REGISTERED NUMBER: 04179330 (England and Wales)

Weston Group Plc

Group Strategic Report, Report of the Directors and

Consolidated Financial Statements for the Year Ended 31 July 2022

Weston Group Plc

Contents of the Consolidated Financial Statements
for the Year Ended 31 July 2022

Company Information
for the Year Ended 31 July 2022

Directors:	R P Weston S P Bickel S R Thomas P Gore J E Stock S M Aplin R J Downing (Non-executive) M A Chapman (Non-executive) S A Miles-Brown (Non-executive) A R Taylor (Non-executive)
Secretary:	R P Weston
Registered office:	The Weston Group Business Centre Parsonage Road Takeley Essex CM22 6PU
Registered number:	04179330 (England and Wales)
Independent auditors:	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Maurice Wilkes Building St John's Innovation Park Cowley Road Cambridge Cambridgeshire CB4 ODS

The Directors present their strategic report of the Company and the Group for the year ended 31 July 2022.

Review of business

The Directors are pleased to report a substantial increase in revenue and profits. Sales rates and prices remained strong throughout the year, with revenues generated from a number of sites. Despite continued pressures on costs, overall site margins have improved.

Consumer demand for our product remained high. We operated during a fairly stable housing market throughout the period, taking advantage of the ‘help to buy’ scheme and the stamp duty holiday. We achieved a record number of reservations, generating revenue in the year and strengthening our forward sales position.

The industry as a whole continues to see increases in costs and certain challenges over the availability of materials and subcontract labour. Delays in the supply chain impacted the timing of completions for the Group. Notwithstanding this, we worked hard with our suppliers to improve efficiencies, and to control costs, and as such are pleased to report an increase in site margins this year.

In addition to upholding long standing relationships with existing subcontractors and suppliers, Weston Homes worked closely with a new subsidiary of the Weston Group, British Offsite Limited. British Offsite Limited commenced trade on 1 August 2021, and is focused on making the transition to offsite construction, with products including a uni-system range of panels, walls, roofs, floors and internal fit out modules. The offsite method of construction aims to improve onsite efficiencies, the quality of the build and speed of handovers. The nature of the relationship also creates greater control for the Group.

We accomplished a number of successes in the year, having secured our largest ever affordable housing contract at Barking and the fastest ‘sell-out’ rates in recent years at Bury St Edmunds. We are also delighted to have won ‘Private Developer of the Year’ at the First Time Buyer Awards and the ‘Gold Award for Customer Satisfaction’ from In-house Research.

We are pleased that planning permission has been granted for 1,280 new homes at Goodmayes. Although investment in land has been a challenge due to increasing planning constraints and delays in the planning process, we continue to make good progress on a number of sites, where our in-house planning and design teams are engaging positively with the local authorities.

This year we committed to generating more specific and targeted marketing techniques. Working with some of the best-known journalists, we are delighted to have launched the Weston Life and Style magazine, created to highlight the specialities of our product and to help new buyers get the best out of their homes. We also held a number of events on sites to attract interest across a number of different demographics.

Like many of the UK’s biggest housebuilders, we have signed the building safety pledge committing us to remediate fire safety works on buildings over 11 meters that we have developed over the last 30 years. Having undertaken a review of all sites, we have recognised a provision of £4.6m for remedial works and continue to monitor this highly complex area.

Weston Homes Plc contributes to the majority of the Group’s performance. Turning to some of the other subsidiaries of the Group, British Offsite Limited has made a first year trading loss. Stansted Environmental Services Limited has performed well in the year, despite a reduction in profit, and due to an increase in occupancy levels, Weston [Business Centres] Limited has generated a profit in the year, after suffering a loss in the previous year.

We are pleased to have repaid the £19m Coronavirus Large Business Interruption Loan Scheme during the year. In the year ahead, we look forward to renegotiating our existing banking facility. As always, we thank all our banking partners for their continued support.

Overall, we end the year in a strong position, giving us the foundations to operate in an uncertain market. The recent economic and political developments had not significantly impacted the year under review, however, challenges with increasing interest rates, mortgage affordability and availability and increasing costs are the Group's main focus. We remain encouraged by the high demand for our product and on delivering continuous and sustainable growth.

Financial results

Revenue increased by £28.1m (13.1%) from £214.1m to £242.2m. The increase in revenue was driven by an increase in the value of private residential sales and higher revenues from affordable housing contracts. The Group achieved 754 completions in the year, 88 completions less than the previous year. Although the number of completions has reduced by comparison, the price per unit this year is higher, resulting in an overall increase in revenue.

Gross profit has increased from £22.2m to £44.2m. This is due to a more favourable mix, where we have an increased proportion of completions at higher margin sites. The gross profit margin has increased respectively, from 10.4% to 18.2%.

Administrative expenses have increased by £7.5m (35.0%) from £21.4m to £28.9m, primarily due to an increase in director and employee related costs. Other operating income in the year was £1.4m, including one year's Research and Development Expenditure Credit totalling £1.2m. In the previous year, operating income of £3.6m included three year's Research and Development Expenditure Credit totalling £3.3m.

Overall, the Group has generated a pre tax profit of £15.0m, representing an increase of £12.5m on the prior year.

Net assets increased by £8.9m (8.5%) from £105.1m to £114.0m. The Group paid ordinary dividends of £3.5m (2021: £nil).

Stock and work in progress has increased by £4.5m or 1.5% from £297.6m to £302.1m.

Net debt has decreased by £1.7m, from £173.8m to £172.1m. Cash generated from operating activities was £9.2m, compared to a cash outflow in the prior year of £10.9m.

Future developments

The recent economic and political events have increased uncertainty in the market, but we are in a strong position to deal with all eventualities. We believe there continues to be a strong underlying demand for homes however, the cost of living crisis has impacted affordability and availability of mortgages. Increasing costs, inflation and interest rates have put pressure on both sales prices and site margins, but having modelled various adverse scenarios, we are confident in building steady and sustainable growth.

We enter the new financial year with a forward sales book of £226.8m. The Group has also secured a number of land opportunities in order to grow its pipeline, which currently sits at around 7,000 units.

With applications now closed on the Government's 'Help to Buy' scheme, we expect to see an increase in the number of reservations of discounted market sale units at relevant sites. The Group will continue to utilise its own 'First-Time SecureBuy' scheme, and benefit from additional sales volumes generated by the recent reduction in stamp duty.

Recent political changes at a national level are likely to result in further reforms to the planning system based on the government's commitment for much needed housing. Future planning reforms are expected to result in a renewed focus for new homes, including brownfield sites within urban areas. It is anticipated that changes will deliver a quicker resolution to proposals, alongside further investment into local planning departments, which will be key to reducing delays by processing the backlog of planning applications and appeals. These factors are affecting all areas of the industry but with our in-house land, planning and design capabilities, we remain best placed to take advantage of future reforms.

The regulatory environment in the construction industry is constantly evolving, including changes in building regulations reducing carbon emissions and bringing in more stringent fire safety measures to the design, management and use of residential buildings. The Group is focused on ensuring that these changes are implemented into the design at the earliest opportunity. We have also commenced the sign up process to the New Homes Ombudsman Service and are focusing in the integration of the Golden Thread.

The Group continues to invest in the new subsidiary, British Offsite Limited, to achieve greater security over the supply chain and benefit from site efficiencies.

Section 172 statement

The Board recognises their duty, under Section 172 of the Companies Act 2006, to act in a way that they consider in good faith and to promote the success of the Company for the benefit of its members and other key stakeholder Groups. When making decisions the Directors consider the interests of all its key stakeholders.

The stakeholder Groups which the Directors have engaged with and responded to during the year include the following:

Customers: Our dedicated sales teams take our customers through every step of the purchasing process in order to make the process of buying their new accommodation as smooth as possible. By following the Group's strap line of "built with passion, delivered with pride", the whole process starts with a friendly welcome into our Sales Offices at our developments, where our customers are able to make decisions and choices of finishes and accessories to make their property a home that is special to them.

Employees: Our employees are kept informed of changes and progress happening within the Group via tri-annual staff presentations and regular team meetings. The tri-annual presentations are designed to inform all employees of the progress and the strategy of the Group for the future. Team meetings concentrate on individual projects and department's work, and create the opportunity for interaction between various departments, to ensure smooth running of the Group.

Suppliers and subcontractors: We aim to build very strong relationships with our suppliers and subcontractors. Each year, we hold a Business Partner Awards, which recognises the valuable contribution our suppliers and subcontractors make at our developments. Numerous awards are made to those suppliers and subcontractors that stand-out during the year.

Funders: We maintain a strong and close relationship with all of our funders. Regular communication is key, with reports submitted to the banks monthly. We also undertake site visits and hold other informal meetings throughout the year.

Communities: We engage with the communities within the locations we operate by and keep them informed as projects progress. In particular, our planning teams attend consultations with local residents to hear, and resolve, any concerns they may have. As part of the planning process, we work with the Local Authorities to agree S.106 Agreements, to benefit the community, ranging from financial contributions to the development of schools and community centres.

Shareholders: The Directors maintain close contact with Shareholders, to keep them informed about how the funds they have provided are being used

Key performance indicators

The Board monitors and controls the performance of the Group using a number of operational and financial key performance indicators (KPIs).

The operational KPIs are focussed to monitor the quality of the property, and the efficient and timely delivery thereof. Targets are set, and performance against these reviewed, on a regular basis to ensure we give our customers the best possible experience, from the moment they commit to buying a Weston home, through to moving in. Operational KPIs include the monitoring of the timeliness of build handovers, the level of defects, the speed at which customer issues are dealt with, whether the customer would recommend us to a friend and site health and safety. After moving in, every customer is asked to complete a satisfaction survey, the results of which are reviewed at Board level.

The financial KPIs are designed to measure how the Group is performing in terms of profitability, sales completions, cash and net debt, and net asset growth against targets. These targets are set at the beginning of the financial year and are kept under constant review by the finance team, to ensure that the Group remains compliant with its banking covenants.

Principal risks and uncertainties

Like all businesses, the Group faces a number of key strategic risks. Some are inherent to the industry and others are more specific. The Board regularly reviews these risks in order to minimise their potential impact. The principal risks are:

Economic environment: The house building industry is extremely sensitive to changes in the general economic climate. Over the past few years, this has been magnified by events including BREXIT, the COVID-19 pandemic and more recently, the war between Russia and Ukraine. Reductions in general economic confidence can have an adverse impact on the demand for our product. Increases in the general cost of living can impact affordability of mortgage payments. Lending criteria for mortgages then becomes an issue. Inflationary increases in material prices can also have a negative impact on sites margins, in addition to adverse movements in interest rates.

Changes in the general economic environment are outside the Group’s control however, the close monitoring of changing market conditions allows for quick realignment of price and other incentives. We also have actively supported government initiatives, including 'Help to Buy' to widen our customer base in addition to offering our own, 'First-Time SecureBuy’ Scheme, which aims to assist first time buyers enter the property market. Product analysis and evolution is a continual process to ensure that the Group is the market leader on quality and value for money. Build costs are constantly monitored and forecasts reviewed to ensure sites are achieving sufficient margins and the Group closely monitors movements in interest rates and views of economists, regularly assessing the impact that any fluctuations will have on the business.

Liquidity and funding: The nature of the house building industry requires a large amount of investment upfront. As such, our ability to continue to operate relies on the access and availability of both long and short term funding.

To manage this risk, the Group maintains a strong relationship with its banks, who are provided with detailed forecasts and trading updates on a regular basis. To manage cashflow effectively, forecasts are prepared, on variable bases, and flexed for sensitivities in interest rates, sites margins and timing of the delivery of the product. These assumptions are continuously reviewed by the Board.

Build and cost management: Delays in the construction process and additional build costs can have an adverse effect on cash flow and profitability. Poor build quality can lead to additional costs being incurred and also tarnish the reputation of the Group.

To reduce the impact of this, detailed appraisals are prepared for each development prior to acquisition, with build programmes and cost movements monitored closely by key personnel. In addition, rigorous assessments are undertaken by our Quality Control team, before the product can be handed over to the customer, to ensure the quality standards for the Group are upheld.

Land supply: Failure to purchase sufficient new land for development would adversely affect future profitability and the ultimate going concern of the Group.

To manage this risk, our experienced land team works closely with external agents to investigate prospective sites, focusing on opportunities that are in line with the Group's strategy, including price, location and timing. Due diligence and financial appraisals are carried out to scrutinise the viability of any proposed site. A dynamic approach is taken to new land opportunities and decisions are swiftly acted on, to ensure competitive advantage.

Planning, design and sustainability: Changes in planning policies, local authority design expectations, and the increasing rules governing sustainable living are the largest risks the Group faces when obtaining planning permission. Delays in obtaining planning permission defers profit recognition and delivery of cash into the Group.

To mitigate these risks, an experienced in-house team is used to plan and design a competitive, efficient and sustainable product that is unique to the development. The planning and design professionals use their knowledge and experience to navigate the potential pitfalls of the planning process. This hands-on approach accelerates resolutions and minimises any potential delays.

Health and safety: Providing a safe environment for every individual who either works on or visits our sites is of paramount importance to the Group. A significant incident could put people or the environment at risk and adversely affect the Group's reputation.

To manage this risk, a dedicated in-house Health and Safety department operates across the Group, to ensure standards are adhered to. In addition to holding monthly Health and Safety meetings, attended by the Directors of the Group, the Health and Safety department undertakes fortnightly unannounced safety visits to all the construction sites. The in-house department also acts in an advisory capacity across all areas of the business. The Group holds a quarterly Health and Safety awards scheme, which helps to maintain the profile and critical importance of Health and Safety to all staff.

Attracting and retaining high-calibre employees: Access to an appropriately skilled workforce is essential in maintaining operational performance. An inability to attract, develop or retain good people will inhibit the Group's ability to achieve its strategy.

To manage this risk, there is ongoing monitoring of employee turnover, absence statistics and feedback from exit interviews. Employee engagement surveys are circulated to measure employee satisfaction, and remuneration is benchmarked against industry competitors. The Group is committed to building careers for life, and attracts staff through various comprehensive programmes, with structured development opportunities. As part of the 5% Club, the Group pledges to have a minimum of 5% of the workforce enrolled in sponsored programmes.

Regulatory compliance: Failure to adhere to increasingly stringent regulations, in all areas of the business, could adversely impact the Group's reputation and result in adverse financial implications. This includes increased direct costs and penalties, and delays in production.

To mitigate this, the Group engages extensively with planning and other regulatory authorities at all stages of production, from initial planning and design, through to the delivery of the product. Any regulatory changes are communicated to all relevant personnel and implemented in planning, design and throughout the construction process.

By order of the Board:

R P Weston - Secretary

8 November 2022

The Directors present their report with the audited financial statements of the Company and the Group for the year ended 31 July 2022

Principal activity
The principal activity of the Group in the year under review was that of residential property development.

Dividends
An ordinary dividend totalling £3.5m was declared during the year (2021: £nil).

Events since the end of the year
Information relating to events since the end of the year is given in the notes to the financial statements.

Directors
The Directors shown below have held office during the whole of the period from 1 August 2021 to the date of this report.

R P Weston
S P Bickel
S R Thomas
J E Stock
S M Aplin
R J Downing (Non-executive)
M A Chapman (Non-executive)
S A Miles-Brown (Non-executive)
A R Taylor (Non-executive)

Other changes in Directors holding office are as follows:

P Gore - appointed 6 September 2021

Going concern
The Directors have assessed the Group's ability to continue as a going concern by stressing its cash flow forecasts and modelling a number of adverse scenarios, including a significant reduction in sales prices, delays in construction, an increase in development costs, reduction in volumes of properties sold and a hybrid of all the above.

The assessment has considered the possible impact on the Group’s operations and its future financial performance over the next 12 months.

Notwithstanding these uncertainties, the Directors have concluded that no breaches in covenants are anticipated and the Group has sufficient cash to manage its working capital needs. The financial statements have therefore been prepared on the going concern basis.

Directors’ and officers’ indemnity insurance
The Company's parent undertaking has taken out insurance to indemnify, against third party proceedings, subject to the conditions set out in section 234 of the Companies Act 2006, the Directors of the Company whilst serving on the Board of the Company and of any subsidiary. This cover, where relevant, indemnifies all employees of the Group who serve on the Board of all subsidiaries.

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that any appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of the other employees.

The Group is committed to equality of opportunity and has an active equal opportunities policy, to promote an environment free from discrimination, where everyone will receive equal treatment regardless of their gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. Recruitment and employment practices are applied which are fair, equitable and consistent to achieve equality of opportunity.

Employee involvement
The Group recognises the importance of its employees and is committed to effective communication and consultation.

Presentations occur throughout the year, to which all employees are invited. The presentations cover progress against targets, financial results, the future and matters affecting the business. This is to ensure all employees are informed and aware of what is going on in the business.

Employee Forums are utilised where practicable to invite wider employee opinion about changes under consideration. Surveys are carried out periodically to gauge employee satisfaction levels and ascertain the focus when improvement is indicated.

Section 172 of the Companies Act 2006
The Directors have considered Section 172 as detailed in the Strategic Report.

Streamlined Energy Carbon Report

This is the Group's third Streamlined Energy Carbon Report (SECR) which covers the year ended 31 July 2022. Energy Consumption and associated emissions have been calculated for all applicable business activities within the UK using recommended methodologies including fleet and meter data. The results have then been compared to the previous year's reported data.

The SECR results are summarised as follows:

Greenhouse Gas Emissions	**Year ended 31/07/22 UK tCO_2e**	**Year ended 31/07/21 UK tCO_2e**
Scope 1 Emissions from combustion of gas	144.85	312.01
Emissions from combustion of fuel for transport	1,334.66	984.20
Emissions from other activities which the company own or control including operation of facilities	1,511.79	1,339.89
Scope 2		
Emissions from purchased electricity – indirect	10.74	9.57
Emissions from purchased gas – indirect	4.78	8.05
Scope 3	0.00	0.00
Total emissions from applicable scopes	**3,006.82**	**2,653.73**
Intensity Ratio (m^2 sold floor area)	**55,961.45**	**61,256.92**
Tonnes of CO_2e per m^2 of properties achieving legal completion within the reporting period	**0.054**	**0.043**

The total energy consumption used to calculate emissions for gas, electricity and transport for UK based activities amounted to 14,940,300 kWh compared to 11,965,003 kWh in the previous year.

Energy Efficiency Comparisons and Actions

Over the last year the Braintree facilities have again significantly increased their output and a new factory is currently being built. All parts of the business have seen higher staffing levels including a large influx of new trainees. This has resulted in additional energy consumption across sites and offices. Both the Takeley Business Centre and the Colchester office are now almost fully occupied, resulting in higher energy consumption for these facilities. In line with starting on some expansive sites and with the additional staffing, the total vehicles fuel consumption has considerably increased by 76.8%. Counteracting this however, an additional 13 electric fleet cars were purchased, red diesel for plant was changed to standard diesel with lower emissions in April 2022 and with the use of more efficient plant, the fuel consumption for plant machinery reduced by 43.25%. The slightly decreased meters squared of floor area sold in the period together with the increase in all energy and fuel consumption due to increased activities has resulted in elevated emissions compared to the previous reporting year. In order to reduce energy where possible, additional electric vehicles will be purchased and tighter controls will be put in place with regards to site meters and energy monitoring.

Statement of Directors' responsibilities in respect of the financial statements
The Directors are responsible for preparing the Strategic Report, Report of the Directors and Financial Statements for the Year Ended 31 July 2022 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 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, 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 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 United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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 also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's 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.

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 Company's auditors are unaware; and
- 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 Company's auditors are aware of that information.

Independent Auditors
The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

By order of the Board:

R P Weston - Secretary

8 November 2022

Opinion
In our opinion, Weston Group Plc's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2022 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Group Strategic Report, Report of the Directors and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated balance sheet and company balance sheet as at 31 July 2022; the consolidated statement of comprehensive income, consolidated statement of changes in equity, company statement of changes in equity and consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 July 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements
As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 and the 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 the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Health and Safety at work act 1974 and Building regulations including Construction (Design and Management) Regulation 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the manipulation of results through the posting of manual journals and incorrect estimation of cost to complete. Audit procedures performed by the engagement team included:

- Testing was performed over certain journals that we identified as potentially unusual journal postings
- Enquiry with management about known or suspected instances of non-compliance with laws and regulations and fraud
- Detailed procedures over management's estimation accuracy including lookback tests to assess changes in margins year on year
- Evaluation of design effectiveness of management's controls to prevent and detect irregularities
- Financial statement review procedures against Companies Act 2006 requirements
- Reviewing minutes of meetings of management and board of directors
- Review of legal expense account code to assess if there are any undisclosed litigation and claim.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report
This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not obtained all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
12 November 2022

Consolidated Statement of Comprehensive Income
for the Year Ended 31 July 2022

	Notes	2022 £'000	2021 £'000
Turnover	3	242,166	214,144
Pre-exceptional items		(197,883)	(191,896)
Exceptional items	12	(108)	-
Cost of sales		(197,991)	(191,896)
Gross profit		44,175	22,248
Administrative expenses		(28,942)	(21,425)
Other operating income	4	1,357	3,569
Operating profit	7	16,590	4,392
Interest receivable and similar income		13	35
Interest payable and similar expenses	8	(1,570)	(1,967)
Profit before taxation		15,033	2,460
Tax on profit	9	(2,671)	(920)
Profit for the financial year		12,362	1,540

The notes form part of these financial statements

Weston Group Plc (Registered number: 04179330)

Consolidated Balance Sheet
31 July 2022

	Notes	2022 £'000		2021 £'000
Fixed assets				
Intangible assets	13	349		166
Tangible assets	14	12,855		13,261
		13,204		13,427
Current assets				
Stocks	16	302,130		297,647
Debtors	17	16,142		12,981
Cash at bank and in hand		23,838		18,846
		342,110		329,474
Creditors				
Amounts falling due within one year	18	(38,698)		(42,210)
Net current assets		303,412		287,264
Total assets less current liabilities		316,616		300,691
Creditors				
Amounts falling due after more than one year	19	(197,034)		(194,877)
Provisions for liabilities	22	(5,587)		(681)
Net assets		113,995		105,133
Capital and reserves				
Called up share capital	23	246		246
Capital redemption reserve	24	4,180		4,180
Retained earnings	24	109,569		100,707
Shareholders' funds		113,995		105,133

The financial statements were approved by the Board of Directors and authorised for issue on 8 November 2022 and were signed on its behalf by:

R P Weston - Director

S R Thomas - Director

The notes form part of these financial statements

Weston Group Plc (Registered number: 04179330)

Company Balance Sheet
31 July 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Investments	15	5,088	5,089
Current assets			
Debtors	17	9,173	5;274
Creditors			
Amounts falling due within one year	18	(3,966)	(199)
Net current assets		5,207	5,075
Total assets less current liabilities		10,295	10,164
Creditors			
Amounts falling due after more than one year	19	(625)	(625)
Net assets		9,670	9,539
Capital and reserves			
Called up share capital	23	246	246
Capital redemption reserve	24	2,880	2,880
Merger reserve	24	4,313	4,313
Retained earnings	24	2,231	2,100
Shareholders' funds		9,670	9,539
Company's profit/(loss) for the financial year		3,631	(300)

The financial statements were approved by the Board of Directors and authorised for issue on 8 November 2022 and were signed on its behalf by:

R P Weston - Director

S R Thomas - Director

Statements of Changes in Equity
for the Year Ended 31 July 2022

Consolidated	Called up share capital £'000	Retained earnings £'000	Capital redemption reserve £'000	Total equity £'000
Balance at 1 August 2020	246	98,764	4,180	103,190
Total comprehensive income	-	1,540	-	1,540
Share based payments	-	403	-	403
Balance at 31 July 2021	246	100,707	4,180	105,133
Total comprehensive income	-	12,362	-	12,362
Dividends	-	(3,500)	-	(3,500)
Balance at 31 July 2022	246	109,569	4,180	113,995

Company	Called up share capital £'000	Retained earnings £'000	Capital redemption reserve £'000	Merger reserve £'000	Total equity £'000
Balance at 1 August 2020	246	1,997	2,880	4,313	9,436
Total comprehensive expense	-	(300)	-	-	(300)
Share based payments	-	403	-	-	403
Balance at 31 July 2021	246	2,100	2,880	4,313	9,539
Total comprehensive income	-	3,631	-	-	3,631
Dividends	-	(3,500)	-	-	(3,500)
Balance at 31 July 2022	246	2,231	2,880	4,313	9,670

The notes form part of these financial statements

Consolidated Cash Flow Statement
for the Year Ended 31 July 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Cash generated from/(used in) operations	1	18,372	(1,710)
Interest paid		(8,072)	(7,220)
Interest element of hire purchase payment paid		(56)	(59)
Tax paid		(1,002)	(1,918)
Net cash from/(used in) operating activities		9,242	(10,907)
Cash flows from investing activities			
Purchase of intangible assets		(298)	(149)
Purchase of tangible assets		(1,503)	(3,787)
Sale of tangible assets		273	349
Interest received		13	35
Net cash used in investing activities		(1,515)	(3,552)
Cash flows from financing activities			
New loans in year		62,500	506,547
Loan repayments in year		(59,500)	(500,000)
Capital repayments in year		(1,313)	(1,246)
Equity dividends paid		(3,500)	-
Non-equity dividends paid		(922)	(922)
Net cash (used in)/from financing activities		(2,735)	4,379
Increase/(decrease) in cash and cash equivalents		4,992	(10,080)
Cash and cash equivalents at beginning of year	2	18,846	28,926
Cash and cash equivalents at end of year	2	23,838	18,846

The notes form part of these financial statements

1. **Reconciliation of profit before taxation to cash generated from operations**

	2022	2021
	£'000	£'000
Profit before taxation	15,033	2,460
Depreciation and amortisation charges	2,673	2,610
(Profit)/loss on disposal of fixed assets	(59)	37
Finance costs included in cost of sales	7,232	8,284
Share based payments	-	403
Finance costs	1,570	1,967
Finance income	(13)	(35)
	26,436	15,726
(Increase) in stocks	(3,260)	(21,261)
(Increase) in trade and other debtors	(4,533)	(4,220)
(Decrease)/increase in trade and other creditors	(4,880)	7,950
Increase in provisions for liabilities	4,609	95
Cash generated/(used in) from operations	18,372	(1,710)

2. **Cash and cash equivalents**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 July 2022

	31/7/22	1/8/21
	£'000	£'000
Cash and cash equivalents	23,838	18,846

Year ended 31 July 2021

	31/7/21	1/8/20
	£'000	£'000
Cash and cash equivalents	18,846	28,926

3. **Analysis of changes in net debt**

	At 1/8/21 £'000	Cash flow £'000	Other non-cash changes £'000	At 31/7/22 £'000
Net cash				
Cash at bank and in hand	18,846	4,992	-	23,838
	18,846	4,992	-	23,838
Debt				
Finance leases	(2,126)	1,313	(863)	(1,676)
Preference shares	(11,525)	-	-	(11,525)
Loans	(179,011)	(3,000)	(646)	(182,657)
	(192,662)	(1,687)	(1,509)	(195,858)
Total	(173,816)	3,305	(1,509)	(172,020)

1. **Statutory information**

Weston Group Plc is a private Company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. **Accounting policies**

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

Going concern
The financial statements have been prepared on a going concern basis. The Directors consider that it is appropriate for the financial statements to be prepared on this basis having considered all relevant information, including the Group's trading and cash flow forecasts, the trading opportunities available to the Group and the ongoing support of its banks.

Reduced disclosure
The financial statements of the Company are included in the consolidated Group financial statements. In accordance with FRS 102, the Company has taken advantage of the exemption from the preparation of a Cash Flow Statement for the Company.

The Directors have also taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented an income statement or statement of comprehensive income for the Company alone.

Basis of consolidation
The Group financial statements consolidate the financial statements of Weston Group Plc and its subsidiary undertakings drawn up to 31 July 2022.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect the returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

2. **Accounting policies - continued**

Significant judgements and estimates
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

(a) Carrying value of development land and buildings
Stocks include work in progress in respect of development land and buildings. Judgement is required to assess whether the cost being carried in the balance sheet is in excess of its net realisable value for each development site. This is achieved through regular monitoring of each site's financial appraisal as it moves through the development cycle.

(b) Revenue recognition
When a contract is judged to be a construction contract, revenue is recognised over time as the performance obligations are satisfied as construction progresses. The Group considers the terms of the contract to identify projects as construction contracts. Judgement is required to assess the percentage completion on each contract as this involves estimating the total expected costs to completion and hence the profit recognised in a particular accounting period.

(c) Estimation of overall site margin
On construction contracts, turnover and related costs are recognised over time as contract activity progresses, based on the overall margin of the site. The assessment of total costs to be incurred and therefore the overall margin of the site requires a certain amount of estimation, as actual costs may differ to forecasts due to site delays, unexpected costs, build cost inflation and market fluctuations.

Turnover and profit recognition
Turnover and profit is recognised at the point of legal completion of each property except for construction contracts. Profit on construction contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. These contracts are primarily for affordable homes. Turnover is recognised on a stage of completion basis, determined by surveys of work performed, with associated profits based on the overall margin of the site. This is a change in the basis of estimation from previous years, where profits/losses were accounted for on an individual affordable housing contract basis. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs are being amortised evenly over their estimated useful life of ten years.

Computer software is being amortised evenly over its estimated useful life of three years.

2. **Accounting policies - continued**

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Land and buildings	-	Straight line over 15 years
Leasehold property improvements	-	Shorter of the lease term or 10 years
Plant and machinery	-	Straight line over 5/7 years
Motor vehicles	-	Straight line over 4/5 years
Office equipment	-	Straight line over 3/5 years

Stocks
Development land and buildings are valued at the lower of cost and net realisable value and includes the cost of land and direct construction costs, including borrowing costs directly attributable to development of properties. Residual freehold interests are shown separately at cost if a contract has been exchanged for sale to a third party at the balance sheet date. Stocks of raw materials are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments
Basic financial assets, including trade and other receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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 profit or loss.

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

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group Companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. **Accounting policies – continued**

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits
The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to profit or loss in the period to which they relate.

Trade and other creditors
Trade and other creditors are measured at amortised cost.

Borrowing costs
Borrowing costs not directly attributable to the development of properties are charged to the income statement as incurred. Borrowing costs that are attributable to the development of properties are capitalised from the date of the initial expenditure until the properties are ready for sale. After this point has been reached, any further borrowing costs charged to such properties are not capitalised but are written off directly to the income statement under finance costs.

Deposits received in advance
Deposits received on reservation and exchange of contracts of open market properties are held within trade and other creditors, until legal completion of the related property.

3. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the Group.

An analysis of turnover by class of business is given below:

	2022 £'000	2021 £'000
Residential and commercial property	205,029	189,482
Construction contracts	30,740	16,052
Freehold reversions	4,373	7,213
Rendering of services	1,082	819
Rental income received	942	578
	242,166	214,144

4. Other operating income

	2022 £'000	2021 £'000
Research and development expenditure credit	1,197	3,316
Rents received	157	224
Government grants	3	29
	1,357	3,569

5. Employees and Directors

	2022 £'000	2021 £'000
Wages and salaries	25,007	21,727
Social security costs	3,051	2,509
Other pension costs	1,963	1,922
	30,021	26,158

The monthly average number of employees during the year was as follows:

	2022 Number	2021 Number
Directors - Company	6	8
Directors - Subsidiaries	12	8
Office	146	184
Site	187	151
Conferences and serviced offices	24	24
Environmental consultancy	20	18
Warehouse and factory	94	46
	489	439

5. **Employees and Directors - continued**

Pensions
The Group operates defined contribution pension schemes in respect of the Directors and employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost for the year is disclosed above and there were unpaid contributions at the year end of £251,000 (2021: £220,000).

6. **Directors' emoluments**

	2022	2021
	£'000	£'000
Directors' remuneration	3,638	1,639
Directors' pension contributions to money purchase schemes	51	53

The number of Directors to whom retirement benefits were accruing was as follows:

	2022	2021
	Number	Number
Money purchase schemes	3	4

Information regarding the highest paid Director is as follows:

	2022	2021
	£'000	£'000
Emoluments	1,650	532

Details of Director's remuneration who are considered to be key management personnel of the Company are shown above. Employers National Insurance contributions for these individuals totals £504,306 (2021: £195,534).

7. **Operating profit**

The operating profit is stated after charging/(crediting):

	2022	2021
	£'000	£'000
Operating lease rentals	3,258	3,258
Depreciation - owned assets	2,158	1,744
Depreciation - assets on hire purchase contracts	400	783
(Profit)/loss on disposal of fixed assets	(59)	37
Development costs amortisation	20	1
Computer software amortisation	95	85
Audit of the Company and Group financial statements	140	130
Audit-related assurance services	5	5
Tax advisory services	60	17
Tax compliance services	46	50

8. **Interest payable and similar expenses**

	2022 £'000	2021 £'000
Bank loans and overdrafts	455	866
Other interest payable	137	120
Hire purchase	56	59
Preference dividends	922	922
	1,570	1,967

Reconciliation of finance costs (including non-equity dividends)

	2022 £'000	2021 £'000
Interest paid	9,050	8,201
Movement in prepaid finance costs	656	669
Creditor movement	320	(43)
Movement in interest capitalised in the year	(1,224)	1,424
Total charged to the statement of comprehensive income	8,802	10,251

Split as follows:

	2022 £'000	2021 £'000
Included in cost of sales	7,232	8,284
Included in finance costs above	1,570	1,967
Total charged to the statement of comprehensive income	8,802	10,251

9. Tax on profit

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax	2,456	2
Adjustments in respect of prior periods	(83)	570
Total current tax	2,373	572
Deferred tax:		
Deferred tax	494	216
Adjustments in respect of prior periods	(256)	24
Effect of changes in tax rates	60	108
Total deferred tax	298	348
Tax on profit	2,671	920

Reconciliation of total tax charge included in Consolidated Statement of Comprehensive Income
The tax assessed for the year is lower (2021: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £'000	2021 £'000
Profit before tax	15,033	2,460
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	2,856	467
Effects of:		
Expenses not deductible for tax purposes	304	122
Income not taxable for tax purposes	(376)	(630)
Adjustments in respect of prior periods	(339)	594
Dividends not subject to tax	166	175
Share options	-	84
Effect of other tax rates	60	108
Total tax charge	2,671	920

10. Individual statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent Company is not presented as part of these financial statements.

11. **Dividends**

	2022 £'000	2021 £'000
Ordinary shares of £0.01 each: Final	3,500	-

12. **Exceptional items within cost of sales**

	2022 £'000	2021 £'000
Building safety provision	4,597	-
Reversal of provision	(4,489)	-
	108	-

The reversal of provision relates to a provision previously recognised within accruals relating to outstanding developer obligations that has been released during the year as it no longer satisfies the requirements of recognition.

The building safety provision relates to an amount that has been recognised in respect of estimated expenditure required to remedy defects in legacy properties. The Group has reviewed its historic developments in the last 30 years of buildings over 11 metres in height to identify any potential remedial works that may be required, and made a provision in respect of an estimate of the costs required to undertake the necessary works.

13. **Intangible assets**

Group

	Development costs £'000	Computer software £'000	Totals £'000
Cost			
At 1 August 2021	93	797	890
Additions	107	191	298
Disposals	-	(204)	(204)
At 31 July 2022	200	784	984
Amortisation			
At 1 August 2021	1	723	724
Amortisation for year	20	95	115
Eliminated on disposal	-	(204)	(204)
At 31 July 2022	21	614	635
Net book value			
At 31 July 2022	179	170	349
At 31 July 2021	92	74	166

14. **Tangible assets**

Group

	Land and buildings £'000	Leasehold property improvements £'000	Plant and machinery £'000	Motor vehicles £'000	Office equipment £'000	Totals £'000
Cost						
At 1 August 2021	1,089	5,127	11,867	5,646	4,087	27,816
Additions	-	275	848	968	275	2,366
Disposals	-	(36)	(33)	(520)	(647)	(1,236)
At 31 July 2022	1,089	5,366	12,682	6,094	3,715	28,946
Accumulated Depreciation						
At 1 August 2021	255	1,883	6,878	2,588	2,951	14,555
Charge for year	21	460	1,015	632	430	2,558
Eliminated on disposal	-	(28)	(32)	(318)	(644)	(1,022)
At 31 July 2022	276	2,315	7,861	2,902	2,737	16,091
Net book value						
At 31 July 2022	813	3,051	4,821	3,192	978	12,855
At 31 July 2021	834	3,244	4,989	3,058	1,136	13,261

The carrying value of plant and machinery held under finance leases and hire purchase contracts at 31 July 2022 was £703,000 (2021: £1,786,000).

The carrying value of motor vehicles held under finance leases and hire purchase contracts at 31 July 2022 was £1,604,000 (2021: £1,474,000).

15. **Investments**

Company

	£'000
Cost	
At 1 August 2021	5,089
Disposals	(1)
At 31 July 2022	5,088
Net book value	
At 31 July 2022	5,088
At 31 July 2021	5,089

15. **Investments - continued**

The Company holds 100% of the share capital of the following subsidiary undertakings:

Name	Class of shares	Nature of business
Weston Homes Plc	Ordinary	Property developers
Weston Homes (31 Millharbour) Ltd*	Ordinary	Property developers
Weston Homes (41 Millharbour) Ltd*	Ordinary	Property developers
Weston Homes (Basildon) Ltd*	Ordinary	Property developers
Weston Homes (Battersea) Ltd*	Ordinary	Property developers
Weston Homes (City) Ltd*	Ordinary	Property developers
Weston Homes (Commercial) Ltd*	Ordinary	Property developers
Weston Homes (Housing) Ltd*	Ordinary	Property developers
Weston Homes (Ipswich) Ltd*	Ordinary	Property developers
Weston Homes (Refurbishment) Ltd*	Ordinary	Property developers
Weston Homes (Skyway) Ltd*	Ordinary	Property developers
Stansted Environmental Services Ltd	Ordinary	Environmental consultancy
Weston [Business Centres] Ltd	Ordinary	Conferences and serviced offices
British Offsite Ltd	Ordinary	Manufacturing products for construction
Weston (Aviation) Ltd	Ordinary	Dormant
Weston (Plant Hire) Ltd*	Ordinary	Dormant
Weston Homes Group Ltd	Ordinary	Dormant
Weston (UK) Ltd	Ordinary	Dormant
Weston (Logistics) Ltd	Ordinary	Dormant
Weston Corporation Ltd	Ordinary	Dormant
Ezee Living Ltd	Ordinary	Dormant

* held indirectly

The registered office address for all subsidiary undertakings is The Weston Group Business Centre, Parsonage Road, Takeley, Essex, CM22 6PU.

16. **Stocks**

	Group	
	2022	**2021**
	£'000	**£'000**
Development land and buildings	297,533	292,818
Residual freeholds	-	1,119
Consumables	4,597	3,710
	302,130	297,647

Included in development land and buildings are capitalised borrowing costs of £12,558,223 (2021: £11,287,747).

17. Debtors

	Group		Company	
	2022	**2021**	**2022**	**2021**
Amounts falling due within one year:	**£'000**	**£'000**	**£'000**	**£'000**
Trade debtors	1,827	2,258	-	-
Amounts owed by Group undertakings	-	-	9,071	5,274
Amounts recoverable on contracts	476	672	-	-
Other debtors	4,835	3,438	102	-
Tax	1,558	1,733	-	-
Prepayments and accrued income	7,429	4,863	-	-
	16,125	12,964	9,173	5,274
Amounts falling due after more than one year:				
Other debtors	17	17	-	-
Aggregate amounts	16,142	12,981	9,173	5,274

18. Creditors: amounts falling due within one year

	Group		Company	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Preference shares (see note 20)	1,000	1,250	-	-
Hire purchase contracts (see note 21)	842	1,061	-	-
Trade creditors	2,878	3,201	-	-
Tax	-	-	20	13
Social security and other taxes	1,331	852	-	-
Other creditors	5,900	2,117	3,946	186
Accruals	17,933	22,417	-	-
Deferred income	8,814	11,312	-	-
	38,698	42,210	3,966	199

19. Creditors: amounts falling due after more than one year

	Group		Company	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Bank loans (see note 20)	181,070	177,424	-	-
Preference shares (see note 20)	10,525	10,275	625	625
Unsecured loans (see note 20)	1,587	1,587	-	-
Hire purchase contracts (see note 21)	834	1,065	-	-
Other creditors	3,018	4,526	-	-
	197,034	194,877	625	625

20. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Amounts falling due within one year or on demand:				
Preference shares	1,000	1,250	-	-
Amounts falling due between one and two years:				
Preference shares	1,250	1,000	-	-
Amounts falling due between two and five years:				
Revolving Credit Facility	181,070	158,424	-	-
Coronavirus Large Business Interruption Loan Scheme	-	19,000	-	-
Preference shares	5,025	4,375	625	625
	186,095	181,799	625	625
Amounts falling due in more than five years:				
Repayable otherwise than by instalments				
Unsecured loan	1,587	1,587	-	-
Preference shares	4,250	4,900	-	-
	5,837	6,487	-	-

20. **Loans - continued**

The Revolving Credit Facility (RCF) is provided by HSBC, Bank of Scotland, Bank of Ireland and Allied Irish Banks. The facility matures on 15 July 2024 and is shown above net of prepaid finance costs of £1,430,221 (2021: £2,076,294). Interest is charged on this facility at SONIA plus a margin of 3.5%.

The RCF is secured by guarantees and debentures over the Group's assets and fixed charges over current development sites and is monitored by financial covenants.

The Coronavirus Large Business Interruption Loan Scheme (CLBILS), provided by HSBC, Bank of Scotland and Allied Irish Banks, was repaid in the year.

The preference shares are 8% preference shares of £1 each and are redeemable at the option of the Company on dates agreed with the preference Shareholders in the years 2023 to 2032.

21. **Finance leases and hire purchase contracts**

Minimum lease payments fall due as follows:

	2022	2021
	£'000	£'000
Net obligations repayable:		
Within one year	842	1,061
Between one and five years	834	1,065
	1,676	2,126

The Group has finance lease and hire purchase contracts for various items of plant and machinery and motor vehicles. The Group's obligations are secured by a fixed charge over specific tangible fixed assets.

The difference between total minimum lease payments and the present value of minimum lease payments is immaterial.

There is no material difference between the fair value of the Group's borrowings and their book value.

22. **Provisions for liabilities**

	Group	
	2022	2021
	£'000	£'000
Deferred tax	746	448
Other provisions	4,841	233
Aggregate amounts	5,587	681

22. **Provisions for liabilities - continued**

Group

	Deferred tax £'000	Other provisions £'000
Balance at 1 August 2021	448	233
Provided during year	298	4,608
Balance at 31 July 2022	746	4,841

Other provisions include a dilapidations provision of £93,000 and a building safety provision of £4,597,000. The dilapidations provision relates to the estimated expenditure required to make good the Group's leasehold properties at the end of their lease term and is expected to unwind on the expiry of leases over the next 23 years. The building safety provision relates to the estimated expenditure required to remedy defects in legacy properties and is expected to unwind as remediation costs are incurred.

23. **Called up share capital**

Group and Company

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022 £'000	2021 £'000
24,500,942	Ordinary	£0.01	245	245
85,634,075	Ordinary B	£0.00001	1	1
			246	246

The Ordinary shares each carry the right to one vote at a general meeting and to receive dividends and participate in any distribution subject to the rights of the redeemable preference shares. They do not confer any rights of redemption.

The Ordinary B shares each carry the right to one vote on a show of hands and one thousand votes per share on a poll vote. The shares carry the rights to receive dividends and participate in any distribution subject to the rights of the ordinary shares. They do not confer any rights of redemption.

During the year the Company repurchased 250,061 Ordinary B shares of £0.00001 each for a total consideration of £0.01.

24. **Reserves**

Retained earnings represents the cumulative profit and loss, net of distributions to owners.

The capital redemption reserve represents the nominal value of shares repurchased.

The merger reserve arose due to a business combination under the merger method of accounting.

25. **Commitments and contingent liabilities**

The Group has contingent liabilities in respect of bonds and other agreements entered into in the normal course of business.

The Company has given an unlimited cross guarantee in respect of the bank borrowings of certain Group undertakings. At 31 July 2022 the bank borrowings amounted to £182,500,000 (2021: £179,500,000).

The Company has given guarantees in respect of operating leases entered into by subsidiary undertakings of an annual amount of £2,728,000 (2021: £2,717,000).

26. **Operating lease commitments**

	2022 £'000	2021 £'000
Within one year	3,295	3,274
Between one year and five years	13,465	14,648
In more than five years	55,443	57,554
	72,203	75,476

27. **Related party disclosures**

During the year, a Group Company acquired goods and services totalling £2,615,323 (2021: £2,946,014) from R G Taylor Engineering Limited, which is part owned by A I Taylor. A I Taylor is considered to have significant influence over The Taylor Family Trust, which owns a significant number of the shares of the Company.

During the prior year, a Group Company sold a car to M A Chapman, a Director of the Company, totalling £20,000. This transaction was at normal prices and on normal business terms and no amounts were outstanding at the year end.

During the prior year, a Group Company sold a car to A Thomas, who is the wife of S R Thomas, a Director of the Company, totalling £9,620. This transaction was at normal prices and on normal business terms and no amounts were outstanding at the year end.

During the year, a Group Company sold an apartment totalling £286,500 (2021: £nil) and a car totalling £39,355 (2021: £nil) to S P Bickel, a Director of the Company. These transactions were at normal prices and on normal business terms and no amounts were outstanding at the year end.

During the year, a Group Company carried out construction works for R P Weston, a Director of the Company, totalling £304,766. This transaction was at normal prices and on normal business terms and no amounts were outstanding at the year end.

Included in creditors falling due after more than one year is a loan of £1,587,080 (2021: £1,587,080) owed to A E Bickel, who is the mother of S P Bickel. During the year £136,128 (2021: £110,672) was paid for the provision of the loan facility.

27. **Related party disclosures – continued**

Included in creditors within one year and greater than one year are £7,400,000 redeemable 8% preference shares of £1 each (2021: £7,400,000) owed to A E Bickel. During the year, £592,000 (2021: £592,000) was paid in dividends in respect of these. The dividends are shown under interest payable and similar expenses.

Included in creditors within one year and greater than one year are £3,500,000 redeemable 8% preference shares of £1 each (2021: £3,500,000). Of these, £1,250,000 (2021: £1,250,000) are owed to S P Bickel and his wife L Bickel, £1,250,000 (2021: £1,250,000) are owed to S Hoenig, the sister of S P Bickel and her husband N Hoenig and £1,000,000 (2021: £1,000,000) are owed to A I Taylor.

Dividends of £100,000 (2021: £100,000) were paid during the year to S P Bickel and L Bickel, and S Hoenig and N Hoenig respectively and £80,000 (2021: £80,000) to A I Taylor. The dividends are shown under interest payable and similar expenses.

Creditors within one year include the following amounts, which are owed to individuals who are Directors of the Company:

	2022	**2021**
	£'000	**£'000**
R P Weston	1,616	20
S P Bickel	618	1

Creditors within one year also includes a loan balance of £1,711,710 (2021: £270,534) owed to A I Taylor.

Included in creditors greater than one year, in the Company only figures, are 625,000 redeemable 8% preference shares of £1 each owed to the Weston Homes Plc Pension Scheme (2021: 625,000). During the year, dividends of £50,000 (2021: £50,000) were paid in respect of these. This is shown under interest payable and similar expenses.

During a prior year, the Company made loans to a number of its Directors. The loans are interest free and repayable in the event of the resignation of a Director. Of the total amount of loans given, £3,503 (2021: £14,013) was repaid during the year. At the year end, £101,592 (2021: £105,095) was still outstanding in respect of these loans.

28. **Post balance sheet events**

On 27 September 2022, the Group acquired 100% of the issued share capital of SE26 Developments Limited for its land holding.

29. **Ultimate controlling party**

The ultimate controlling parties are R P Weston and The Taylor Family Trust.

30. **Share-based payment transactions**

During a previous year the Company made an equity settled share based payment to certain employees of the Group. The shares issued to those employees were B ordinary shares. These shares cannot typically be transferred for 10 years from issue and, in certain circumstances, must be forfeited to the Company if the employee leaves. The B ordinary Shareholders are entitled to dividends in any year after the preference share dividends have been fully paid and £3.5m has been distributed to Ordinary Shareholders in the same period; and a limited return of equity on sale, flotation or liquidation of the Group (the "Exit").

The shares have been valued based on the expected returns, discounted to present value.

The Capital Asset Pricing Methodology was used to help determine an appropriate discount rate to apply to the returns expected to accrue to the B ordinary shares on Exit. The discount rate reflects volatility risk and the level of influence of the holders on the business.

Expected future dividend distributions have been discounted using the Company's cost of equity of 11.5% estimated based on analysis of comparable Companies.

During the year the Company recognised total expenses of £nil (2021: £403,244) related to equity-settled share-based payment transactions.