Omar Group Finance Limited

Annual Report and Unaudited

Financial Statements

Year Ended

30 April 2020

Company Number 10694645

Omar Group Finance Limited

Company Information

Directors	D A Westmoreland R C Greenacre D R Wardrop D G Chilton G R Craig
Registered number	10694645
Registered office	Pleszko House 227 London Road Brandon Suffolk IP27 0NE
Accountants	BDO LLP 16 The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ

Omar Group Finance Limited

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Strategic Report
For the Year Ended 30 April 2020

Introduction

The directors present their Strategic report and the financial statements for the year ended 30 April 2020.

Business review

Omar Group Finance Limited is a non-trading holding Company of Omar Group Investments Limited, which in turn owns the following subsidiary companies directly or indirectly: Omar Group Limited; UK Sundecks Limited; Decking Limited; Omar Park Homes Limited; Omar Franchising Limited. The parent company is Omar Group Holdings Ltd. The business review and other narrative within the Strategic and Directors report is primarily based on looking at the performance of the Group overall for the year ended 30 April 2020, being the Group headed by the parent company, Omar Group Holdings Ltd ("the Group"). The Company holds the external loan note borrowings within the group. The main trading subsidiary in the Group is Omar Park Homes Ltd but the review where relevant also factors in the activities of the other trading subsidiary, UK Sundecks Ltd. Our review is consistent with the size and nature of our business and is written in the context of the risk of the uncertainties we face.

The key performance indicators referred to below are based on those indicators measured on a consolidated basis at the level of the ultimate parent company, Omar Group Holdings Ltd, unless otherwise stated. The directors use earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) as a key performance indicator (which is calculated by taking the Loss and total comprehensive income on ordinary activities for the financial year, and adding back interest payable and expenses, taxation, depreciation charge, amortisation charge and impairment charge to arrive at EBITDA), along with turnover, gross profit margins, control over operating costs and working capital management and cash generation as measures to assess the performance of the Group. The Company monitors its borrowings as a key indicator.

Omar was on track for another solid year of performance, as we entered March 2020 the Board's expectation was for the Group to deliver EBITDA in line with prior year in spite of relatively tough trading conditions which to that point, were suggestive of a 3% reduction in sales driven by weaker consumer confidence, a slowdown in the property market and continuing uncertainty related to Brexit all of which undermined Omar's sales activities.

These expectations did not take any account of the COVID-19 pandemic which then very quickly generated severe additional disruptions to Omar's businesses.

Following Boris Johnson's announcement, the Board took the decision to suspend operations during the week commencing 23rd March 2020, in line with Government directions to assist in preventing further spread of the coronavirus COVID-19. By the close of business on the 25th March, all 3 of our facilities, including UK Sundecks Limited, were closed and the Group was effectively furloughed, although a limited number of staff were retained working from home to deal with employee queries, contact with customers, suppliers and other stakeholders.

The closure of our operations meant that we lost a large proportion of March's and all of April's output, our busiest period of the year, and this significantly diminished our full year performance.

In the COVID-disrupted financial year ending 30 April 2020, Group turnover was down 18% which is a reflection of being closed for 6 weeks of the most recent financial year. Group gross profit margin was down for the year by 5.8%, in part due to the failure to recover labour costs and factory overheads during the lockdown. It is a credit to the business and its senior management team that in the face of the pandemic the Group still reported EBITDA of £4.7m (2019 - £8.2m), a 10.6% (2019 - 15.1%) return on sales (being EBITDA as a percentage of turnover). Our cash balance at year end was £3.9m (2019 - £5.2m), and this has grown significantly subsequent to the year end, as we have collected the debt for the pre COVID period.

Business review (continued)

Whilst closed and in lockdown, we engaged with our bank, HSBC UK Bank plc (“HSBC”), regarding our finance agreement. The bank was, and remains to date, extremely supportive. Similarly supportive were our creditors, including our landlords, who worked with us to agree appropriate short term payment plans, all of which were adhered to and are now returned to normal trading terms.

Following the Government’s relaxation of the first period of lockdown restrictions and having made our facilities COVID-secure and with safe working practices fully implemented, the Brandon and Cradley Heath sites resumed limited scale operations on 26th May, while the Hull site returned (also on a limited scale) on 1st June. Since then, we have made a graduated return to work across all 3 sites, ramping production up slowly but surely, and we are seeing very strong demand in both the residential park home sector and for luxury lodges, which has, at the time of writing, pushed our order book to 70% higher than it was when we entered lockdown. Unfortunately, in spite of this, we have found it necessary to carry out a limited restructuring of our Brandon workforce to enable safe social distancing. We have expanded production in our Hull facility to compensate for this and now have the manned capacity in place to supply at our pre-COVID levels. Refer to note 17 for further details.

With respect to the second lockdown announced by the Government at the end of October 2020, and commencing on 5 November 2020, as manufacturing concerns, Group operations were not obliged to close and, having made our facilities COVID-secure, we have continued to operate without significant interruption since the commencement of the second lockdown.

The Company itself monitors its borrowings as a key indicator. During the year the Company has seen an increase in loan note borrowings to £34,027,068 (2019 - £30,468,723), as interest on those loan notes is added to the capital balance outstanding.

Future developments and strategy

Our forecast for the financial year ending 30 April 2021 has been adversely impacted COVID-19, being closed for practically all of May 2020, followed by the graduated return to work to test our COVID secure protocols and subsequently reduced production capacity at Brandon. However, the order book is strong with demand for residential park homes driven by post COVID urban flight and the stamp duty holiday; and strong demand for luxury lodges, with letting models particularly popular as the UK enjoys a staycation boom given nervousness regarding overseas travel and need to quarantine.

At the time of writing, COVID-19 infection rates in West Suffolk (Brandon), our principle manufacturing site, remain relatively low with, thankfully, no positive cases among our employees reported to date. Infection rates in the local areas around our other 2 sites, Kingston Upon Hull (Hull) and Cradley Heath (UK Sundecks’ site in the West Midlands) are higher and present a greater concern with a limited number of the workforce in Hull having tested positive but none, to date, at Cradley Heath. Our COVID-secure protocols in all 3 sites are designed, among other things, to minimise any potential on-site spread of the virus and have, thus far, proved effective; so, for example, immediately on identifying the, then, potential case/s in Hull the individuals and their immediate co-workers were isolated away from site and manufacturing operations have not been significantly affected. The local health authorities have been informed and their review of our protocols has been positive. We have been cleared to continue manufacturing operations under our existing COVID-secure protocols.

Having made our facilities COVID-secure as explained above, our operations have continued to perform without significant interruption since the commencement of the second lockdown, and that is expected to continue throughout the second lockdown period, due to end on 2 December 2020. As a manufacturer, we are continuing to work through it and have been contacting our suppliers and customers to establish their positions with respect to inward supplies and customers’ ability/willingness to take homes. The initial feedback has been positive in that construction was explicitly name checked as staying open and customers remain very keen to get homes on park even if they will be closed for bookings. Our production planning schedule currently stands at £40M with orders stretching well into the financial year ended 30 April 2022, so, while we may need to re shuffle the schedule to cover any customers who may wish to defer, we have no reason at present to amend the current forecasts in place.

Future developments and strategy (continued)

Our continuing investment in new product development, most recently; the Image park home, the Woodbury range of letting lodges, the new Kingfisher, the Arden luxury lodge, the Vision park home and the refreshed Alderney lodge have been well received by the market and will drive future growth. Our investment in Omar Park Development Services (OPDS) and in UK Sundecks Ltd enables the Group to offer turnkey solutions which include support right from planning and infrastructure through production and including delivery, siting, decking, cleaning and propping of the unit in situ; which is well regarded by the market. Omar Refurbishment Services adds a further important revenue stream providing park home and lodge owners with the option to renovate their units with the security that comes with the manufacturer's backing, which is proving a popular alternative in the current economic climate.

Group turnover for the year ended 30 April 2021 is forecast to be marginally higher than it was for the year ended 30 April 2020, while profitability is expected to recover somewhat following the recently completed restructuring exercise. Beyond that, our projections are to return to steady year on year growth, given that the fundamental secular tail winds which support this business are strong. These forecasts assume that we continue to live and operate within a COVID-secure environment but do not factor in the potential impacts associated with any further localised, regional or national lockdowns, beyond the current second lockdown which is expected to end on 2 December 2020. The directors do however have confidence that the Group has the resilience to ride out these impacts should the need arise, to this end, the business has built a significant cash war chest.

The Group will continue to invest strategically in talent, business systems, capital equipment and its facilities to ensure that the Group is able to offer market leading products and a customer experience that sets the standard for the industry.

Principal risks and uncertainties

The directors monitor the key risks that the business faces and take action to mitigate those risks. An overview of these key risks, together with the associated actions are set out below:

1) Risk - Economic climate

Description - The longer term impacts of COVID-19 remain uncertain and we are very aware of the potential impact of localised lockdowns and, the current second full lockdown in England. Any future lockdowns also pose a risk.

Achievement / Action - All 3 sites remain very strictly controlled in terms of adherence to our COVID-secure working protocols, we have maintained our internal social distancing requirements at 2 metres and have made face coverings mandatory in all communal areas on all 3 sites. Accordingly we have been able to continue operations during the initial period of the second lockdown, which is expected to continue to 2 December 2020. We have actively built a cash war chest to maintain liquidity in case of further disruption. The rates of infection in West Suffolk, our headquarters and main production facility remain low.

2) Risk - Key customer relationships

Description - The Group has several significant customer relationships which, if damaged, would result in reduced sales.

Achievement / Action - All customer accounts have a nominated senior management team contact who is charged with ensuring that good relationships are maintained throughout the customer portfolio.

Principal risks and uncertainties (continued)

3) Risk - Supply chain

Description - COVID-related disruptions have impacted the inbound supply chain with extended lead times and price inflation.

Achievement / Action - We have an experienced and capable planning and procurement team who continue to work with suppliers to secure the best availability and pricing for Omar through alternate supply, substitute materials and forward buying. In spite of these efforts, we will inevitably need to pass some cost inflation on to our customers.

4) Risk - Brexit

Description - Although our suppliers are UK-domiciled, many of them source from within the EU and, in turn, supplies may originate in the Far East. Uncertainty around a trade deal with the EU and the potential for a ‘no deal’ Brexit may generate further inbound supply chain disruption from 1 January 2021.

Achievement / Action - We are actively engaged with our suppliers to try to understand the potential risks that they are exposed to and work with them to mitigate against the impacts, or at least plan for them through forward buying, carrying additional material stock or engaging with customers to notify them when the impacts cannot be contained.

Directors' statement of compliance with duty to promote the success of the Company

Section 172 of the Companies Act 2006 requires the directors to take into consideration the interests of stakeholders and other matters in their decision making. The directors have a regard for all stakeholders including employees, customers, suppliers, investors, lenders, shareholders and the wider community in considering the impact on the surrounding environment and communities in which the business operates when making decisions.

The Board engages with the stakeholders of the business through communication and collaboration, monthly Board meetings include the active participation of all functional leads within the business to facilitate on going, two way dialogue between the Board and operational management. Operational management is in regular contact with employees through Employee Consultative Committees, notice board announcements and private Facebook and Whatsapp groups and through Company briefings (with Q&A) from the CEO held at least twice a year and well as departmental briefings and toolbox talks. Regular and on going contact with customers and suppliers is maintained at an operational level and includes the collation and dissemination of relevant information and decisions.

During the year the Group has continued to support various charities within our local communities and in collaboration with employees, customers and suppliers. The Group embraced the Energy Savings Opportunity Scheme and engaged a 3rd party (Carbon Intelligence) to conduct a review and assessment of the Group’s energy performance; this revealed some savings opportunities which have been implemented.

Below is a review of the significant events and decisions along with the impact and actions taken by the directors in response:

Directors' statement of compliance with duty to promote the success of the Company (continued)

1) Significant Events / Decisions - COVID-19 response, decision to suspend all operations at all 3 sites during the week commencing 23 March 2020

Key s172 matter(s) affected - Employees, Customers, Suppliers, HMRC, Lender, Shareholders

Action and Impact - Decision taken as the socially responsible thing to do in the interests primarily of our employees and local communities to avoid contributing to the spread of the virus. Decision communicated to all affected stakeholders by the close of business on 25 March via verbal and written communication, email and social media. All but 12 employees were furloughed, those not furloughed worked from home to maintain on going contact with stakeholders as necessary to keep the business 'ticking over'. Good relationships were maintained with all stakeholders which greatly assisted in our graduated return to work from late May onwards.

2) Significant Events / Decisions - Amendment to Senior Facilities Agreement (banking facilities agreement)

Key s172 matter(s) affected - Lender, Shareholders

Action and Impact - Decision to engage with HSBC UK Bank plc to negotiate an amendment to our banking agreement with them, as we faced liquidity issues resulting from our decision to suspend operations in light of COVID-19. The bank was (and remains) very supportive, understanding our predicament and agreeing to formal amendments, dated 30 April 2020 and 25 November 2020, which gave us the breathing space and liquidity to ride out the March to May 2020 lockdown and deal with the resulting short-term impact on profitability. The business continues to deliver solid margins and generate cash.

3) Significant Events / Decisions - Dissolution of Omar Franchising Limited and Decking Limited

Key s172 matter(s) affected - Solicitor, Tax Advisor, Auditor, HMRC, Companies House, Lender, Shareholders

Action and Impact - Decision taken to dissolve both entities as they were non trading and their continued incorporation was driving unnecessary cost for the Group. Consulted all affected stakeholders and, with their permission, applied to have them dissolved. Both now dissolved.

This report was approved by the Board on 2nd December 2020 and signed on its behalf.

D G Chilton

D G Chilton
Director

Directors' Report
For the Year Ended 30 April 2020

The directors present their report and the financial statements for the year ended 30 April 2020.

The results presented are for the year ended 30 April 2020. The prior period results are for the period from 30 April 2018 to 30 April 2019. Accordingly the comparative amounts presented in the financial statements are not entirely comparable.

Principal activity

The Company's principal activity during the year was that of a holding company.

Results and dividends

The loss for the year, after taxation, amounted to £1,825,594 (period ended 30 April 2019 - loss £1,673,980).

Directors

The directors who served during the year were:

D A Westmoreland
R C Greenacre
D R Wardrop
D G Chilton
G R Craig

Financial instruments

The Company's operations expose it to a variety of other financial risks including credit risk, liquidity risk, market and interest risk and investment risk which the Company seeks to limit the adverse effect of. The directors set risk management policies which are implemented by the management team.

Apart from as explained below, the Company does not actively use financial instruments as part of its financial risk management. Its policy is to finance working capital through retained earnings and to finance subsidiary acquisitions and Company and Group working capital requirements through loans from banks and other lenders (being the shareholders) at either fixed interest rates or prevailing market interest rates.

Credit risk

Credit risk is the risk of financial loss to the Company if a debtor or counterparty to a financial instrument fails to meet its contractual obligations. The Company has a significant balance owed to it by its parent company and by subsidiary companies. The Company is exposed to the usual credit risk and cash flow risk associated with having intercompany debts. The Company manages this through monitoring and assessing the results and forecasts of the Group entities from which the Company is owed money.

Credit risk also arises from cash and cash equivalents and deposits with banks, financial institutions. Whilst the Company does not directly hold any cash balances, its subsidiaries do, and for banks and financial institutions, only independently rated parties with minimum rating "A" are accepted. All of the cash balances held by subsidiaries are held with HSBC UK Bank plc.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

Whilst the Company does not directly hold any bank borrowings, it is the parent to a bank facility agreement, with the related bank borrowings being drawn down and held within subsidiary companies. The Company is a guarantor over these borrowings as explained within note 14. Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments, and in relation to any commitments given in relation to Group bank borrowings.

The Board reviews rolling 12 month cash flow projections of the Company and the Group of which it is part of, on a monthly basis as well as information regarding cash balances. Additionally, management reviews a rolling 13 week cash flow forecast at Group level on a weekly basis as a further control on working capital and cash. These reviews are done at a Group level and monitored by the directors of the Company. At the end of the financial period, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations, subject to the matters explained within the going concern note below, and note 1.4.

Market (price) risk and interest rate risk

Market risk arises from the Company's use of interest bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), or other market factors (other price risk).

The Company is exposed to cash flow interest rate risk from long term bank borrowings drawn down and held within subsidiary companies, to which the Company is a guarantor, and the rate of interest is a fixed upper percentage which can reduce if net leverage reduces, plus a variable rate (LIBOR). For other loans directly held by the Company, the rate of interest is fixed as explained in Note 11.

Investment risk

As the Company is a holding company its activities are limited to its investment in subsidiaries and the holding of debt to fund the investments held. As such it is exposed to risk of the value of the investment it holds, and recoverability of intercompany debtors owed from Group companies. It manages the value of its investments through monitoring and assessing the impact of any changes in the business model.

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit.

Going concern

The financial statements have been prepared on a going concern basis. As discussed in this report, in the Strategic Report and in more detail in note 1.4 to the financial statements; the COVID-19 pandemic has adversely impacted the Company and its Group's performance in the year to 30 April 2020 and it continues to present operational challenges to not only the Omar Group but also the wider national and global economy.

Demand for the Group's products and services remains strong and is growing, operational capacity has been recovered and is primed to be increased in the coming quarters while continuing to maintain COVID-secure working protocols.

Crucially, both HSBC and the majority loan note holders have to date positively demonstrated their support for the Company and its Group and expressed their willingness and desire to continue to do so.

With this in mind and having conducted a detailed review of the Group's and Company's resources and the challenges presented by the current economic environment, the directors are satisfied that the Company has the means and facilities to meet its liabilities as they fall due for at least one year from the date of approval of these financial statements. Therefore, the directors opine that it is appropriate that these financial statements have been prepared on a going concern basis. Refer to note 1.4 for further information.

Matters covered in the Strategic report

The directors have included a business review within the Strategic report. Also included in the Strategic report are details of the future developments of the Company, the principal risks and uncertainties and a review of the key performance indicators as assessed by the directors, in accordance with section 414C (11) of the Companies Act 2006.

Post balance sheet events

Details of the post balance sheet events affecting the Company and its Group are explained within note 17 to the financial statements, please refer to that note for further information.

This report was approved by the Board on 2nd December 2020 and signed on its behalf.

D G Chilton
Director

Directors' Responsibilities Statement
For the Year Ended 30 April 2020

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chartered Accountants' Report to the Board of Directors on the preparation of the unaudited financial statements of Omar Group Finance Limited for the year ended 30 April 2020

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Omar Group Finance Limited for the year ended 30 April 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at http://www.icaew.com/en/members/regulations-standards-and-guidance/.

It is your duty to ensure that Omar Group Finance Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of Omar Group Finance Limited. You consider that Omar Group Finance Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Omar Group Finance Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the board of directors of Omar Group Finance Limited, as a body, in accordance with the terms of our engagement letter dated 8 August 2019. Our work has been undertaken solely to prepare for your approval the accounts of Omar Group Finance Limited and state those matters that we have agreed to state to the board of directors of Omar Group Finance Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Omar Group Finance Limited and its board of directors as a body for our work or for this report.

BDO LLP

BDO LLP
Chartered Accountants
Ipswich
United Kingdom

Date: 4 December 2020

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

Statement of Comprehensive Income
For the Year Ended 30 April 2020

	Note	Year ended 30 April 2020 £	Period ended 30 April 2019 £
Administrative expenses		**(71,405)**	(74,335)
Operating loss		**(71,405)**	(74,335)
Interest receivable and similar income	4	**1,981,169**	1,772,820
Interest payable and expenses	5	**(3,735,358)**	(3,372,465)
Loss before and after taxation and total comprehensive income on ordinary activities for the financial year/period		**(1,825,594)**	(1,673,980)

There was no other comprehensive income for 2020 (period ended 30 April 2019 - £Nil).

The notes on pages 14 to 23 form part of these financial statements.

Omar Group Finance Limited
Registered number:10694645

Statement of Financial Position
As at 30 April 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Investments	7		1		1
Current assets					
Debtors: amounts falling due after more than one year	8	**18,349,226**		16,368,057	
Debtors: amounts falling due within one year	8	**13,302,999**		13,302,999	
		31,652,225		29,671,056	
Current liabilities					
Creditors: amounts falling due within one year	9	**(760,053)**		(710,965)	
Net current assets			**30,892,172**		28,960,091
Total assets less current liabilities			**30,892,173**		28,960,092
Creditors: amounts falling due after more than one year	10		**(35,968,330)**		(32,210,655)
Net liabilities			**(5,076,157)**		(3,250,563)
Capital and reserves					
Called up share capital	12		1		1
Profit and loss account	13		**(5,076,158)**		(3,250,564)
Shareholders' deficit			**(5,076,157)**		(3,250,563)

The Directors considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
2nd December 2020.

D G Chilton
Director

The notes on pages 14 to 23 form part of these financial statements.

Omar Group Finance Limited

Statement of Changes in Equity
For the Year Ended 30 April 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 May 2019	**1**	**(3,250,564)**	**(3,250,563)**
Comprehensive income for the year			
Loss for the year	**-**	**(1,825,594)**	**(1,825,594)**
Total comprehensive income for the year	**-**	**(1,825,594)**	**(1,825,594)**
At 30 April 2020	**1**	**(5,076,158)**	**(5,076,157)**

Statement of Changes in Equity
For the Year Ended 30 April 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 30 April 2018	**1**	**(1,576,584)**	**(1,576,583)**
Comprehensive income for the period			
Loss for the period	**-**	**(1,673,980)**	**(1,673,980)**
Total comprehensive income for the period	**-**	**(1,673,980)**	**(1,673,980)**
At 30 April 2019	**1**	**(3,250,564)**	**(3,250,563)**

The notes on pages 14 to 23 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

Omar Group Finance Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act. The registered office is shown on the Contents page and the principal activities are set out in the Directors report. The financial statements contain information about the Company as an individual Company.

The results presented are for the year ended 30 April 2020. The prior period results are for the period from 30 April 2018 to 30 April 2019. Accordingly the comparative amounts presented in the financial statements are not entirely comparable.

The functional currency is sterling and the figures are presented in GBP.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has applied FRS 102 (March 2018) in these financial statements, which includes the amendments as a result of the Triennial Review 2017. The policies applied by the Company under the previous edition of FRS 102 are not materially different to FRS 102 (March 2018) and have not impacted on equity or profit or loss.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Omar Group Holdings Limited as at 30 April 2020 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

1.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

1. Accounting policies (continued)

1.4 Going concern

The company is an intermediate parent company of a Group. The Group headed by the company has bank loan and related bank borrowing facilities with HSBC UK Bank plc ("HSBC") and the Group and Company also has loan note liabilities (owed primarily to the ultimate shareholders of the Group). These borrowings are secured by a group guarantee and debenture with a fixed and floating charge over the assets of the Group, and the company is a Guarantor of those borrowings. Further details are explained within note 10, 11 and 14.

The COVID-19 pandemic has been hugely disruptive to the Group, as explained within the strategic and directors report, with all operations suspended for a period of 9 weeks from 24 March 2020 following the Government's call for a national lockdown to assist in preventing further spread of the virus. As a result, financial performance for the year to 30 April 2020 was undermined compared to expectation and the Group requested an amendment to its banking arrangement with HSBC. HSBC was, and remains supportive, accepting the amendment which came into effect on 30 April 2020. This introduced, from that date, a minimum liquidity requirement and deferred measurement of the other financial covenants until relevant periods ending on or after 31 October 2020. The Group has subsequently remained very comfortably above the minimum liquidity threshold set, and has continued to actively engage with HSBC regarding liquidity, forecast operating performance and covenant compliance.

At the end of October 2020, the directors updated the Group's five year business plans to reflect current views on economic conditions and the outlook for its businesses. These forecasts show significant improvement to the financial performance of the Group, as compared to the forecasts prepared in April 2020 and against which HSBC accepted the Amendment Letter dated 30 April 2020.

Despite the improving forward view, the covenant tests at 31 October 2020 and 31 January 2021 remain challenging as these test periods include the entire first lockdown and subsequent graduated re-start period, during which, profitability was severely adversely impacted. In a further demonstration of support to the Group, HSBC has formally accepted a further Amendment Letter dated 25 November 2020 which permanently removes both of these test periods from the banking agreement, and replaced them with a temporary minimum liquidity threshold, and a minimum EBITDA measure at 31 January 2021, both of which will be comfortably met based on forecasts in place. From 30 April 2021 onwards the Group's forecasts show that all covenant measures will be met with progressively increasing headroom. In stress testing these forecasts, there are two covenants which when measured at 30 April 2021 show that a reduction in Adjusted Consolidated EBITDA of approximately 10% would result in those covenants not being met. This represents the lowest headroom (i.e. smallest margin for error) across all of the Group's covenants across all remaining test periods.

All scheduled bank loan capital and interest repayments due to be made by the Group to HSBC have been made, and the directors expect to have sufficient resources to make all further scheduled capital and interest payments due.

The majority loan note holders have also given their full support to the Group in the face of the pandemic induced headwinds and have verbally indicated their desire and willingness to continue to do so, and with HSBC having waived the covenant tests at 31 October 2020 and 31 January 2021 as explained above, the Group is, and expects to remain, compliant with the loan note terms.

In relation to Brexit, the impact of this upon the business has been explained within the strategic report.

1. Accounting policies (continued)

1.4 Going concern (continued)

With the continuing support of both HSBC and the majority loan note holders at the Group level, the directors consider it appropriate that the financial statements of the Company are prepared on a going concern basis.

Notwithstanding the above, the directors acknowledge that the extent and duration of the impacts of COVID-19 remain uncertain and outside of management’s control. As such, there may be currently unknowable future circumstances which could result in a breach of one or more covenant tests at future measurement dates. While the directors would expect HSBC and the majority loan note holders to maintain their position of support for the Company and Group in such a situation, the directors also acknowledge that such future support is not contractual or certain. On this basis, there is an indication that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the ordinary course of business. The financial statements do not include the adjustments which would result if the Company was unable to continue as a going concern.

1.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.6 Financial instruments

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

1. Accounting policies (continued)

1.6 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate derivatives.

1.7 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

1.8 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.9 Current an deferred taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgements:

Investments

The most critical estimates, assumptions and judgements relate to the determination of carrying value of unlisted investments at fair value through profit and loss. In determining this amount, the Company applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

Financial Instruments

For financial liabilities falling due greater than one year with related parties, which are basic financial instruments, management make assessment of what the market rate of interest for a similar debt instrument would be. Management assessment is that the interest rates in place on these loans are at market rate.

Intercompany debtor recoverability

Determine whether intercompany debtors are recoverable. Consideration is made of any objective evidence of impairment of any financial assets that are measured at cost or amortised cost, including observable data that come to the attention of the Company or other factors which may also be evidence of impairment, including significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in respect of that financial asset. The directors have specifically review to trading forecasts of the company and group and considered the recoverability of the intercompany debtor balances owing to it, and concluded they remain recoverable in full.

3. Employees

The Company has no employees other than the Directors, who did not receive any remuneration (period ended 30 April 2019 - £Nil).

4. Interest receivable

	Year ended 30 April 2020 £	**Period ended 30 April 2019 £**
Interest receivable from group companies	**1,981,169**	1,772,820

5. Interest payable and similar expenses

	Year ended 30 April 2020 £	Period ended 30 April 2019 £
Other loan interest payable	**3,666,882**	3,310,675
Loans from group undertakings	**68,476**	61,790
	3,735,358	3,372,465

6. Taxation

	Year ended 30 April 2020 £	Period ended 30 April 2019 £
Current tax on loss for the year/period	**-**	-
Total current tax	**-**	-

Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	Year ended 30 April 2020 £	Period ended 30 April 2019 £
Loss on ordinary activities before tax	**(1,825,594)**	(1,673,980)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**(346,863)**	(318,056)
Effects of:		
Transfer pricing adjustment	**346,806**	-
Group relief	**(104,931)**	318,056
Deferred tax not recognised	**104,988**	-
Total tax charge for the year/period	**-**	-

6. Taxation (continued)

Factors that may affect future tax charges

At the period end the Company had short term timing differences carried forward of £1,994,836 (2019 - £1,466,983). No related deferred tax asset at a tax rate of 19% (2019 - 17%) of £379,019 (2019 - £249,387) has been recognised as it is not foreseeable that these losses will be utilised and the asset recovered.

7. Fixed asset investments

	Investments in subsidiary companies £
Cost and net book value	
At 1 May 2019 and 30 April 2020	**1**

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Omar Group Investments Limited	Holding company	Ordinary	100%
Omar Group Limited*	Holding company	Ordinary	100%
Omar Park Homes Limited *	Design, manufacture and sales of park homes	Ordinary	100%
UK Sundecks Limited*	Supply and installation of upvc decking and fencing	Ordinary	100%
Decking Limited*	Supply of decking and fencing	Ordinary	100%
Omar Franchising Limited*	Park home franchising services and advice	Ordinary	100%

*subsidiary indirectly held

The registered office for all of the above named subsidiaries is Pleszko House, 227 London Road, Brandon, Suffolk, IP27 0NE.

8. Debtors

	2020 £	2019 £
Due after more than one year		
Amounts owed by group undertakings	**18,349,226**	16,368,057

Amounts owed by group undertaking due after more than one year are loan notes which are receivable in full in April 2023. Interest accrues at 12% and is compounded every 12 months and added to the balance due to be received, to be received with the capital balance in April 2023.

	2020 £	2019 £
Due within one year		
Amounts owed by group undertakings	**13,302,999**	13,302,999

9. Creditors: Amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	**735,398**	709,163
Accruals and deferred income	**24,655**	1,802
	760,053	710,965

10. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Other loans	**34,027,068**	30,468,723
Amounts owed to group undertakings	**613,041**	546,635
Accrued interest on other loans and amounts owed to group undertakings	**1,328,221**	1,195,297
	35,968,330	32,210,655

Other loans (Loan Notes) are secured by a fixed and floating charge over the assets of the Company and its Group.

Amounts owed to group undertaking due after more than one year are unsecured loan notes which are repayable in full in April 2023. Interest accrues at 12% and is compounded after each interest period, and added to the balance of the loan, to be repaid with the capital balance in April 2023.

11. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due 2-5 years		
Other loans	**34,027,068**	30,468,723

Other loans (Loan Notes) include amounts with an initial capital amount in April 2017 of £22,797,752, which are repayable in full in April 2023. Interest accrues at 12% and is compounded every 12 months and added to the balance of the loan, to be repaid with the capital balance in April 2023.

Other loans (Loan Notes) include amounts with an initial capital amount in April 2017 of £2,500,000, which are repayable in full in April 2023. Interest accrues at 7% and is compounded every 12 months and added to the balance of the loan, to be repaid with the capital balance in April 2023.

12. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 Ordinary share of £1.00	**1**	1

The Ordinary shares have full voting rights and full rights to participate on any distribution (including on a dividend and on winding up). The Ordinary shares are not redeemable.

13. Reserves

Share capital

This reserve represents the nominal value of shares issued.

Profit and loss account

This reserve represents the accumulated profits and losses, less dividends and other adjustments.

14. Other financial commitments

The Company is part of the Omar Group Holdings Limited group. There is a group guarantee and debenture with a fixed and floating charge over the assets of the Company and Group. This is in relation to loan note liabilities (including the loan notes owed by the Company) and all other liabilities owed to the secured parties by all of Omar Group Holdings Limited (the ultimate parent company) and its subsidiaries. At 30 April 2020 the outstanding loan note liabilities which has been guaranteed totalled £35,330,902 (2019 - £31,664,020).

The Company is part of the Omar Group Holdings Limited group. There is a group guarantee and debenture with a fixed and floating charge over the assets of the Company and Group. This is in relation to bank loan and borrowing facilities held by a subsidiary company. At 30 April 2020 the outstanding liabilities which have been guaranteed totalled £22,302,500 (2019 - £18,717,500).

15. Related party transactions

Other loans (Loan notes) include amounts owed to shareholders of Omar Group Holdings Limited (the parent company) and to certain directors and key management. At the period end, other loans (Loan notes) were outstanding and the total amount of Loan notes held within other loans due greater than one year excluding accrued interest is £34,027,068 (2019 - £30,468,723). In addition to that balance owed, there is an accrued interest liability at the end of £1,303,834 (2019 - £1,195,297) in respect of those loan notes. Details of the interest and repayment terms are within note 11. Total interest expense in the year was £3,666,882 (2019 - £3,310,675) on these loans.

16. Controlling party

The immediate parent company and ultimate controlling party is Omar Group Holdings Limited.

The smallest and largest group into which the results of the Company for the 30 April 2020 period end are consolidated is the group headed by Omar Group Holdings Limited, which is registered in England and Wales and has a registered office address of Pleszko House, 227 London Road, Brandon, Suffolk, IP27 0NE. Copies of the consolidated accounts of Omar Group Holdings Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

Omar Group Holdings Limited is ultimately controlled by Rutland Fund III Limited Partnership.

17. Post balance sheet events

Following the Government's relaxation of March 2020 lockdown period restrictions in May 2020, and having made the trading subsidiary facilities COVID secure with safe working practices fully implemented, the trading subsidiary businesses made a graduated return to work in late May/early June. Under the new COVID secure protocols, not all staff could be accommodated in the Brandon facility and maintain safe social distancing; meaning that production output was reduced, the business was over staffed and needed to reduce costs. As a result, a formal 45 day redundancy consultation process was undertaken with Brandon based employees. The process was concluded during September 2020 and resulted in 46 redundancies.

In ongoing discussions with HSBC the bank have been consistently supportive, most recently agreeing to amend covenant tests, and this was formally agreed by way of an Amendment Letter dated 25 November 2020. Refer to note 1.4 for further details.

The indirectly owned subsidiaries, Decking Limited and Omar Franchising Limited, were dissolved on 22 September 2020.