May 2022

Biographies of serving Directors are on pages 31 and 32.

At 31 December 2022 Nick Sanderson owned 0.34% of the share capital of Audley Group Limited via direct and indirect holdings. Jon Austen owned 0.08% of the share capital of Audley Group Limited via direct and indirect holdings. Paul Morgan and Kevin Shaw held 0.07% and 0.08% respectively.

At 31 December 2021 Nick Sanderson owned 0.34% of the share capital of Audley Group Limited via direct and indirect holdings. Jon Austen owned 0.08% of the share capital of Audley Group Limited via direct and indirect holdings. Paul Morgan and Kevin Shaw held 0.07% and 0.08% respectively.

SECTION 172(1) STATEMENT

This statement describes how the Directors have taken account of the matters set out in Section 172(1) (a) to (f) of the Companies Act 2006, when performing their duty to promote the success of the Company. Much of this content is included in the Strategic Report, as listed below.

The matters set out in Section 172(1) (a) to (f) are:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Company's employees – pages 19 to 22;
- (c) the need to foster the Company's business relationships with clients, end customers, suppliers and regulators – page 16;
- (d) the impact of the Company's operations on the community and the environment – page 18;
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct – pages 8 to 16; and
- (f) the need to act fairly between members of the Company – pages 8 to 16.

RESULTS AND DIVIDENDS

The Group's loss for the year was £41.7m (2021: loss of £3.8m). No dividends were paid in the year to 31 December 2022 (2021: £nil) and the Directors do not propose the payment of a final dividend.

INDEMNITY PROVISION

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force during the financial period and is currently in force at the date of approval of the financial statements. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

POLITICAL AND CHARITABLE DONATIONS

During the year the Group did not make any political donations or incur any political expenditure (2021: £nil). During the year the Group made charitable donations of £42k (2021: £22k).

PRINCIPAL RISKS AND UNCERTAINTIES

Details of the principal risks and uncertainties are described on pages 27 to 30.

FINANCIAL INSTRUMENTS

Details of the financial instruments of the Group are described in note 23 on pages 61 to 63.

FUTURE DEVELOPMENTS

Details of the likely future developments of the business are described in the Strategic Report on pages 1 to 30.



Directors' report continued

EMPLOYEE AND ENVIRONMENTAL MATTERS

Information in respect of the Group's employment and environmental matters is contained within the Strategic Report on pages 18 to 22.

SUBSEQUENT EVENTS

See note 30 for events after the balance sheet date.

GOING CONCERN

In assessing going concern, the Directors have reviewed the Group's principal risks and taken into consideration a number of factors, including sales expectations at our wholly-owned villages, development cash flows, planned investments and borrowing facilities. The assessment considers two scenarios over a period to the end of 2024, with a Base case and a sensitised Downside case. For detail on these assessments please refer to the Going Concern section in note 2 of the Financial Statements.

Based on the scenarios modelled and given the availability of mitigating actions to provide sufficient liquidity over the going concern period, the Directors have considered it reasonable to conclude that the Group will continue in operational existence and meet its liabilities as they fall due for at least the next 12 months. Therefore, the financial statements have been prepared on a going concern basis.

The Group is, however, exposed to material village buyback obligation and is sensitive to material changes in unit sales and UK house prices. The Group is progressing a number of projects that would provide new funding to meet all near-term requirements potentially arising and continues to have supportive partnerships and lenders (e.g. the Directors have confidence that, should they be required, covenant waivers could be obtained). The Directors also conclude that, as disclosed in the Going Concern section in note 2 of the Financial Statements, attention should be drawn to the fact that a material uncertainty exists to cast doubt on the Group's ability to continue as a going concern.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Group and Company and of the profit or loss of the Group and Company for that period.

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

- Select suitable accounting policies and then apply them consistently.
- State whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 102, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATIONS

In the case of each Director in office at the date the Directors' report is approved:

So far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware.

They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

AUDITORS

The auditors, Crowe U.K. LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

The Directors' report and the Strategic Report were approved by the Board.

On behalf of the Board

Gary Burton
Chief Financial Officer

31 December 2023



Independent auditor's report

To the members of Audley Group Limited

OPINION

We have audited the financial statements of Audley Group Limited (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company balance sheet, the consolidated statement of changes in equity, company statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- The financial statements give a true and fair view of the state of the group and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- The group financial statements have been properly prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006;
- The parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 in the financial statements, which indicates that under both the base case and downside case scenarios the Group and Parent Company need to secure new funding during the going concern assessment period and that committed funding facilities were not in place at the date of approval of these financial statements. As stated in note 2, these events or conditions, along with the other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

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



Independent auditor's report continued

To the members of Audley Group Limited

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 34, 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 group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the procedures in place for ensuring compliance. We focused on those laws and regulations that have a direct impact on the financial statements. These included the UK-adopted international accounting standards, United Kingdom Generally Accepted Accounting Practice, Companies Act 2006, and taxation laws.

As part of our audit planning process, we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made with management and those charged with governance concerning both whether they had any knowledge of any actual or suspected fraud and their assessment of the susceptibility to fraud. We considered the risk to be greater in areas involving significant management estimation or judgement, including the use of alternative performance measures, and estimates or judgements impacting revenue recognition, valuation of accrued income, expected credit losses and investment property, goodwill and joint venture impairment assessment in the group financial statements and the carrying value of investments in subsidiaries in the parent company financial statements, or those estimates and judgments which could impact on management bonuses and remuneration. Based on this assessment we designed audit procedures to focus on these specific areas.

- We held discussions with management, village managers, and other staff members outside of the finance function to gain an understanding of areas of fraud risk and any instances of non-compliance with laws and regulations;
- We assessed the design and implementation of controls over significant audit risks and obtained an understanding of the Group's financial reporting processes;
- We tested the appropriateness of journal entries throughout the year by vouching a risk-based sample of journals to supporting documentation and explanations;
- A detailed review of the Group's year end adjusting entries was performed. Any items that appeared unusual in nature or amount were vouched to supporting documentation;
- We performed a detailed review of financial statements disclosures to ensure these were complete, having regard to the explanations and information received in the course of the audit;
- We obtained a list of related parties from management and performed audit procedures to identify undisclosed related party transactions;
- We utilised external confirmations to confirm cash balances, and as part of our revenue testing procedures we verified property sales to confirmation statements; and
- We considered the narrative and presentation of matters in the front section of the annual report.



Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

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

USE OF OUR REPORT

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

Nick Jones

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

55 Ludgate Hill

London

EC4M 7JW

31 December 2023



Consolidated statement of comprehensive income

For the year to 31 December

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Revenue	3	68,980	80,814
Cost of sales	3	(53,201)	(60,348)
Gross profit	3	15,779	20,466
Administrative and selling expenses		(24,238)	(26,350)
Share of results of joint ventures	14	3,150	(4,217)
(Loss)/gain on revaluation of investment properties	12	(21,972)	11,296
Other operating income	4	-	906
Impairment losses	11	(14,706)	-
Other (losses)/gains	6	(2,546)	2,000
Operating (loss)/profit	5	(44,533)	4,101
Operating loss before exceptional items, revaluation gain and other (losses)/gains		(5,309)	(10,101)
(Loss)/gain on revaluation of investment properties	12	(21,972)	11,296
Exceptional items	10	-	906
Impairment losses	11	(14,706)	-
Other (losses)/gains	6	(2,546)	2,000
Operating (loss)/profit		(44,533)	4,101
Finance income	8	3,232	2,572
Finance expense	8	(4,991)	(5,156)
(Loss)/profit before tax		(46,292)	1,517
Tax credit/(charge)	9	4,564	(5,355)
Loss and total comprehensive expense for the year		(41,728)	(3,838)
Attributable to:			
- Equity holders of the Parent Company		(41,728)	(3,838)
- Non-controlling interests		-	-
		(41,728)	(3,838)

The notes on pages 40 to 65 form part of these financial statements.

The financial statements on pages 38 to 66 were approved and authorised for issue by the Board and were signed on its behalf on 31 December 2023.

Consolidated statement of financial position

For the year to 31 December

	Note	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Non-current assets			
Intangible assets	11	-	14,706
Investment properties	12	111,391	132,338
Right of use assets	13	10,916	7,895
Investments in joint ventures	14	28,557	24,462
Other investments	15	444	285
Property, plant and equipment	16	902	1,234
Deferred tax assets	17	-	-
Trade and other receivables	19	45,350	40,461
Total non-current assets		196,560	221,381
Current assets			
Stocks and inventories	18	43,684	70,213
Trade and other receivables	19	16,358	12,632
Cash and cash equivalents	20	4,178	9,201
Total current assets		64,220	92,046
Total assets		260,780	313,427
Liabilities			
Current liabilities			
Trade and other payables	21	(16,199)	(16,854)
Lease liabilities	13	(118)	(162)
Total current liabilities		(16,317)	(17,016)
Non-current liabilities			
Loans and borrowings	22	(41,773)	(50,843)
Lease liabilities	13	(12,070)	(8,656)
Deferred tax liabilities	17	(6,103)	(10,667)
Total non-current liabilities		(59,946)	(70,166)
Total liabilities		(76,263)	(87,182)
Total net assets		184,517	226,245
Equity			
Share capital	24	266,958	266,958
Share premium	25	15,665	15,665
Accumulated to retained earnings		(98,106)	(56,378)
Total equity		184,517	226,245



Consolidated statement of changes in equity

For the year to 31 December

	Share capital £'000	Share premium £'000	Retained earnings/ accumulated losses £'000	Total attributable to equity holders of the Parent Company £'000	Total equity £'000
At 1 January 2021	266,958	15,665	(52,540)	230,083	230,083
Shares issued	-	-	-	-	-
Transactions with owners	-	-	-	-	-
Loss for the year	-	-	(3,838)	(3,838)	(3,838)
Total comprehensive loss	-	-	(3,838)	(3,838)	(3,838)
At 1 January 2022	266,958	15,665	(56,378)	226,245	226,245
Shares issued	-	-	-	-	-
Transactions with owners	-	-	-	-	-
Loss for the year	-	-	(41,728)	(41,728)	(41,728)
Total comprehensive loss	-	-	(41,728)	(41,728)	(41,728)
At 31 December 2022	266,958	15,665	(98,106)	184,517	184,517

Consolidated cash flow statement

For the year to 31 December

	2022 £'000	2021 £'000
Operating activities		
(Loss)/profit before tax	(46,292)	1,517
Adjustments for:		
- Depreciation of tangible fixed assets	755	653
- Loss/(gain) on revaluation of investment properties	21,972	(11,296)
- Profit on disposal of subsidiary	-	(906)
- Share of post-tax profits/(losses) from associates	(3,150)	4,217
- Finance income	(3,232)	(2,572)
- Finance expense	4,991	5,156
- Goodwill impairment	14,706	-
- Other losses/(gains)	2,546	(2,000)
Cash flows from operating activities before changes in working capital	(7,704)	(5,231)
Increase in trade and other receivables	(6,614)	(9,642)
Decrease in trade and other payables	(719)	(4,806)
Decrease stocks and inventories	26,529	78,294
Cash generated by operating activities	11,492	58,615
Finance income received	538	7
Finance costs paid	(3,118)	(3,759)
Corporation tax paid	-	-
Net cash flows generated from operating activities	8,912	54,863
Investing activities		
Additions to investments	-	(92)
Additions to joint venture investments	(945)	(13,928)
Additions to investment properties	(1,025)	(4,382)
Additions to property, plant and equipment	(245)	(443)
Net cash flows used in investing activities	(2,215)	(18,845)
Financing activities		
New loans	56,787	-
Issue costs of new loans paid	(2,527)	(19)
Repayment of loans	(65,736)	(41,348)
Principal elements of lease payments	(244)	(244)
Net cash flows used in financing activities	(11,720)	(41,611)
Net decrease in cash and cash equivalents	(5,023)	(5,594)
Cash and cash equivalents at start of year	9,201	14,794
Cash and cash equivalents at 31 December	4,178	9,201



Notes to the accounts

1 GENERAL INFORMATION

Audley Group Limited (the 'Company') is a private company limited by shares and is incorporated in England and Wales and domiciled in England. The address of its registered office is 65 High Street, Egham, Surrey TW20 9EY. The Company, together with its subsidiaries and associates/joint ventures, is referred to as 'the Group'. The Group's principal activity during the financial year was that of the development and management of retirement villages, including the provision of domiciliary care.

2 ACCOUNTING POLICIES

Basis of preparation of financial statements

These financial statements have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 ('IFRS') and the applicable legal requirements of the Companies Act 2006.

These financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties. The Company has elected to prepare its individual financial statements, on pages 66 to 71 in accordance with FRS 102.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been applied consistently to both periods, unless otherwise stated.

Functional and presentation currency

These financial statements are presented in sterling (£), the functional currency of all entities within the Group, and have been rounded to the nearest thousand (£'000) unless indicated to the contrary. The functional currency is the currency of the primary economic environment in which the Group operates. Accordingly, the Group measures its financial results and financial position in sterling.

Going concern

To ascertain whether it was appropriate to prepare the financial statements on a going concern basis, the Directors have performed a robust assessment of the principal risks facing the Group, including those risks that would threaten the Group's business model, future performance and liquidity. The principal risks facing the Group and how the Group addresses such risks are described in the Principal Risk Review section of the Strategic Report on pages 27 to 30.

As at 31 December 2022, the Group had a stock financing facility as disclosed in note 22. Subsequently, the Group completed a shareholder loan facility of £15.0m, and recently a £28.5m freehold financing facility. These facilities are secured against owned villages and contain covenants that require specific financial ratios to be maintained and tested on a quarterly basis. At the date of approval of these financial statements the Group had complied with all applicable borrowing covenants.

The Group is developing new villages through its joint venture partnerships. As at 31 December 2022, these partnerships had £178m of secured facilities, of which the Group's proportionate share as guarantor was £37m. These relate to loans secured against the property assets of these entities being the villages under development, completed villages and unsold stock at the joint venture sites at Stanbridge Earls, Sunningdale, Cobham, Scarcroft, Watford and Clapham. The facilities contain a number of financial covenants that are generally tested quarterly in March, June, September and December. At the date of approval of these financial statements, all joint venture partnerships

complied with all applicable borrowing covenants except for the delay to practical completion of both Audley Sunningdale and Audley Cobham villages. Since year end, the Cobham village has opened thereby removing any breach, and until such time the Sunningdale village opens the joint venture has agreed actions with the lender for the continuing availability of financing.

The Group had cash and cash equivalents of £4.1m as at 31 December 2022 (2021: £9.2m).

As the Directors have to make the going concern assessment over at least a 12-month period from the date of signing the financial statements, the scenario modelling has been undertaken over the period to 31 December 2024. The assessment involved the preparation of two forecast scenarios: a 'Base' case and a severe but plausible 'Downside' case. The Base case was prepared on the Group's actual results up to October 2023 and a forecast for the period ending 31 December 2024. Over the going concern period (to 31 December 2024) the base case included key assumptions in respect of: volume and price of unit sales, leased incomes (including monthly management and deferred management fees), associated costs and other commitments.

The Downside case sensitised the Base case and modelled an 8% fall in the expected selling price of owned units, including all units currently on 'hold' or 'exchanged', and a 34% fall in volume of units forecasted to be sold, which impacts the forecasted sales and leased income. No significant cash commitments are considered to exist for the going concern assessment period in respect of development activity due to the stage of the villages concerned. The Directors have also considered the current and sensitised market conditions in respect of the value of stock units when preparing both scenarios. The scenarios do not consider any readily available mitigating actions that management could take.

Under both the Base case and Downside case scenarios, the Group has a joint venture buyback commitment for one village where, at the date of the approval of these financial statements, the funding has not yet been secured. In addition to the above, under the Downside scenario, the Group's available cash is fully utilised by June 2024.

The Directors are, however, exploring a number of new funding activities which are at various stages of progression and the Directors are confident that the completion of one or more of these activities, together with taking appropriate mitigating actions to the Group's cost base, should it be needed, would be sufficient for the Group to meet its financial obligations as and when they fall due over the forecasted period under both the Base case and Downside case scenarios. However, the absence of committed funding facilities being in place at the date of approval of these financial statements gives rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Accepting the material uncertainty, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the Annual Report and Accounts. No adjustments have been made to the financial statements that would result if the Group were unable to continue as a going concern.



2 ACCOUNTING POLICIES CONTINUED

New standards and interpretations

The principal accounting policies are consistent with those applied in the Group's financial statements for the year to 31 December 2021, as amended to reflect the adoption of new standards, amendments and interpretations which became effective in the year as shown below.

New standards adopted during the year

The following standards, amendments and interpretations were effective for the first time for the Group's current accounting period and had no material impact on the financial statements.

- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Covid-19-Related Concessions beyond 30 June 2021 (Amendment to IFRS 16)

Standards in issue but not yet effective

The following standards, amendments and interpretations were in issue at the date of approval of these financial statements but were not yet effective for the current accounting period and have not been adopted early. Based on the Group's current circumstances, the Directors do not anticipate that their adoption in future periods will have a material impact on the financial statements of the Group.

- Annual Improvements to IFRS Standards 2018–2020
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. A subsidiary is an entity where the Company has control over that investee. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. The results of subsidiary undertakings acquired or disposed of during the financial period are included from, or up to, the effective date of acquisition or disposal. Uniform accounting policies have been adopted across the Group. The consolidated financial statements present the results of the Company and its subsidiaries (the 'Group') as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity.

Joint arrangements

Under IFRS 11 'Joint Arrangements', investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Audley Group Limited has joint ventures only.

Joint ventures

Interests in joint ventures are accounted for using the equity method (see below), after initially being recognised at cost in the consolidated balance sheet.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in statement of comprehensive income, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity-accounted investments is reviewed for impairment at least annually.



Notes to the accounts continued

2 ACCOUNTING POLICIES CONTINUED

Basis of consolidation continued

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Audley Group Limited.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This might mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Intangible assets

Goodwill represents the excess of the consideration transferred over the fair value of the net identifiable assets acquired in a business combination by the Group.

Goodwill is capitalised as an intangible asset. Goodwill is not amortised but reviewed for impairment at least annually at each reporting date, with any impairment in carrying value being charged to the consolidated statement of comprehensive income.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Investment property

The Group's investment properties are the central buildings and club facilities at each retirement village. The initial cost of the investment property is dependent on an equitable allocation of costs to develop the village, split between the shared facilities (investment property) and the saleable residential units (stocks and inventories). Investment properties are subsequently carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. An external valuation expert is used to determine the fair value, details of which are given in note 12. Fair value is adjusted down by the deferred management fees (accrued income) amount to avoid double counting. No depreciation is provided. Changes in fair value are recognised in the consolidated statement of comprehensive income. Additions to investment properties in the course of development or refurbishment include directly attributable internal and external costs incurred during the period of development until the properties are ready for their intended use.

Shared equity

Shared ownership is available on a small number of units held in inventory. All units held in inventory are available for sale without shared ownership. Upon completion of a property sold under shared ownership, the proportion retained is transferred to investment property at cost. The proportion of the properties retained as shared ownership are revalued annually to fair value. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment are stated at cost or fair value at the date of transfer less accumulated depreciation and accumulated impairment losses. Land is not depreciated. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is provided on all plant and equipment at rates calculated to write off the cost less estimated residual value, based on prices prevailing at the reporting date, of each asset over its expected useful life as follows:

- Right of use asset – Between 5 and 120 years
- Short-term leasehold property – 20% straight line or life of lease
- Fixtures and fittings – 10% and 33% straight line
- Office equipment – 33% straight line
- Motor vehicles – 33% straight line



2 ACCOUNTING POLICIES CONTINUED

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

Stocks and inventories

Stock comprises residential units under construction and completed units ready for sale and is stated at the lower of cost and net realisable value. Cost comprises land, cost, materials, wages and other construction costs. Net realisable value is defined as estimated selling price less all further costs of development and estimated selling expenses.

Share capital

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

Revenue recognition

The Group recognises revenue from the following major sources.

- Property sales
- Estate management fees – comprising management fees, deferred management fees and ground rent
- Development fees
- Care service fees
- Restaurant including food and beverage income

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered net of discounts and value added taxes.

The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group's revenue streams have been met, as described below. Revenue for each stream recognised as follows.

Property sales

Sales of residential units are recognised on legal completion.

Deferred management fees and associated accrued income

Under the terms of the lease agreements owners of the Group's properties pay a deferred management fee to meet the operating expenses of the village. The deferred management fee is calculated as a percentage of the selling price of the property. The fee accrues annually for a set period, based on the terms of individual contracts and is held as accrued income on the statement of financial position. Given the uncertainty over the future selling price the amount recognised is based on the past two-year average realised selling price at each village on a per square foot basis and is reassessed at each year end.

The cash settlement of the accrued income is realised on sale of the property and is secured by a charge against that property.

The timing of when deferred management fees are expected to be realised in cash is estimated based on historic sales data and split between current and non-current assets on this basis. This is currently estimated to be every nine years. Deferred management fee receivables have been discounted to reflect the time value of money at the relevant discount rate.

Sales and administrative fees

Under the terms of the lease agreement, a 1% administrative fee is charged on the value of the sales price achieved, a further 2% is earned on all resale properties where Audley is engaged as the sales agent. Income is recognised on legal completion of sale.

Management fees

Owners of the Group's properties pay a management fee that is set at the start of each year. The management fee is invoiced monthly in advance and recognised on a straight line basis over the period to which it relates.

Ground rent

Owners of the Group's properties pay an annual ground rent fee that is defined in the lease agreement. The ground rent is invoiced annually in advance and recognised on a straight line basis over the period to which it relates.

Care service fees

Care service fees are linked to providing service on a specific day (service date). Revenue from care services is recognised on completion of the service date.



Notes to the accounts continued

2 ACCOUNTING POLICIES CONTINUED

Revenue recognition continued

Development fees

The Group earns fees under development management agreements which are typically over a defined service period. The development fees are recognised on a straight line basis over the period to which the contract relates.

Restaurant including food and beverage

Revenue from the sale of food and beverages is recognised at the point of sale.

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax expense is recognised in the statement of comprehensive income. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable loss for the year or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in 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.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable loss and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately and are excluded from adjusted results consistent with the internal reporting provided to Management and the Directors. Adjusted results are not a substitute for, or superior to, reported results presented in accordance with IFRS.

Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.



2 ACCOUNTING POLICIES CONTINUED

Equity instruments

The Group subsequently measures all equity investments at fair value.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Other receivables include preference shares and accrued interest thereon, which is recognised initially at the amount of consideration that is unconditional and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Accrued income represents a deferred management charge that the Group levies on each owner upon exit from their premises. The deferred management charge is defined in the lease signed by each owner and is calculated as a fixed percentage of sale proceeds, or agreed valuation of said premises, per year, or part thereof, of occupation.

The Directors estimate the deferred management charge by applying a weighted average percentage change in property value based on historical data of resales made in the past two years. Any increase or decrease in the calculated deferred management charge at year end is taken to the consolidated statement of comprehensive income in that period.

Other receivables include preference shares and accrued interest. The interest is accrued based on the coupon attached to the preference shares and both the interest and preference shares are reviewed at least annually for impairment. The timing of the receipt is based on the estimation of the timing of the underlying cash flows of the retirement village development that it has financed.

Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Borrowings

Interest-bearing loans are initially recorded at fair value, net of any directly attributable issue costs, and subsequently recognised at amortised cost.

Borrowing costs

Finance and other costs incurred in respect of obtaining borrowings are accounted for on an accruals basis and amortised to the consolidated statement of comprehensive income over the term of the associated borrowings using the effective interest rate method. All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred. The Group does not capitalise borrowing costs into developments.



Notes to the accounts continued

2 ACCOUNTING POLICIES CONTINUED

Financial instruments continued

Share-based payments

Share-based compensation benefits are provided to Executive Directors via the Management Equity Plan.

The fair value granted under the Audley Group Limited Management Equity Plan is recognised as an employee benefits expense, with a corresponding increase in equity.

The total amount to be expensed is determined by reference to the fair value granted:

- including performance conditions (such as the IRR to investors and NAV targets); and
- excluding the impact of any service conditions (for example, remaining an employee of the entity).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates based on the performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Critical accounting estimates and judgements

The preparation of the financial statements in accordance with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. These estimates and associated assumptions are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates, given the uncertainty surrounding the assumptions and conditions upon which the estimates are based. The estimates and 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 revision and future periods if the revision affects both the current and future periods. The Directors do not consider there to be any critical judgements other than those disclosed within this note.

The Directors consider the key estimates made in the financial statements to be related to:

Valuation of investment property

The fair value of investment properties is based on a valuation model using a cash flow methodology that reflects future income streams included in the village apartment leases. The future income streams are estimated based on current contractual arrangements and ancillary income streams. The initial cost of the investment property is dependent on an equitable allocation of costs to develop the village, split between the shared facilities and the saleable apartments. The Group has adopted external valuations from an independent firm of chartered surveyors. For sensitivities on key inputs please see note 12.

Valuation of stocks and inventories

Stocks are carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and overheads. Valuations of site/phase work in progress are carried out at regular intervals and estimates of the cost to complete a site/phase and estimates of anticipated revenues are required to enable a development profit to be determined. Management is required to employ considerable judgement in estimating the profitability of a site/phase and in assessing any impairment provisions which may be required. A 10% reduction in the selling price across all sites would result in an additional impairment of £322k in respect of one site (2021: impairment of £423k across two sites).

Cost allocation and margin recognition

The costs to develop a site are split between investment property and stock based on the initial GDV of the site which requires estimation by management. This represents a key estimate by the Directors that impacts the costs to be recognised as cost of sales and those to be allocated to the cost of investment property. The costs associated with the units for sale are reclassified to cost of sales based on the square footage of the sold unit.

Accrued income

The Group accrues deferred management charge income based on each village apartment's lease agreement, which includes a provision for the Group to earn a fixed percentage based on the selling price of the apartment that crystallises upon resale of the apartment in the future. Given the contingent timing of the event, the charge is accrued each period based on the average realised selling price at each village on a per square foot basis over the previous two years. Given the contingent timing of the event, the accrued income has been split between amounts due in greater than one year and due in less than one year. This has been estimated, informed by historical sales data, to reflect the timing of expected cash flows. The split between current and non-current is based on an eight-year expected stay (Willicombe over 7.5 years). If the average length of stay decreases by one year the amount recognised in current assets would increase by £3.6m (2021: £1.7m) and the amount recognised in non-current assets would decrease by £3.6m (2021: £1.7m). If the average length of stay increased by one year the amount recognised in current assets would decrease by £1.7m (2021: £2.4m) and the amount recognised in non-current assets would increase by £1.7m (2021: £2.4m).



2 ACCOUNTING POLICIES CONTINUED

Key sources of estimation uncertainty continued

Deferred tax

The Group has made an assessment of the recoverability of deferred tax assets and given the uncertainty over future profitability no deferred tax asset has been recognised in the year. The Group has total unrecognised gross tax losses of £72.9m.

Impairment of goodwill

Goodwill has been assessed for impairment on a fair value less costs to sell basis for each cash-generating unit (CGU) separately.

The fair value of the development CGU is based on the fair value of the unsold of units representing the forecast proceeds less cost to complete and cost to sell, as assessed by a third party independent valuer. The key assumptions are sales values and cost to sell.

Expected credit loss

Assessment of expected credit losses is inherently subjective due to the forward-looking nature of the assumptions made. The key drivers of the expected credit loss recognised in relation to preference shares and accrued interest thereon are velocity of unit sales at the retirement village and the probability weighting of those scenarios.

The expected credit loss which has been recognised is therefore subject to a degree of uncertainty which may not prove to be accurate. The Group has recognised an expected credit loss increase on other receivables of £2.5m (2021: reversal of £2.0m) in the year. The key inputs were a 25% expectation that the units would sell at 1 per month and a 75% expectation that they would sell at 1.5 per month. A change in assumptions to 75% expectation that the units will sell at 1 per month and a 25% expectation that they will sell at 1.5 per month would increase the expected credit loss by £1.4m (2021: £1.8m).

3 REVENUE AND GROSS PROFIT

All revenue is generated in the United Kingdom.

	2022 £'000	2021 £'000
Property sales ¹	34,663	48,475
Estate management fees ²	20,339	18,509
Care income ¹	6,704	6,829
Development fee income ^{1,2}	1,839	2,203
Other ^{1,3}	5,435	4,799
Total revenue	68,980	80,814
Property cost of sales	(28,343)	(39,898)
Estate management	(19,128)	(14,853)
Care	(4,032)	(3,851)
Other ³	(1,698)	(1,736)
Total cost of sales	(53,201)	(60,348)
Gross profit	15,779	20,466

1. Recognised at a point in time.

2. Recognised over time.

3. Other revenues include restaurant and bistro sales¹, club memberships^{1,2}, sales and admin fee and ground rents².

4 OTHER OPERATING INCOME

	2022 £'000	2021 £'000
Gain on disposal of subsidiary – Audley Group Developments 1 Limited	–	906
	–	906

See note 10 for further details.



Notes to the accounts continued

5 OPERATING (LOSS)/PROFIT

	2022 £'000	2021 £'000
This has been arrived at after charging:		
Impairment of goodwill	14,706	-
Depreciation of tangible fixed assets	577	651
Depreciation of right of use assets	192	196
Repairs and maintenance	63	42
Auditors' remuneration – audit of the Company	28	28
Auditors' remuneration – audit of subsidiaries	362	646
Total auditors' remuneration – audit services	390	674
Auditors' remuneration – non-audit services: tax compliance	-	105
Auditors' remuneration – non-audit services: transaction services	-	29
Total auditors' remuneration	390	807
Operating lease rentals:		
– Other	141	166

6. OTHER (LOSSES)/GAINS

	2022 £'000	2021 £'000
Expected credit loss on financial assets at amortised cost	(2,546)	2,000
	(2,546)	2,000

See note 19 for further details.

7 EMPLOYEE BENEFIT EXPENSES

	2022 £'000	2021 £'000
Employee benefit expenses (including Directors) are as follows:		
Wages and salaries (including discretionary bonus)	21,856	21,694
Defined contribution pension costs	920	859
Social security costs	2,369	1,991
	25,145	24,544

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £920k (2021: £859k), of which £139k (2021: £138k) was outstanding at the year end and included within other payables.

The average monthly number of employees (full-time equivalent), including Directors, employed by the Group during the year was as follows:

	2022 Number	2021 Number
Estate management	240	254
Care provision	316	365
Restaurant	146	117
Central management and administration	93	82
Sales and marketing	33	52
	828	869

**7 EMPLOYEE BENEFIT EXPENSES CONTINUED****Key management personnel compensation**

The compensation disclosure below relates to the Company Directors and key senior managers within the Group, who constitute the people having authority and responsibility for planning, directing and controlling the Group's activities. For the year ended 31 December 2022, the key senior managers within the Group are deemed to be the Board members and Group Land Director and Group HR Director, who are Directors of subsidiary companies. No amounts are paid to Non-Executive Directors in respect of their services as Directors. No balances are outstanding from key management personnel at the year end.

Directors' emoluments

	2022 £'000	2021 £'000
Wages and salaries	1,626	2,752
Social security costs	330	372
Defined contribution pension costs	42	21
	1,998	3,145

The highest paid Director received £571k (2021: £834k) in the year, including £16k (2021: £8k) for pension contributions. Non-Executive Directors do not receive a salary but are compensated as part of a management fee as disclosed in note 27.

Key management personnel

	2022 £'000	2021 £'000
Wages and salaries	1,983	3,335
Social security costs	389	448
Defined contribution pension costs	80	51
	2,452	3,835

8 FINANCE INCOME AND FINANCE EXPENSE

	2022 £'000	2021 £'000
Preference share interest	2,694	2,394
Other interest receivable	538	178
Finance income	3,232	2,572
Bank interest payable	(2,838)	(3,455)
Amortisation of loan arrangement costs	(1,392)	(1,014)
Other finance costs (including facility fees)	(282)	(303)
Lease costs	(479)	(384)
Finance expense	(4,991)	(5,156)
Net finance expense	(1,759)	(2,584)

9 TAX CHARGE/(CREDIT)

	2022 £'000	2021 £'000
Current tax		
Corporation tax	-	-
Deferred tax		
In respect of revenue losses	-	-
In respect of revaluation (losses)/gains	(4,564)	5,355
Total tax charge	(4,564)	5,355



Notes to the accounts continued

9 TAX CHARGE/(CREDIT) CONTINUED

The reasons for the difference between the actual tax charge/(credit) for the year and the Group rate of corporation tax applied to the loss before tax for the year are as follows:

	2022 £'000	2021 £'000
(Loss)/profit before tax for the year	(46,292)	1,517
(Loss)/profit before tax for the year on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(8,796)	288
Expenses not deductible	77	-
Adjustments for changes in tax rates	(1,318)	3,211
Losses not recognised	5,473	1,856
Total tax (credit)/charge	(4,564)	5,355

The standard rate of corporation tax in the UK remained at 19% in 2022. The rate will remain at 19% until 1 April 2023, from which point the UK Government has announced that the corporation tax rate will increase to 25% for companies with profits above £250k. Deferred tax liabilities that are not forecast to be realised until after 1 April 2023 have therefore been recognised at the future rate of 25%.

10 EXCEPTIONAL ITEMS

	2022 £'000	2021 £'000
Disposal of subsidiary – Audley Group Developments 1 Limited (included in other operating income)	-	906
Total exceptional gains	-	906

In May 2021, Audley Group Developments 1 Limited, which holds the Watford Mayfield development, was sold by Audley Court Limited to a newly incorporated joint venture entity (Thomas Sawyer Holdings Limited) in which the Group holds 25% of the share capital. At the point of disposal Audley Group Developments 1 Limited had assets of £38.3m and liabilities of £40.6m and was sold by the Group for net proceeds of £1. The Group incurred £1.4m of professional fees in respect of the sale, resulting in a net gain on disposal of £0.9m.

11 INTANGIBLE ASSETS

	Goodwill £'000
Cost or valuation	
At 1 January 2021, 31 December 2021 and 31 December 2022	29,288
Accumulated amortisation and impairment	
At 1 January 2021 and 31 December 2021	(14,582)
Impairment	(14,706)
At 31 December 2022	(29,288)
Net book value	
At 31 December 2022	-
At 31 December 2021	14,706

The Group has two CGUs to which goodwill has been allocated, being development with Enil (2021: £14.7m) and operations with Enil (2021: Enil).

Goodwill has been assessed for impairment on a fair value less cost to sell basis. In September 2022, the Group refinanced its revolving credit facility with a stock financing facility from Silbury Specialty Finance, secured on the net assets of four villages (Chalfont Dene, Cooper's Hill, Ellerslie and St George's Place). In doing so, this released its future income related to its development CGU, which led to the full impairment of goodwill.

£14.7k impairment has been recognised in 2022 (2021: Enil impairment).



12 INVESTMENT PROPERTIES

	2022 £'000	2021 £'000
Valuation		
At 1 January	132,338	115,074
Additions	1,025	4,382
Transfer in from property, plant and equipment	–	730
Gain/loss on revaluation	(21,972)	11,296
At 31 December	111,391	131,483
Effect of discounting deferred management fees	–	855
31 December (Post reclassification)	111,391	132,338
	2022 £'000	2021 £'000
Fair value of central facilities	133,691	150,470
Shared equity ownership and right of use assets	6,432	5,691
Accrued income	(28,732)	(23,823)
	111,391	132,338

The historical cost of investment properties at 31 December 2022 was £106.2m (2021: £104.3m).

The Group's investment properties are the central buildings and club facilities at each retirement village. The Group holds 11 investment properties that are valued annually on the basis of fair value, either by an external surveyor or the Directors. At 31 December 2022 the investment properties were valued by CBRE Limited (CBRE), an independent firm of chartered surveyors. The valuations are in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards (the 'Red Book') and are classified as level 3 within the fair value hierarchy.

The fair values were arrived at by a valuation model using a cash flow methodology that reflects future income streams included in the village apartment leases and other ancillary income streams. The future income streams are estimated based on current and anticipated contractual arrangements and non-contractual ancillary revenue.

CBRE's Red Book valuation of central facilities as at 31 December 2022, amounted to £139.4m (2021: £150.5m), resulting in a loss on revaluation of £16.3m (2021: gain of £11.3m). Investment properties are adjusted for the accrued income £28.7m (2021: £23.8m), already accounted as receivables and an additional £5.7m (2021: £nil) fair value adjustments the Directors deem appropriate.

The 2021 investment properties (increase) and accrued income (decrease) numbers have been adjusted by £855k to reflect the impact of discounting.

Revenue stream	Methodology	Key inputs 2022
Deferred management fees	Discounted cash flow	<ul style="list-style-type: none"> house price inflation (HPI) (average 3.0%); discount rate (8.75% – 10.25%, average 9.34%); average length of stay (7.5 – 8.0 years); exit yield (6.25% – 6.75%); estate management and lifecycle costs; deferred management charges (typically between 1.0% and 2.0% of gross development value); Sales rates (2 per month depending on the size of scheme).
Operations, including monthly management fees, restaurant and club	Discounted cash flow	<ul style="list-style-type: none"> management charges (£904 – £1,128 per unit per month); discount rate (8.25% – 9.75%, average 8.84%); exit yield (5.75% – 6.25%).
Administration fees	Discounted cash flow	<ul style="list-style-type: none"> discount rate (8.75% – 10.25%, average 9.34%); exit yield (6.25% – 6.75%); average length of stay (7.5 – 8.0 years).
Care services	Discounted cash flow	<ul style="list-style-type: none"> discount rate (20%); exit yield (20%).
Ground rent	Income capitalisation	<ul style="list-style-type: none"> initial yield (3.75%).

Notes to the accounts continued

12 INVESTMENT PROPERTIES CONTINUED

Revenue stream	Methodology	Key inputs 2021
Deferred management fees	Discounted cash flow	<ul style="list-style-type: none"> house price inflation (HPI) (average 3.0%); discount rate (8.8% – 10.5%, average 9.5%); average length of stay (7.5 – 8.5 years); exit yield (6.0% – 6.5%); estate management and lifecycle costs; deferred management charges (typically between 1.0% and 2.0% of gross development value).
Operations, including monthly management fees, restaurant and club	Discounted cash flow	<ul style="list-style-type: none"> management charges (£797 – £995 per unit per month); discount rate (8.8% – 10.5%, average 9.5%); exit yield (6.0% – 6.5%).
Administration fees	Discounted cash flow	<ul style="list-style-type: none"> discount rate (8.8% – 10.5%, average 9.5%); exit yield (6.0% – 6.5%); average length of stay (8.5 years).
Care services	Discounted cash flow	<ul style="list-style-type: none"> discount rate (20%); exit yield (20%).
Ground rent	Income capitalisation	<ul style="list-style-type: none"> initial yield (3.5%).

The inter-relationship between significant unobservable inputs and fair value measurement

The estimated fair value would increase/(decrease) if:

- HPI was higher/(lower)
- Discount rates are lower/(higher)
- Average length of stay is lower/(higher)
- Expected management charges were higher/(lower)
- Expected deferred management charges were higher/(lower)
- Estate management and lifecycle costs were lower/(higher)
- Resale fee income and ground rent is higher/(lower)
- Exit yield was lower/(higher).

The table below shows the sensitivity of the investment property value for changes to the discount rate and HPI assumptions.

£'000	Change in discount rate			
	2022	-100BP	-	+100BP
Change in HPI	-100BP	4,395,000	(10,745,000)	(23,370,000)
	-	17,410,000	-	(14,445,000)
	+100BP	32,520,000	12,470,000	(4,115,000)

£'000	2021	Change in discount rate		
		-100BP	-	+100BP
Change in HPI	-100BP	5,960,000	(10,935,000)	(25,050,000)
	-	19,230,000	-	(15,950,000)
	+100BP	34,645,000	12,700,000	(5,425,000)

During the year ended 31 December 2022, £24.6m (2021: £23.1m) was recognised in the consolidated statement of comprehensive income in relation to income derived from investment properties (management fee income, ground rent, restaurant and club income). The Group did not incur any direct operating expenses arising from investment properties that did not generate income. Recognised in the statement of comprehensive income is a £22m loss (2021: £11.3m gain) in fair value on investment properties. There are no obligations, except those already contracted, to construct or develop the Group's investment properties. At 31 December 2022 contractual obligations to develop investment properties amounted to £nil (2021: £nil).



13 RIGHT OF USE ASSETS

On 1 January 2019 following adoption of the leasing standard IFRS 16, assets in relation to leases which had previously been classified as operating leases were recognised to right of use assets.

	Right of use property assets £'000	
Cost		
At 1 January 2021	8,441	
Additions	–	
At 31 December 2021	8,441	
Additions	4,034	
Disposals	(1,437)	
At 31 December 2022	11,038	
Accumulated depreciation		
At 1 January 2021	(351)	
Depreciation charge for the year	(196)	
At 31 December 2021	(547)	
Disposals	617	
Depreciation charge for the year	(192)	
At 31 December 2022	(122)	
Net book value		
At 31 December 2022	10,916	
At 31 December 2021	7,895	
	2022	2021
	£'000	£'000
Lease liabilities		
Current	118	162
Non-current	12,070	8,656

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2022	2021
	£'000	£'000
Depreciation of right of use assets		
Buildings	192	196
	192	196
Interest expense (included in finance cost)	479	384
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative and selling expenses)	139	166

The total cash outflow for leases in 2022 was £233k (2021: £244k), excluding the payments for low-value assets shown in the table above.

The Group leases various offices and investment properties. Rental contracts for investment properties range from 99 to 999 years, and the Group's leased offices are for a period of ten years. Contracts may contain both lease and non-lease components. For leases of real estate for which the Group is a lessee, the Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option
- Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.



Notes to the accounts continued

13 RIGHT OF USE ASSETS CONTINUED

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which do not have recent third-party financing
- Makes adjustments specific to the lease, for example term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration costs.

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the Group is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within investment properties, it has chosen not to do so for the right of use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The Group does not have any leases that contain variable payment terms.

Extension and termination options are included in a number of properties and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

14 INVESTMENTS IN JOINT VENTURES

Cost	£'000
At 1 January 2021	13,487
Additions	15,192
Share of results from joint ventures	(4,217)
At 1 January 2022	24,462
Additions	945
Share of results from joint ventures	3,150
At 31 December 2022	28,557

As at 31 December 2022, investments in joint ventures consisted of the Group's 25% share of the RELF Audley Retirement Living LLP and 25% share of UK Retirement Villages SCSp. All joint ventures' sole purpose is the construction and sale of Audley properties.

During the year to 31 December 2022, the Group invested an additional £945k (2021: £6.4m) in RELF Retirement Living LLP and recognised its share of total comprehensive income for the period to 31 December 2022 from the joint venture of £1.3m (2021: loss of £2.1m).

During the year to 31 December 2022, the Group made no additional investment in UK Retirement Villages SCSp (2021: £7.6m in equity contributions and a further £1.3m in deemed capital contributions arising due to the loan note granted to the joint venture). The Group recognised its share of total comprehensive profit for the period to 31 December 2022 from the joint venture of £1.8m (2021: £2.2m).

**14 INVESTMENTS IN JOINT VENTURES CONTINUED**

The tables below provide summarised financial information for the RELF Audley Retirement Living LLP joint venture. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures (adjusted for IFRS) and not Audley Group Limited's share of those amounts.

	2022 £'000	2021 £'000
Non-current assets		
Intangible assets	1,376	1,376
Investment properties	31,393	21,154
Property, plant and equipment	19	42
Deferred tax assets	842	568
Total non-current assets	33,630	23,140
Current assets		
Stocks and inventories	159,039	107,986
Trade and other receivables	2,949	2,000
Cash and cash equivalents	3,774	4,357
Total current assets	165,762	114,343
Total assets	199,392	137,483
Liabilities		
Current liabilities		
Trade and other payables	(9,435)	(7,674)
Corporation tax	–	31
Total current liabilities	(9,435)	(7,643)
Non-current liabilities		
Loans and borrowings	(108,497)	(60,132)
Deferred tax liabilities	(2,552)	(931)
Total non-current liabilities	(111,049)	(61,063)
Total liabilities	(120,484)	(68,706)
Total net assets	78,908	68,776
Total members' interests		
Loans and other debts due to members	87,535	85,535
Retained profits/(losses)	(8,627)	(16,759)
Total equity	78,908	68,776

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Revenue	29,302	15,905
Cost of sales	(26,632)	(22,032)
Gross profit/(loss)	2,670	(6,127)
Administrative and selling expenses	(3,660)	(3,089)
Gain on revaluation of investment properties	10,457	1,508
Operating profit/(loss)	9,467	(7,707)
Net finance expense	11	–
Profit/(loss) before tax	9,478	(7,707)
Tax charge	(1,346)	(347)
Profit/(loss) and total comprehensive income/(expense) for the year	8,132	(8,054)



Notes to the accounts continued

14 INVESTMENTS IN JOINT VENTURES CONTINUED

The tables below provide summarised financial information for the UK Retirement Villages SCSp joint venture. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures (adjusted for IFRS) and not Audley Group Limited's share of those amounts.

	2022 £'000	2021 £'000
Non-current assets		
Investment properties	8,953	5,527
Property, plant and equipment	50	96
Total non-current assets	9,003	5,622
Current assets		
Stocks and inventories	59,567	47,838
Trade and other receivables	1,677	626
Cash and cash equivalents	735	1,117
Total current assets	61,979	49,582
Total assets	70,982	55,204
Liabilities		
Current liabilities		
Trade and other payables	(5,193)	(6,433)
Total current liabilities	(5,193)	(6,433)
Non-current liabilities		
Loans and borrowings	(42,152)	(25,149)
Trade and other payables	(2,712)	(1,111)
Total non-current liabilities	(44,864)	(26,260)
Total liabilities	(50,057)	(32,693)
Total net assets	20,925	22,511
Total members' interests		
Loans and other debts due to members	31,325	31,325
Retained losses	(10,400)	(8,814)
Total equity	20,925	22,511

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Revenue	19,374	-
Cost of sales	(15,229)	(5,054)
Gross profit/(losses)	4,145	(5,054)
Administrative and selling expenses	(1,877)	(3,066)
Loss on revaluation of investment properties	(3,553)	(523)
Operating loss	(1,285)	(8,643)
Net finance expense	(301)	(171)
Loss before tax	(1,586)	(8,814)
Tax charge	-	-
Loss and total comprehensive expense for the year	(1,586)	(8,814)

Commitments in respect of joint ventures

During 2022, the Group has invested £0.9m (2021: £7.4m) into RELF Audley Retirement Living LLP and received £0.5m (2021: £0.6m) from the joint venture as a repayment of previously invested equity. A £106.0m 6% fixed rate interest development loan from LaSalle Investment Management was completed by the joint venture in February 2020 to fund the purchase and development at Sunningdale Park and Stanbridge Earls.

A £47.5m 8% fixed rate interest development facility from Silbury Specialty Finance Limited was completed by the joint venture in December 2020 to fund the purchase and development of the site in Cobham, Surrey.

During 2021, the RELF joint venture acquired the site at Scarcroft, Leeds for £11.0m, funded by equity of £1.3m and a bank loan from Bank Leumi (UK) for £9.8m at interest of three-month LIBOR plus 4% margin.

In January 2021, the RELF joint venture entered design and build construction contracts for the villages at Sunningdale and Cobham, which were contracted for a total of £44.2m and £28.5m, respectively. In February 2021, the joint venture completed the purchase of the land at the Scarcroft Estate for £11.0m. On that same date, it entered into a loan with Bank Leumi (UK) plc for £9.8m to finance the purchase of the land. The loan is repayable in tranches; £5m in September 2021 and the balance by September 2023. Interest is based on three-month LIBOR plus 4%.

14 INVESTMENTS IN JOINT VENTURES CONTINUED

Commitments in respect of joint ventures continued

The RELF joint venture has capital commitments of £31.3m (2021: £92.4m) of which the Group's share is £8m (2021: £23.1m). The Group is contracted to purchase the four entities from the joint venture that have developed the retirement villages. The total consideration for the four villages is £74.7m (2021: £74.7m), of which Audley already own 25%; therefore, the contractual future cash outflows are £56m (2021: £56m). The timing of the purchase of these entities is either when 95% of the village units are sold or a specified number of months from the acquisition of the land. The obligation to buy back the properties is estimated to fall between 2024 and 2027, or earlier when the 95% of the village units are sold.

On 17 May 2021 a new joint venture was formed between BlackRock Europe Property Fund V SCSp SIF (75% ownership) and Audley Group Limited (25% ownership). Audley Group Developments 1 Limited (AGD1), owner of Mayfield Watford land and work-in-progress, was sold to the joint-venture company on the same date. Before the transfer happened, the Mote development that existed in Audley Group Developments 1 Limited was sold to Audley Group Developments 2 Limited (a 100% indirect subsidiary of Audley Group Limited).

On 10 August 2021, the newly formed Audley and BlackRock (Watford Mayfield) joint venture entered a £40.5m development finance facility with Homes England in a landmark deal which marks the government agency's first investment into the retirement living sector. As at 31 December 2022, the joint venture had drawn down £40.5m (2021: £25.1m) under the facility, leaving no undrawn loan facilities (2021: undrawn loan facilities of £15.4m).

The Watford Mayfield joint venture has capital commitments of £1.8m (2021: £31.8m) of which the Group's share is £439k (2021: £8m). The Group is contracted to purchase the entity from the joint venture that have developed the retirement village. The total consideration for the four villages is £25m (2021: £25m), of which Audley already own 25%; therefore, the contractual future cash outflows are £21.8m (2021: £21.8m). The timing of the purchase of these entities is either when 92.5% of the village units are sold or a specified number of months from the acquisition of the land. The obligation to buy back the properties is estimated to fall between 2024 and 2027, or earlier when the 92.5% of the village units are sold.

15 OTHER INVESTMENTS

Cost	£'000
At 1 January 2022	285
Additions	159
Impairment	-
At 31 December 2022	444

At 31 December 2022, the Group held a £285k investment in PFA Audley PropCo P/S (2021: £285k) in which it holds a 4% interest. PFA Audley PropCo P/S is registered in Denmark, the purpose of which is to develop retirement villages in Europe.

At 31 December 2022 and 31 December 2021, the Group held a 4% interest in Audley Nightingale Lane Limited, which has developed a retirement village and is registered in Jersey. The Group is contracted to purchase the entire share capital of Audley Nightingale Lane Limited. The purchase price is estimated to be approximately £18.6m when 95% of the units are sold, which is estimated to be in circa two years. The carrying value at 31 December 2022 is £nil.

A full list of the Group's subsidiaries is included in note 4 of the Company financial statements.

16 PROPERTY, PLANT AND EQUIPMENT

	Short-term leasehold property £'000	Fixtures and fittings £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2021	877	892	2,415	70	4,254
Disposal on sale of subsidiary	(222)	-	-	-	(222)
Transfer to investment properties	-	(198)	(851)	-	(1,049)
Additions	-	-	426	17	443
At 31 December 2021	655	694	1,990	87	3,426
Additions	-	47	188	10	245
At 31 December 2022	655	741	2,178	97	3,671
Accumulated depreciation					
At 1 January 2021	502	170	1,214	66	1,952
Disposal on sale of subsidiary	(95)	-	-	-	(95)
Transfer to investment properties	-	(55)	(261)	-	(316)
Depreciation charge for the year	150	94	407	-	651
At 31 December 2021	557	209	1,360	66	2,192
Depreciation charge for the year	93	158	326	-	577
At 31 December 2022	650	367	1,686	66	2,799
Net book value					
At 31 December 2022	5	374	492	31	902
At 31 December 2021	98	485	630	21	1,234



Notes to the accounts continued

17 DEFERRED TAX

	2022 £'000	2021 £'000
Disclosed as:		
Deferred tax asset (tax losses)	-	-
Total deferred tax assets	-	-
Recoverable within one year	-	-
Recoverable after more than one year	-	-
	-	-
Deferred tax liability (revaluation surpluses)	(6,103)	(10,667)
Total deferred tax liabilities	(6,103)	(10,667)
Arising within one year	-	-
Arising after more than one year	(6,103)	(10,667)

	£'000
At 1 January 2021	(5,311)
Movement in the year	(5,356)
At 31 December 2021	(10,667)
Movement in the year	4,564
At 31 December 2022	(6,103)

At 31 December 2022 the Group had unused tax losses of £73m (2021: £70.8m), of which £nil (2021: £nil) has been recognised as a deferred tax asset. Tax losses of £73m (2021: £70.8m) have not been recognised as it is not considered sufficiently certain that these losses can be utilised in future periods.

18 STOCKS AND INVENTORIES

	2022 £'000	2021 £'000
Land and work in progress	2,336	321
Finished goods	41,234	69,797
Food and beverage stocks	114	95
	43,684	70,213

	£'000
At 1 January 2021	148,507
Additions	8,441
Disposal on sale of subsidiary	(37,809)
Disposals – cost of sales	(48,926)
At 31 December 2021	70,213
Additions	5,235
Disposals – cost of sales	(31,764)
At 31 December 2022	43,684

During the year, no impairment has been recognised on stocks and inventories (2021: £0.7m in respect of the St George's and St Elphins sites).

There were no significant differences between the replacement cost of stocks and its carrying value.

19 TRADE AND OTHER RECEIVABLES

Trade and other receivables – greater than one year

	2022 £'000	2021 £'000
Preference shares and accrued interest	16,625	16,479
Amounts due from related undertakings	3,005	2,411
Accrued income	24,720	21,571
	44,350	40,461

Preference shares and accrued interest represent the Group's receivables from Audley Nightingale Lane Limited. The interest is accrued at the coupon rate of 12.5%, repayable from sales proceeds generated by the retirement village sales, after the repayment of loan debt, but before equity payments. It is estimated that the preference share principal amount and accrued interest amounts are recoverable based on an assessment of the underlying expected cash flows of the village development, with an expectation that the amount will be paid in circa four years. Included in preference shares and accrued interest is an expected credit loss of £7.6m (2021: £5.1m).

**19 TRADE AND OTHER RECEIVABLES CONTINUED**

In May 2021, Audley Group Developments 1 Limited, which holds the Watford Mayfield development, was sold by Audley Court Limited to a newly incorporated joint venture entity (Thomas Sawyer Holdings Limited) in which the Group holds 25% of the share capital via its investment in UK Retirement Villages SCSp. As part of the transaction, Audley Investments Number 4 Limited (a 100% subsidiary of Audley Group Limited) issued £3.5m of loan notes to Audley Group Developments 1 Limited. The loan notes are interest free but under IFRS the loan has been accounted for as a basic financial instrument and interest has been imputed and accrued at an estimated market rate of 12.5%. The loan itself has been accounted for in trade and other receivables at present value, and the difference between present value and par value has been recognised as a capital contribution and therefore accounted for within investments in joint ventures.

Included within accrued income in trade and other receivables is income that has been accrued in relation to the deferred management charges and is split between the amount due in greater than one year and due in less than one year. The Directors have estimated these amounts, informed by historical sales data, to classify the amounts based on the timing of expected cash flows.

The ageing of trade and other receivables greater than one year was as follows:

	2022 £'000	2021 £'000
Between one and two years	5,097	1,708
Between two and five years	30,932	28,828
Greater than five years	8,321	9,925
Total	44,350	40,461

Trade and other receivables – less than one year

	2022 £'000	2021 £'000
Trade receivables	3,519	2,462
Provision for impairment of trade receivables	(155)	(94)
Trade receivables (net)	3,364	2,369
Other receivables	2,119	1,301
Amounts due from related undertakings	–	1,108
Prepayments	1,110	1,483
Accrued income	9,765	6,371
	16,358	12,632

The ageing of trade receivables was as follows:

	2022 £'000	2021 £'000
Up to 30 days overdue	136	129
31 to 60 days overdue	76	66
61 to 90 days overdue	47	77
Over 90 days overdue	578	522
Total	837	793
Amounts not yet due	2,527	1,576
Trade receivables (net)	3,364	2,369

20 CASH AND CASH EQUIVALENTS

	2022 £'000	2021 £'000
Cash and cash equivalents	4,178	9,201

Refer to note 23 for restrictions on cash balance.

	2022 £'000	2021 £'000
Cash and cash equivalents	4,178	9,201
Gross debt – variable interest rates	(42,921)	(51,870)
Lease liabilities	(12,188)	(8,818)
Net debt	(50,931)	(51,487)



Notes to the accounts continued

20 CASH AND CASH EQUIVALENTS CONTINUED

	Cash and cash equivalents	Liabilities from financing activities		Net debt
	Cash and cash equivalents £'000	Borrowings – due within one year £'000	Borrowings – due after one year £'000	Total £'000
At 1 January 2021	14,794	(154)	(101,741)	(87,101)
Cash flows	(5,593)	244	41,345	35,996
Leases	–	(252)	(130)	(382)
At 1 January 2022	9,201	(162)	(60,526)	(51,487)
Cash flows	(5,023)	(244)	9,193	3,926
Leases	–	288	(3,658)	(3,370)
At 31 December 2022	4,178	(118)	(54,991)	(50,931)

21 TRADE AND OTHER PAYABLES

	2022 £'000	2021 £'000
Trade payables	1,670	3,047
Other payables	1,486	1,465
Amounts due to related undertakings	645	–
Accruals	8,338	7,577
Deferred income	4,060	4,765
	16,199	16,854

22 LOANS AND BORROWINGS

	2022 £'000	2021 £'000
Bank loans	42,921	51,870
Loan arrangement costs	(1,148)	(1,027)
	41,773	50,843
Maturity profile		
Between one and five years	41,773	50,843
	41,773	50,843

On 24 January 2018, Audley Court Limited, an immediate subsidiary of Audley Group Limited, entered into a five-year £125.0m credit facility agreement. During 2020 the Group completed a restatement and amendment of the revolving credit facility and the limit was reduced to £105.0m with a maturity date of 25 January 2023.

During 2021 the Group repaid £14.4m of debt dedicated to the Mayfield Watford development on sale of Audley Group Developments 1 Limited and completed a further £10m reduction of the total credit facility. The facility has therefore reduced to £95m and is subdivided into separate tranches for ongoing developments, completed stock and working capital. Interest was based on three-month SONIA plus 3.75% for the development tranche and three-month SONIA plus 4.5% for the completed stock and working capital tranches. All 34 direct subsidiaries of Audley Court Limited were guarantors to the loan and the loan was secured by means of charges over the investment properties, stock and work in progress of those entities.

In September 2022, the Group refinanced its revolving credit facility with a £59.3m stock financing facility from Silbury Specialty Finance, secured on the net assets of four villages (Chalfont Dene, Cooper's Hill, Ellerslie and St George's Place). In so doing seven property assets were released from security and the gross debt borrowing amount was increased.

At 31 December 2022 the Group had undrawn loan facilities of £16.4m (2021: £43.1m).



23 FINANCIAL INSTRUMENTS

Capital risk management

The Group's primary capital management objective is to ensure the Group's ability to continue as a going concern for the foreseeable future. The Group's capital comprises equity, cash and cash equivalents and borrowings. The Group's capital structure is managed and monitored through its budget, rolling cash flow forecast and monthly management accounts. The Group's net debt to equity ratio is 26.6% (2021: 22.8%).

Financial risk management

The Group's principal financial instruments at 31 December 2022 comprise bank loans and cash. The main purpose of these financial instruments is to provide finance for the Group's development and operation of retirement villages at appropriate risk levels. The Group has other financial instruments that arise directly from its operations, including trade and other receivables, trade and other payables, and lease liabilities.

The Group considers the main risks arising from its financial instruments to be credit risk, price risk, liquidity risk and interest rate risk. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Group's finance department. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

Credit risk

Credit risks arise from the possibility that customers might not be able to settle their obligations as agreed. On the reservation of a property, the Group takes a reservation fee and retains ownership of the property until legal completion, thus minimising risk. The deferred management charge is accrued throughout the period the property is owned by the resident and is settled upon resale of the property; the deferred management charge is secured on the property. The primary risk is that care customers do not settle their obligations as agreed. To manage this risk the Group periodically assesses the financial reliability of customers, taking into account their financial position, past experience and other factors. The Group is not reliant on any major customer to continue as a going concern. The Group's cash is held with reputable banking institutions and in client accounts with solicitors and therefore credit risk is considered low.

Preference shares and accrued interest represent the Group's receivables from Audley Nightingale Lane Limited. The interest is accrued at the coupon rate of 12.5%, repayable from sales proceeds generated by the retirement village sales, after the repayment of loan debt, but before equity payments. The recoverability of preference shares and interest has been assessed based on the expectation that the amounts will be paid in circa five years. Based on this assessment the Group has recorded an expected credit loss of £7.6m in the year (2021: £5.1m).

Cash and cash equivalents

	2022 £'000	2021 £'000
Cash held in restricted bank accounts	2,177	-
Cash at bank and in hand	2,001	9,201
Cash and cash equivalents	4,178	9,201

The cash held in the restricted bank accounts can only be used to pay for lifecycle costs which in aggregate exceed the deferred management income received.

Credit ratings of the financial institutions holding the Group's cash deposits as at 31 December 2022 are shown below.

Financial institution	Long-term credit rating	Cash and cash equivalents £'000
HSBC	AA-	4,000
Barclays	A+	68
RBS	A+	110
		4,178

Price risk

The Group is exposed to commodity price risk (as pertaining to raw materials for construction) as a result of its operations. The Group manages this by the use of fixed-price construction contracts where possible. All 100% owned sites were built at year end; the Group remains exposed to its share of commodity price risk in its joint ventures. The Group has no exposure to equity securities price risk as it holds no listed equity investments.

The Group is exposed to house price market movements and the selling price of apartments may vary in line with these movements.



Notes to the accounts continued

23 FINANCIAL INSTRUMENTS CONTINUED

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price.

The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The maturity analysis of the undiscounted contractual cash flows of the Group's contracted financial liabilities is as follows:

At 31 December 2022	Carrying amount £'000	Contractual cash flow £'000	In less than one year £'000	Between one and two years £'000	Between two and five years £'000	Over five years £'000
Trade payables	1,670	1,670	1,670	-	-	-
Other payables	1,486	1,486	1,486	-	-	-
Accruals	8,338	8,338	8,338	-	-	-
Lease liabilities	12,188	173,709	36	36	1,525	172,112
Bank loans	41,773	49,629	3,875	45,755	-	-
Total	65,454	235,192	15,405	45,791	1,525	172,112

At 31 December 2021	Carrying amount £'000	Contractual cash flow £'000	In less than one year £'000	Between one and two years £'000	Between two and five years £'000	Over five years £'000
Trade payables	3,047	3,047	3,047	-	-	-
Other payables	1,465	1,465	1,465	-	-	-
Accruals	7,577	7,577	7,577	-	-	-
Lease liabilities	8,818	93,133	244	244	1,453	91,193
Bank loans	50,843	55,102	3,018	52,085	-	-
Total	71,749	160,324	15,349	52,328	1,453	91,193

During 2021 the group repaid £14.4m of debt dedicated to the Mayfield Watford development on sale of Audley Group Developments 1 Limited and completed a further £10m reduction of the total credit facility. The facility has therefore reduced to £95m and is subdivided into separate tranches for ongoing developments, completed stock and working capital. Interest was based on three-month SONIA plus 3.75% for the development tranche and three-month SONIA plus 4.5% for the completed stock and working capital tranches. All 34 direct subsidiaries of Audley Court Limited were guarantors to the loan and the loan was secured by means of charges over the investment properties, stock and work in progress of those entities.

In September 2022, the group refinanced its revolving credit facility with a £59.3m stock financing facility from Silbury Specialty Finance, secured on the net assets of four villages (Chalfont Dene, Cooper's Hill, Ellerslie and St George's Place). In so doing seven property assets were released from security and the gross debt borrowing amount was increased.

At 31 December 2022 the Group had undrawn loan facilities of £16.4m (2021: £43.1m).

Interest rate risk

The Group has both interest-bearing assets and interest-bearing liabilities. Interest-bearing assets include preference shares and cash balances. Preference shares earn interest at a fixed rate. Interest-bearing liabilities relate to bank loans. Interest-bearing liabilities are primarily in relation to the bank facility under which we are exposed to movements in SONIA.

The analysis below shows the sensitivity of the statement of comprehensive income to a 0.5% change in interest rate on the Group's financial instruments that are affected by market risk.

	2022 £'000	2021 £'000
0.5% increase in interest rates		
Interest on borrowings	(215)	(259)
Interest on cash and cash equivalents	21	46
Total impact on pre-tax loss and equity	(194)	(213)

	2022 £'000	2021 £'000
0.5% decrease in interest rates		
Interest on borrowings	215	259
Interest on cash and cash equivalents	(21)	(46)
Total impact on pre-tax loss and equity	194	213

**23 FINANCIAL INSTRUMENTS CONTINUED****Categories of financial assets and financial liabilities**

	2022		2021	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Non-current financial assets – amortised cost				
Accrued income	24,720	24,720	21,571	21,571
Total accrued income	24,720	24,720	21,571	21,571
Non-current financial assets – fair value through the profit and loss				
Other receivables	16,625	16,625	16,479	16,479
Total other receivables	16,625	16,625	16,479	16,479
Total non-current financial assets	41,345	41,345	38,050	38,050
Current financial assets – amortised cost				
Cash and cash equivalents	4,178	4,178	9,201	9,201
Trade and other receivables (excluding prepayments)	5,483	5,483	4,778	4,778
Accrued income	9,765	9,765	6,371	6,371
Total current financial assets	19,426	19,426	20,350	20,350
Total financial assets	60,771	60,771	59,255	59,255
Current financial liabilities – amortised cost				
Lease liabilities	118	118	162	162
Trade payables	1,670	1,670	3,047	3,047
Other payables	10,469	10,469	9,041	9,041
Total current financial liabilities	12,257	12,257	12,250	12,250
Non-current financial liabilities – amortised cost				
Bank loans	41,773	41,773	50,843	50,843
Lease liabilities	12,070	12,070	8,656	8,656
Total non-current financial liabilities	53,843	53,843	59,499	59,499
Total financial liabilities	66,100	66,100	71,749	71,749

24 SHARE CAPITAL**Authorised and issued**

	2022		2021	
	Number	£'000	Number	£'000
Authorised, issued and fully paid ordinary shares of £1 each				
A shares	265,304,045	265,304	265,304,045	265,304
B shares	1,584,091	1,584	1,584,091	1,584
Authorised and issued ordinary shares of £0.001 each				
C shares	70,000,000	70	70,000,000	70
At 31 December	336,888,136	266,958	336,888,136	266,958

Movements in ordinary share capital

	Number	£'000
At 1 January 2021 and 31 December 2021	336,888,136	266,958
At 31 December 2022	336,888,136	266,958

The A and B shares rank equally for voting rights, dividend rights and distributions rights on winding up and are not redeemable. There are 265,304,045 A shares in issue and 1,584,091 B shares in issue. The share for share exchange resulted in Audley Court Limited being 100% owned by Audley Group Limited and as such extinguishes the non-controlling interests as shown in the consolidated statement of changes in equity.

On 23 March 2020 the Directors were issued C shares in Audley Group Limited. These shares do not have any voting rights, and have no preference over existing A or B shares.

25 RESERVES

The movement on reserves is set out in the consolidated statement of changes in equity.

Share premium account represents the excess of the value of shares issued over their nominal amount.

Retained earnings represent the cumulative net gains and losses recognised in the consolidated statement of comprehensive income.



Notes to the accounts continued

26 CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND GUARANTEES

Capital commitments relating to the Group's development sites are as follows:

	2022 £'000	2021 £'000
Contracted but not provided for	-	5

Additionally, the Group is contracted to purchase the entire share capital of Audley Nightingale Lane Limited. The purchase price is estimated to be approximately £18.6m in circa five years from the balance sheet date. Both amount and timing are contingent on the successful development of the retirement village in that entity.

See note 14 for commitments to joint ventures.

27 RELATED PARTY TRANSACTIONS

The Directors who served during the year are considered to be key management personnel. Directors' remuneration is disclosed in note 7. The Company's immediate Parent Company is MAREF Topco Ltd, which is registered in England and Wales.

The Group's ultimate controlling parties are Moorfield Audley Real Estate Fund 'A' Limited Partnership and Moorfield Audley Real Estate Fund 'B' Limited Partnership, both registered in England and Wales.

During the year Moorfield Investment Management Limited charged £1.2m (2021: £1.2m) for management services. Included in accruals at the year end was £2.8m (2021: £1.8m). Included in trade creditors at year end was £468k (2021: £236k).

During the year Moorfield Group Limited charged £300k (2021: £300k) for Asset Management Fees. Included in trade creditors at the year end was £180k (2021: £90k). Includes in accruals at year end was £300k (2021: £nil).

There is an agreement between Audley Court Limited and Audley Court Hollins Hall Limited that grants Audley Court Hollins Hall Limited a royalty-free licence to use the trademarks of Audley. Audley Court Hollins Hall Limited is part owned by Nick Sanderson, a Director of Audley Group Limited and Audley Court Limited. During the year £nil (2021: £nil) amounts were received in respect of the licence agreement and £nil (2021: £nil) amounts were outstanding from Audley Court Hollins Hall Limited at year end.

The Group owns 4% in PFA Audley PropCo P/S, which is registered in Denmark. The remaining 96% is owned by PFA Pension. PFA Pension is an investor in the Moorfield Audley Real Estate Fund. In the year the Group charged fee of £93k (2021: £104k) for management services. Included in trade debtors at the year end was £nil (2021: £nil).

During the year Audley Stanbridge Earls Limited received services from Audley Group Limited. Fees charged to Audley Stanbridge Earls Limited in the year were £13k (2021: £123k) for development management services and £185k (2021: £173k) for sales management services. Included in trade receivables at year end was £42k (2021: £71k).

During the year, Audley Court Limited, which is a wholly-owned subsidiary of Audley Group Limited, recharged employee-related sales and marketing services to RELF Audley Retirement Living LLP, the costs recharged for the year were £541k (2021: £262k). Included in trade receivables at year end was £223k (2021: £3k).

During the year, Audley Stanbridge Earls Management Limited, a wholly owned subsidiary of Audley Group Limited, invoiced RELF Audley Retirement Living LLP for sales incentives and management charges on empty apartments amounting to £268k (2021: £334k). Included in trade receivables at year end was £17k (2021: £8k).

During 2020 the Company entered into a lease to rent Stanbridge Earls from Audley Stanbridge Earls Limited at £361k per annum over a lease period of 250 years with a five-year rent free period. This is recognised under IFRS 16, and disclosed in note 13.

During the year Audley Sunningdale Park Unit Trust received services from Audley Group Limited. Fees charged to the Trust in the year were £93k (2021: £160k) for development management services and £41k (2021: £nil) for sales and marketing services. Included in trade receivables at year end was £nil (2021: £26k).

During the year, Audley Court Limited recharged sales and marketing services of £279k (2021: £150k) to Audley Sunningdale Park Unit Trust. Included in trade receivables at the year end was £114k (2021: £3k).

During the year Audley Cobham Unit Trust received services from Audley Group Limited. Fees charged to the Trust in the year were £104k (2021: £187k) for development management services and £9k (2021: £174k) for sales, marketing and professional fee services. Included in trade receivables at year end was £1k (2021: £19k).

During the year, Audley Court Limited paid invoices on behalf of Audley Cobham Unit Trust of £304k (2021: £55k) which have been recharged to the Trust and £127k (2021: £3k) is outstanding at the year end.

During the year Audley Scarcroft I Unit Trust received services from Audley Group Limited. Fees charged to the Trust in the year were £185k (2021: £170k) for development management services and £nil (2021: £207k) for sales and marketing services. Included in trade receivables at year end was £47k (2021: £20k).

During the year, Audley Court Limited recharged sales and marketing services of £176k (2021: £79k) to Audley Scarcroft I Unit Trust. Included in trade receivables at year end was £93k (2021: £nil).



27 RELATED PARTY TRANSACTIONS CONTINUED

In 2021 the Group formed a joint venture with BlackRock, which acquired Audley Group Developments 1 Limited from the group. Fees charged to Audley Group Developments 1 Limited since its sale to the joint venture in the year were £296k (2021: £164k) for development management services and £329k (2021: £160k) for sales management services. Included in trade debtors at year end was £254k (2021: £160k). Included in accruals at year end was £10k (2021: £164k).

The Group charged Audley Nightingale Lane Limited, a company in which the Group holds a 4% equity investment. Fees charged to the investment in the year were £293k (2021: £652k) for sales and marketing services. Included in deferred income at year end was £814k (2021: £658k). The Group holds £14.25m of preference shares in Audley Nightingale Lane Limited that attract coupon of 12.5% which is compounded annually. At 31 December 2022 £16.7m (2021: £16.5m) was included in trade and other receivables due in greater than one year. Included in other gains/(losses) is a loss of £2.5m (2021: gain of £2m) for the expected credit loss on the Preference shares and interest.

Key management personnel

On 23 March 2020 the Directors were issued C shares in Audley Group Limited. These shares do not have any voting rights, and have no preference over existing A or B shares. Shares were issued at nominal value of £0.001. Nick Sanderson was issued 23,100,000 shares, Nick Edwards 16,100,000 shares, 8,400,000 shares each to Jon Austen, Paul Morgan and Kevin Shaw, and 5,600,000 to a Director of subsidiary companies. No further shares were issued to any key management personnel during the year to 31 December 2022 (2021: none).

28 IMMEDIATE AND ULTIMATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY

The Company's immediate parent undertaking is MAREF Topco Limited, which is registered in England and Wales.

MAREF Topco Limited is the undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2022. The consolidated financial statements of these groups are available from Companies House. The Company's ultimate controlling parties are Moorfield Audley Real Estate Fund 'A' Limited Partnership and Moorfield Audley Real Estate Fund 'B' Limited Partnership, both registered in England and Wales.

29 SHARE-BASED PAYMENTS

The establishment of the Audley Group Limited Management Equity Plan (MEP) was approved by a shareholder resolution on 12 March 2020. The MEP is designed to provide long-term incentives for Executive Directors to deliver long-term shareholder returns. Under the plan, participants have been granted shares where the share class entitlement crystallises if certain performance standards are met. Participation in the plan is at the discretion of the MEP Remuneration Committee, and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. The amount of the share class entitlement that will vest depends on Audley Group Limited's total Net Asset Value and IRR to the investors. C Shares vest in full on an Exit. The C shares carry no voting rights but do carry dividend rights. If the hurdles are reached then the C shares are entitled to 10% of any growth in equity value above the Hurdle, plus an additional 5% of any growth in equity value above the Stretch Hurdle.

The Hurdle is a NAV of at least £300m and IRR to the investors of 10%. The Group did not receive cash on the share issuance but granted an employee loan for each participant at value (£70k).

Set out below is a summary of shares issued under the MEP. The shares were issued at fair value at that date.

Issue/transfer date	Number	Share class	Number	Price per share	Share capital
23-Mar-20	8,400,000	C	JM Austen	£0.00	8,400
23-Mar-20	16,100,000	C	N Edwards	£0.00	16,100
23-Mar-20	8,400,000	C	PD Morgan	£0.00	8,400
23-Mar-20	5,600,000	C	JW Nettleton	£0.00	5,600
23-Mar-20	23,100,000	C	MN Sanderson	£0.00	23,100
23-Mar-20	8,400,000	C	KA Shaw	£0.00	8,400
At 31 December 2022	70,000,000				70,000

The fair value was determined for PAYE purposes and adopted by the Directors as the fair value of the shares. The key inputs into determining the fair value were:

- Exit date and transaction costs – an exit in three, four or five years, from the date the C Shares will be acquired, weighted 50%, 25% and 25%, respectively
- Exit multiples – exit price/book multiple of 1.2x for the development segment, and an exit EV/EBITDA multiples of 18.0x for the operational segment
- Discount for lack of marketability and control – 45%.

The Group did not receive cash on the share issuance but granted an employee loan for each participant at value (£70k).

30 POST-BALANCE SHEET EVENTS

Director resignations

Nicholas William John Edwards resigned as Director, on 21 February 2023.

Financing activities

On 17 February 2023, the Group secured a £22.9m three-year shareholder financing facility (post year-end event) to provide liquidity through 2023 and to 'bridge' to new financing.

On 22 November 2023, the Group entered into a new five-year £28.5m freehold financing facility with Federated Hermes. On 30 November 2023, £11.3m was drawn from this facility.

Investments

On 21 July 2023, a new joint-venture between Audley and Octopus Investments was created, with Octopus managing an investment from Pension Insurance Corporation plc. Our equity contributions into new villages in this JV, and share of development returns, is only 5% (but with an option to increase up to 25%). No significant cash commitment is anticipated. In December 2023, a contract to acquire Headley Court near Leatherhead in Surrey, was exchanged within the new SLIP JV.



Company balance sheet

As at 31 December

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments	4	85,195	114,577
Current assets			
Stocks	5	2,336	468
Debtors: amounts falling due within one year	6	118,982	115,903
Cash and cash equivalents		468	4,832
		121,786	121,203
Creditors: amounts falling due within one year	7	(166)	(176)
Net current assets		121,620	121,028
Total assets less current liabilities		206,815	235,605
Net assets		206,815	235,605
Capital and reserves			
Called up share capital		266,958	266,958
Share premium		15,665	15,665
Accumulated losses		(75,808)	(47,018)
Total shareholders' funds		206,815	235,605

The notes on pages 67 to 71 form part of these financial statements.

As permitted by Section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. Please refer to note 2.

The financial statements on pages 66 to 71 were approved and authorised for issue by the Board and were signed on its behalf on 31 December 2023.

Gary Burton
Chief Financial Officer

Registered number: 09906780

Company statement of changes in equity

For the year to 31 December

	Called up share capital £'000	Share premium £'000	Capital contribution reserve £'000	Accumulated losses £'000	Total shareholders' funds £'000
At 1 January 2021	266,958	15,665	–	(19,077)	263,476
Profit for the financial year	–	–	–	27,941	27,941
At 31 December 2021	266,958	15,665	–	47,018	235,605
Loss for the financial year	–	–	–	(28,790)	(28,790)
At 31 December 2022	266,958	15,665	–	(75,808)	206,815



Notes to the Company financial statements

1 ACCOUNTING POLICIES

The Company is a private company limited by shares and is incorporated in England and Wales and domiciled in the United Kingdom. The address of its registered office is 65 High Street, Egham, Surrey TW20 9EY. The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Companies Act 2006.

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been applied consistently to both years, unless otherwise stated.

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Going concern

For details of the Directors' assessment of going concern for the Company refer to accounting policy note 2 on pages 40 and 41.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders in prior years.

The Company has taken advantage of the following exemptions:

- From preparing a statement of cash flows, required under FRS 102 section 7, on the basis that it is a small company. A consolidated cash flow statement is included in the Group financial statements
- From the financial instruments disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the Group financial statements disclosures
- From disclosing the Company key management compensation, as required by FRS 102 paragraph 33.7.

Investments

Fixed asset investments are stated at their purchase cost less any provision for impairment.

Stocks and inventories

Stocks and inventories are stated at the lower of cost and net realisable value. Cost comprises land deposits and associated expenditure.

The carrying amount of stocks and inventories is reviewed for impairment at least annually.

Financial instruments

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where it is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income. Financial assets are derecognised when: (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.



Notes to the Company financial statements continued

1 ACCOUNTING POLICIES CONTINUED

Critical accounting estimates and judgements

Investments in subsidiaries and amounts owed by Group undertakings

The Directors review the investments for impairment annually. Where there are indicators of impairment or reversals of previous impairments, management performs an impairment test for the investment. The recoverable values of these investments are estimated taking into account net assets and the uplift in stock fair value above carrying value. Management is required to employ considerable judgement in assessing the fair value uplift and use an independent third party valuer to assess fair value of stock. There has been an impairment of £29.4m (2021: £27.6m) in the year.

The Directors assess the recoverability of the amounts owed by Group undertakings annually. The recoverable values of these receivables are estimated taking into account net assets and the uplift in stock fair value above carrying value. Management is required to employ considerable judgement in assessing the fair value uplift and use an independent third party valuer to assess fair value of stock. There has been no impairment of amounts receivable from Group undertakings during the year.

2 RESULTS OF THE COMPANY

As permitted by Section 408 of the Companies Act 2006, the Company's profit and loss account has not been included in these financial statements. The Parent Company's loss for the financial year was £29m (2021: profit £28m). £nil dividends were paid in the year to 31 December 2022 (2021: £nil) and the Directors do not propose the payment of a final dividend.

3 DIRECTORS' AND AUDITOR'S REMUNERATION

Directors' remuneration is given in note 8 of the consolidated financial statements. Directors' remuneration is paid by Audley Court Limited, an immediate, 100% owned subsidiary company. There were no employees during the year (2021: nil). Remuneration paid to the Company's auditors for audit and non-audit services is disclosed in note 5 of the consolidated financial statements.

4 INVESTMENTS

£'000

Cost

At 1 January 2021	160,681
Additions	88
At 31 December 2021	160,769
Additions	-

At 31 December 2022	160,769
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Impairment

At 1 January 2022	46,192
Impairment charge	29,382

At 31 December 2022	75,574
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Net book value

At 31 December 2022	85,195
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At 31 December 2021	114,577
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**4 INVESTMENTS CONTINUED****Subsidiaries**

The subsidiaries of Audley Group Limited, all of which have been included in these consolidated financial statements, are as follows:

Name	Proportion of ownership interest at 31 December 2022 %	Proportion of ownership interest at 31 December 2021 %	Nature of business
Audley Court Limited	100	100	The development and management of retirement villages, including the provision of domiciliary care
Audley Nightingale Lane Holdings Limited	100	100	Holding company
Audley Nightingale Place Management Limited	100	100	Dormant
Audley Investments No 1 Limited	100	100	Holding company
Audley Investments No 2 Limited	100	100	Holding company
Audley Investments No 3 Limited	100	100	Holding company
Audley Investments No 4 Limited	100	100	Holding company
Audley Wycliffe Management Limited	100	100	Dormant
Mayfield Hove Limited	100	100	Dormant

The following are the subsidiaries that are owned by Audley Investments No 1 Limited:

Name	Proportion of ownership interest at 31 December 2022 %	Proportion of ownership interest at 31 December 2021 %	Nature of business
Audley Stanbridge Earls Rent Company Limited	100	100	Rental of freehold property
Audley Sunningdale Park Rent Company Limited	100	100	Dormant
Audley Stanbridge Earls Management Limited	100	100	Management company
Audley Sunningdale Park Management Limited	100	100	Dormant
Audley Cobham Rent Company Limited	100	100	Dormant
Audley Cobham Management Limited	100	100	Dormant
Audley Scarcroft 1 Rent Company Limited	100	100	Dormant
Audley Scarcroft 2 Rent Company Limited	100	100	Dormant
Audley Scarcroft Management Limited	100	100	Dormant

The following are the joint ventures that are owned by Audley Investments No 1 Limited:

Name	Proportion of ownership interest at 31 December 2022 %	Proportion of ownership interest at 31 December 2021 %	Nature of business
RELF Audley Retirement Living LLP	25	25	Holding company
RELF Audley Retirement Living II LLP	25	25	Holding company

The following are the joint ventures that are owned by Audley Investments No 4 Limited:

Name	Proportion of ownership interest at 31 December 2022 %	Proportion of ownership interest at 31 December 2021 %	Nature of business
UK Retirement GP Sarl	25	0	General partner
UK Retirement Villages SCSp	25	0	Holding company



Notes to the Company financial statements continued

4 INVESTMENTS CONTINUED

Subsidiaries continued

The following are the subsidiaries that are all 100% owned by Audley Court Limited:

Name	Nature of business
Audley Binswood Limited	Village Development company
Audley Binswood Management Limited	Management company
Audley Care Ltd	Care provider
Audley Care White Horse Ltd	Care provider
Audley Chalfont Limited Village	Development company
Audley Chalfont Management Limited	Management company
Audley Clevedon Limited	Village Development company
Audley Clevedon Management Limited	Management company
Audley Coopers Hill Limited	Village Development company
Audley Coopers Hill Management Limited	Management company
Audley Court Management Limited	Apartment resales
Audley Denmark Aps	Holding company
Audley Ellerslie Limited	Village Development company
Audley Ellerslie Management Limited	Management company
Audley Financial Services Limited	Dormant
Audley Flete Limited Village	Development company
Audley Flete Management Limited	Management company
Audley Homewood Limited	Village Development company
Audley Inglewood Limited	Village Development company
Audley Inglewood Management Limited	Management company
Audley Mote Management Limited	Management company
Audley Redwood Limited	Village Development company
Audley Redwood Management Limited	Management company
Audley St Elphins Limited	Village Development company
Audley St Elphins Management Limited	Management company
Audley St George's Limited	Village Development company
Audley St George's Management Limited	Management company
Audley Sunningdale Park Limited	Village Development company
Audley Dormant Co Limited	Management company
Audley Willicombe Limited Village	Development company
Audley Willicombe Management Limited	Management company
Mayfield Villages Limited	Village Development company
Audley Group Developments 2 Ltd	Village Development company
Mayfield Watford Management Limited	Dormant
Mayfield Villages Care Limited	Dormant

Audley Group Development Limited was disposed of on 17 May 2021. See note 10 of the consolidated financial statements.

Audley Group Limited and all of its subsidiaries listed above are all incorporated in England and Wales and their registered office is 65 High Street, Egham, Surrey TW20 9EY.

The company has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ended 31 December 2022:

- Audley Court Management Limited
- Audley Care Limited
- Audley Care White Horse Limited
- Mayfield Villages Limited.
- Audley Cobham Management Limited
- Audley Sunningdale Park Rent Company Limited

5 STOCKS

	2022 £'000	2021 £'000
Land deposits and associated expenditure	2,336	468
	2,336	468

6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade debtors	24	134
Amounts owed by Group undertakings	118,909	115,592
Other debtors	39	14
Prepayments and accrued income	10	164
	118,982	115,904

Amounts owed by subsidiaries are unsecured, interest free and repayable on demand.

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade creditors	48	115
Other creditors	10	12
Accruals and deferred income	108	48
	166	176

**8 CALLED UP SHARE CAPITAL****Authorised and issued**

	2022		2021	
	Number	£'000	Number	£'000
Authorised, issued and fully paid ordinary shares of £1 each				
A shares	265,304,045	265,304	265,304,045	265,304
B shares	1,584,091	1,584	1,584,091	1,584
Authorised and issued ordinary shares of £0.001 each				
C shares	70,000,000	70	70,000,000	70
At 31 December	336,888,136	266,958	336,888,136	266,958

Movements in ordinary share capital

	Number	£'000
At 1 January 2021 and 31 December 2021	336,888,136	266,958
At 31 December 2022	336,888,136	266,958

On 23 March 2020 the Directors were issued C shares in Audley Group Limited. These shares do not have any voting rights, and have no preference over existing A or B shares.

The Directors' shareholdings are disclosed in the Directors' report.

The A and B shares rank equally for voting rights, dividend rights and distributions rights on winding up and are not redeemable. There are 265,304,045 A shares in issue and 1,584,091 B shares in issue.

9 CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND GUARANTEES

As disclosed in note 4, some of the Company's subsidiaries have taken advantage of the exemption available under Section 479A of the Companies Act 2006 in respect of the requirement for audit.

As a condition of the exemption, the company has guaranteed the year-end liabilities of the relevant subsidiaries until they are settled in full. The liabilities of the subsidiaries at the year-end was £9.8m (2021: £9.3m). Of this amount, £9.5m (2021: £9m) relates to amounts owed to fellow Group undertakings of the Companies.

10 RELATED PARTY TRANSACTIONS

There is an agreement between Audley Court Limited, an immediate subsidiary, and Audley Court Hollins Hall Limited that grants Audley Court Hollins Hall Limited a royalty-free licence to use the trademarks of Audley. Audley Court Hollins Hall Limited is part owned by Nick Sanderson, a Director of Audley Group Limited and Audley Court Limited. During the year £nil (2021: £nil) amounts were received in respect of the licence agreement and £nil (2021: £nil) amounts were outstanding from Audley Court Hollins Hall Limited at year end.

During the year Audley Stanbridge Earls Limited received services from Audley Group Limited. Fees charged to Audley Stanbridge Earls Limited in the year were £13k (2021: £123k) for development management services and £185k (2021: £173k) for sales management services. Included in trade receivables at year end was £42k (2021: £71k).

11 IMMEDIATE PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTIES

The Company's immediate Parent undertaking is MAREF Topco Ltd, which is registered in England and Wales.

The Company's ultimate controlling parties are Moorfield Audley Real Estate Fund 'A' Limited Partnership and Moorfield Audley Real Estate Fund 'B' Limited Partnership, both registered in England and Wales.

MAREF Topco Ltd is the undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2022. The consolidated financial statements are available from Companies House.

12 POST-BALANCE SHEET EVENTS

See note 30 of the consolidated financial statements.



Company information

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

65 High Street
Egham
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TW20 9EY
Registered number: 09906780

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