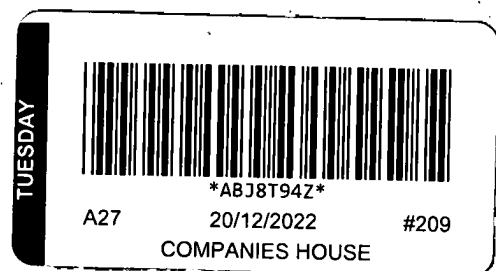


Bellway Homes Limited

**Strategic Report, Directors' Report and
financial statements**

Registered number 670176

31 July 2022



Contents

Strategic report	1
Directors' report	23
Statement of directors' responsibilities in respect of the directors' report and the financial statements	25
Independent auditor's report to the members of Bellway Homes Limited	26
Income Statement	29
Statement of Comprehensive Income	31
Statement of Changes in Equity	31
Balance Sheet	32
Cash Flow Statement	33
Notes	34

Strategic report

The directors present their strategic report for the year ended 31 July 2022.

Business review

Financial Review

Trading performance

The Company has delivered significant growth in housing revenue, which rose by 13.3% to £3,520.6 million (2021 – £3,107.1 million). This is 10.7% above the previous peak of housing revenue generated in financial year 2019 of £3,180.1 million.

Other revenue was £16.2 million (2021 – £12.5 million), and comprises ancillary items such as land and commercial sales. Total revenue increased by 13.4% to £3,536.8 million (2021 – £3,119.6 million).

The table below shows the number and average selling price of homes completed in the year, analysed geographically, between private and social homes:

	Homes sold (number)						Average selling price (£000)					
	Private		Social		Total		Private		Social		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
North	4,637	3,983	817	714	5,454	4,697	312.1	304.4	118.7	116.7	283.1	275.9
South	4,503	3,913	1,241	1,528	5,744	5,441	387.3	389.7	187.5	187.5	344.1	332.9
Group	9,140	7,896	2,058	2,242	11,198	10,138	349.1	346.7	160.2	165.0	314.4	306.5

The growth in housing revenue has been primarily driven by the increase in volume output, with total completions rising by 10.5% to 11,198 homes (2021 – 10,138). Private output rose by 15.8% to 9,140 homes (2021 – 7,896), more than offsetting the lower number of social completions, which reduced to 18.4% of the total (2021 – 22.1%). The lower level of social units was due to the timing of build programmes and the relative strength of the brought forward private order book. In the current financial year, the Company's recent investment in land and phasing of construction programmes provides strong visibility on new outlets and we expect a greater weighting of social housing completions.

The majority of our 22 trading divisions contributed to the overall growth in the Company's volume output. Our five strongest operating divisions delivered in excess of 675 completions each, demonstrating the capacity of a well-run, mature division in a healthy sales market. A further eleven of our divisions each completed 500 units or less in the year and therefore have capacity for further volume growth in the long-term. Our significant investment in land and people will also help to support increases in output in the years ahead.

The overall average selling price rose by 2.6% to £314,399 (2021 – £306,479) and was influenced by a combination of product mix changes and some underlying house price inflation. The overall average selling price in the year ending 31 July 2023 is expected to be around £300,000. This slight moderation from the level in the prior year reflects expected dilution from the increasing proportion of lower value social completions.

Strategic report (continued)

Underlying operating performance

The Company's record revenue, together with improved site operating efficiency and completions from more recently acquired land, resulted in underlying gross profit rising by 20.7% to £786.9 million^{1,4} (2021 – £652.2 million).

The underlying gross margin increased by 130 basis points to 22.2%^{1,4} (2021 – 20.9%). This is stated after COVID related costs, which were recognised in site-based valuations in financial year 2020. Fewer sites were affected in 2022 and the related charge was £17.5 million (2021 – £21.7 million). As the affected sites continue to trade out, we expect the associated costs to reduce further in financial year 2023.

Other operating income and expenses, which net to income of £0.2 million (2021 – £0.4 million net expense), relate to the running of our part-exchange programme. Due to the strength of the underlying second-hand market in the period, part-exchange activity was low and used for only 1.1% of completions (2021 – 1.3%). The balance sheet investment at 31 July 2022 was £5.4 million, providing the Company with capacity to increase the use of part-exchange in the year ahead, if market conditions require it.

Administrative expenses increased by 7.6% to £133.9 million (2021 – £124.4 million), primarily reflecting the ongoing investment in our land and commercial teams to achieve growth. As a proportion of revenue, administrative expenses were 3.8%¹ (2021 – 4.0%).

Investment will continue in financial year 2023 and while we will adopt a restrained approach, we expect administrative expenses to be in excess of £150 million. The increase reflects the ongoing investment in people to achieve long-term growth and underlying increases in pay and employee benefits, including higher pension contributions. This is to support our colleagues as the cost-of-living increases and to attract and retain quality talent within the business. The expected increase also includes a full year of overhead costs for our recently established Building Safety division.

The underlying operating margin for the full financial year increased by 200 basis points to 18.9%^{1,4} (2021 – 16.9%). The combination of strong pricing in the order book, improved site operating efficiency and completions from more recently acquired land would normally be expected to lead to further improvement in our underlying operating margin in the year ahead. Nevertheless, the economic backdrop and sustained and elevated levels of build cost inflation provide increased uncertainty which could offset these potential margin gains. Therefore, based on current prices and delivering volume output similar to last year, we currently anticipate delivering an underlying operating margin over 18%^{1,4} in financial year 2023. With the support of normal conditions in the housing market, the Board believes an underlying operating margin within the range of 18%^{1,4} to 19%^{1,4} is sustainable over the medium and longer-term.

Adjusting item: Net legacy building safety improvements

Bellway's continued commitment to act responsibly with regards to building safety is reflected by the level of our prudent provisions and the actions the Company has taken since the tragic events at Grenfell in 2017. Government guidance and regulations in relation to legacy building safety have evolved since 2017 and apartment blocks are now to be assessed in accordance with the Publicly Available Specification ('PAS') 9980:2022, produced by the British Standards Institute.

In the first half of financial year 2022, the Company set aside a net £19.6 million for legacy safety improvements, bringing the total provided in the period between 2017 and up to 31 January 2022 to £186.8 million. This was in relation to apartment buildings over 11 metres in height, which were generally built within our 10-to-12 year warranty period.

Strategic report *(continued)*

On 7 April 2022, as part of the Building Safety Pledge (the 'Pledge'), we announced that this commitment would be extended to a 30-year period to include buildings constructed by the Group since 5 April 1992 and to reimburse the Building Safety Fund and the ACM Fund in accordance with the principles set out in the Pledge. The Group entered into this commitment acknowledging that resident safety is of paramount importance and an additional net amount of £326.6 million was set aside in the second half of financial year 2022.

Earlier this month, the Company also signed up to the Developers' Pact with the Welsh Government. Similar in regard to the Pledge, this is a commitment to remediate buildings over 11 metres in height with life critical fire safety issues, which were constructed in Wales since 5 April 1992. Reflecting our ongoing and responsible UK-wide approach to legacy building safety, the expected cost of the remediation works in Wales were included in our provision estimate announced on 7 April 2022.

In total, for the year ended 31 July 2022 Bellway set aside a net £346.2 million, in relation to UK-wide legacy building safety improvements. The net charge comprises a gross expense of £349.0 million, less recoveries of £2.8 million. The gross expense includes an adjusting charge of £347.0 million through cost of sales in relation to remediation costs, and an adjusting charge of £2.0 million through finance expense, in relation to the unwinding of the discount of the provision to present value.

The total amount Bellway has set aside for UK legacy building safety since 2017 is £513.7 million. Costs have been provided regardless of whether Bellway still retains ownership of the freehold interest in the building or whether warranty providers have a responsibility to carry out remedial works.

Although the application of the PAS is still under consideration by both the Group and the wider industry, the Board nevertheless believes that the level of provision is robust. It has been calculated based on our extensive experience to date, using analysis of previously tendered works and prudent, professional estimates based on knowledge of known issues. In addition, on developments where full investigations have not yet been undertaken or cost reports obtained, costs to date on similar developments have been used to assess the likely cost. We have also made assumptions with regards to the likely cost of resolving potential issues that we have not yet been made aware of, on schemes covered by the extended 30-year period.

The provision calculation uses the expected timings of cash outflows which are adjusted for management's estimate of inflation, informed by appropriate indices. The provision is discounted back to a present value using UK gilt rates with maturities which reflect the expected timing of cash outflows. The unwinding of this discount is charged through the income statement as a non-cash adjusting finance expense item.

The precise timings of cash outflows for building safety improvements are uncertain, although they are expected to be over several years. This reflects the complex issues around remediation including identifying the works required, design and planning obligations, interpretation of PAS, liaison and negotiations with building owners, and appointment of contractors.

Bellway has a strong, well-capitalised balance sheet with net cash of £195.9 million¹, a net asset value of £2,773.0 million and committed debt facilities of £530 million as at 31 July 2022. In this regard, the Company is well placed to meet its commitments under the Pledge and importantly, the expected level and timings of the costs will not be detrimental to our long-term growth ambitions.

Operating profit

After taking these adjusting items into consideration, total operating profit decreased by 31.7% to £324.7 million (2021 – £475.6 million).

Strategic report (continued)

Net finance expense

The net finance expense was £14.1 million¹ (2021 – £11.2 million) and comprises underlying an net interest expense of £12.1 million^{1,4} and an adjusting expense of £2.0 million in relation to the unwinding of the discount on the building safety provision.

The underlying net finance expense principally includes notional interest on land acquired on deferred terms, interest on the Company's fully drawn US Private Placement ('USPP') loan notes and bank interest. Notional interest on land acquired on deferred terms was £7.3 million (2021 – £6.5 million). The interest charge on the USPP debt was £3.4 million (2021 – £1.6 million), with the increase reflecting a full year of cost following the draw down in February 2021. Net bank interest, which includes interest receivable on cash balances, commitment fees and refinancing costs, was £2.0 million (2021 – £3.1 million).

The recent rise in borrowing costs will impact the Company's variable interest charges in the year ahead, primarily on the notional interest on deferred land purchases.

The adjusting finance expense in relation to the discount unwind of the legacy building safety provision is expected to increase, reflecting a full year of charge, after signing up to the Pledge in April 2022. The charge is subject to a range of assumptions, and based on the 31 July 2022 forward looking discount rate, we currently anticipate an adjusting expense of over £3 million in the first half of financial year 2023. The expense in the second-half of the year will, in part, be dependent upon the movement in gilt rates.

Profit before taxation

Underlying profit before taxation rose by 27.2%, to £656.8 million^{1,4} (2021 – £516.2 million). Reported profit before taxation reduced by 33.1% to £310.6 million (2021 – £464.4 million), with the growth in underlying profitability more than offset by the increase in the building safety provision in the year.

Taxation

The corporation tax charge was £62.0 million (2021 – £91.3 million), reflecting an effective tax rate of 20.0% (2021 – 19.7%). The effective tax rate increased in the year following the introduction of the Residential Property Developer Tax ('RPDT') in April 2022, charged at a rate of 4% of relevant taxable profits, to support the Government's Building Safety Fund.

In addition to the RPDT, the Government previously announced a plan to increase underlying corporation tax by 6% from April 2023, which would have meant Bellway's effective tax rate rising to around 29% in financial year 2024. In this regard, we welcome the new Prime Minister's recent announcement that corporation tax is to be maintained at a rate of 19%.

Without further changes to the underlying corporation tax rate, the Company's effective tax rate in financial year 2023 will be around 23%.

Profit for the year

After considering taxation and the net legacy building safety expense, profit for the year fell by 33.4% to £248.6 million (2021 – £373.1 million). The underlying profit for the year increased by 26.4%, to £524.5 million^{1,4} (2021 – £415.1 million).

Net cash and financial position

Bellway continues to operate with a strong balance sheet and ended the year with net cash of £195.9 million¹ (2021 – £281.2 million), representing an ungeared position (2021 – ungeared). Committed land obligations are modest, at £393.4 million (2021 – £455.8 million) and adjusted gearing, inclusive of land creditors, remains low at 7.1%¹ (2021 – 6.5%).

Strategic report *(continued)*

In addition to the net cash position, Bellway has access to significant levels of medium and long-term debt finance, totalling £530 million. This comprises committed bank facilities of £400 million and £130 million of fully drawn sterling USPP loan notes, which have maturity dates that extend in tranches to February 2031. Bellway's balance sheet resilience will continue to be maintained through the current economic uncertainties and we expect to maintain a cash surplus in the year ahead.

In the near-term, Bellway's record land bank provides strategic flexibility against the current economic backdrop. Over the longer-term, continued disciplined investment in land is essential to drive volume output, to ensure the ongoing success of the Company and to generate NAV growth.

A well-capitalised balance sheet provides strength and flexibility

The Company's balance sheet is well-capitalised and provides both financial resilience and capacity for further investment to achieve long-term growth. The balance sheet principally comprises amounts invested in land and work-in-progress, with total inventories rising by 9.6% to £4,407.8 million (2021 – £4,022.8 million). The carrying value of land rose to £2,770.6 million (2021 – £2,474.5 million). Work-in-progress increased by 6.5% to £1,524.8 million (2021 – £1,431.4 million) and was 43.3% (2021 – 46.1%) as a proportion of housing revenue.

In relation to its legacy, defined benefit pension scheme, the Company had a retirement benefit asset of £7.1 million (2021 – £10.2 million) at 31 July 2022, reflecting an ongoing commitment to fund this future, long-term obligation.

Net asset value rose by 3.3% to £2,773.0 million (2021 – £2,684.6 million).

A core part of the Group's strategy is to maintain a sharp focus on RoCE, which is measured using average unadjusted net assets as its capital base. During the year, the improvement in both asset turn and underlying operating margin delivered an increase in underlying RoCE to 20.3%^{1,4} (2021 – 17.0%) or 18.1%^{1,4} (2021 – 15.1%), when including land creditors as part of the capital base. The Group's capital employed was, however, suppressed in the year by the additional post-tax provision in relation to legacy building safety.

In the years ahead, retaining a strong balance sheet will be key to supporting our strategic priorities of delivering volume growth and value creation for shareholders.

Outlook

While the sector faces a number of near-term headwinds, including rising interest rates and the expiry of Help-to-Buy, unemployment levels remain low and the recent positive changes to stamp duty thresholds offer additional support for housing demand. The combined strength of our balance sheet, land bank and order book support our ability to grow outlets in the year ahead, but also provide strategic flexibility to respond to changes in the housing market.

In the current financial year and supported by our recent investment in land and work-in-progress, the Group retains the operational capacity to grow output up to 12,200 homes, an ambition set out in October 2021.

Output is, however, expected to be more moderate, given the uncertain economic backdrop. We have a strong order book, and our build programmes are weighted to a higher proportion of social completions and given this, the Board currently expects volume output to be similar to the prior year. The final outturn will be dependent on the autumn and spring selling seasons and the Company will prioritise the high standard of our product, margin, quality of profit and value creation.

The long-term fundamentals of our industry remain strong and there is a shortage of high quality, energy efficient and affordable homes across the country. If market conditions remain robust, Bellway has ambitions and significant capacity to deliver further sustainable volume growth, over several years, to in excess of 16,000 units. This can be delivered from a platform of our strong land investment, substantial cash position, potential expansion into new regions and the ongoing maturity of divisions.

Strategic report (continued)

Further volume growth and delivering on all aspects of our 'Better with Bellway' sustainability strategy, will ensure that the Company continues to generate value and make a positive contribution for all our stakeholders.

Key performance indicators

The Company uses the following key performance indicators to assess its performance:

	2022	2021
Number of homes sold (homes)	11,198	10,138
Underlying gross margin (%)	22.2% ^{1,4}	20.9% ^{1,4}
Gross profit margin (%)	12.5% ¹	19.2% ¹
Underlying operating margin (%)	18.9% ^{1,4}	16.9% ^{1,4}
Operating profit margin (%)	9.2% ¹	15.2% ¹
Underlying RoCE (%)	20.3% ^{1,4}	17.0% ^{1,4}
RoCE (%)	9.9% ¹	15.3% ¹
Sufficient land bank of plots with DPP	Achieved	Achieved
Number of plots in owned and controlled land bank with DPP (plots)	32,344	30,933
Number of plots acquired with DPP (plots)	1,345	1,844
Number of plots converted from medium-term 'pipeline' (plots)	11,352	10,938
Number of plots in 'pipeline' (plots)	28,800	24,300
Number of plots in strategic land bank (plots)	35,600	30,400
Number of RIDDOR lost time accidents per 100,000 site operatives (number)	359.98	336.49
Number of NHBC Pride in the Job Awards (awards)	36	39
Customer satisfaction score (%)	87.1%	86.6%
Order book at 31 July (£m) ¹	£2,114.3m	£2,022.3m
Reservation rate (number)	218 per week	204 per week
Home Builders' Federation homebuilder status ³ (star)	5*	5*
Employees who have worked for the Group for ten years or more (%)	15.6%	16.4%
Graduates, Trainees and apprentices (%)	7.0%	8.3%
Employee turnover (%)	25.7%	26.5%
Number of training days per employee	3.2	4.3

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are the same as those facing the Group headed by Bellway p.l.c.. Nine principal risks to our business have been identified: construction resources; economy and market; environment and climate change; health and safety; human resources; IT and security; land and planning; legal and regulatory compliance; and unforeseen significant events. Further details of these risks are included in the Bellway p.l.c. financial statements which can be obtained from the address in note 27.

Financial risk management

The Company's financial instruments comprise cash and overdrafts, fixed rate sterling USPP notes, various items such as trade receivables and trade payables that arise directly from its operations, and amounts owed to Group undertakings. The main objective of the Company's policy towards financial instruments is to maximise returns on the Company's cash balances, manage the Company's working capital requirements and finance the Company's ongoing operations.

Capital management

The Board's policy is to maintain a strong capital base to underpin the future development of the business in order to deliver value to shareholders. The Company finances its operations through reinvested profits, bank facilities; fixed rate sterling USPP notes, cash in hand, amounts owed to Group undertakings and the management of working capital.

Strategic report (continued)

Management of financial risk

The main risks associated with the Company's financial instruments held during the year have been identified as credit risk, liquidity risk, interest rate risk and housing market risk. The Board is responsible for managing these risks and the policies adopted, which have remained unchanged during the year, are set out below.

Credit risk

The Company's exposure to credit risk is largely mitigated as the vast majority of the Company's sales are made on completion of a legal contract, at which point monies are received in exchange for transfer of legal title.

There is no specific concentration of credit risk in respect of home sales as the exposure is spread over a number of customers.

In respect of trade and other receivables, the amounts presented in the balance sheet are measured at amortised cost less a loss allowance for expected credit losses which are assessed on the basis of an average weighting of the risk of default (see note 13). For this purpose, a default is determined to have occurred if the Company becomes aware of evidence that it will not receive all contractual cash flows that are due. Trade and other receivables includes £18.9 million (2021 – £5.9 million) due from Homes England relating to the Help to Buy scheme. As Homes England is a UK government agency, the Company considers the risk of default to be minimal. Furthermore, the Company had £20.9 million (2021 – £39.6 million) of financial assets relating to loans made by Bellway to joint arrangements. The counterparties to these loans are expected to be profitable and therefore repay the loans in full. The Company therefore considers the risk of default to be minimal.

No credit limits were exceeded during the reporting period or subsequently and the Company does not anticipate any losses from non-performance by these counterparties.

The Board considers the Company's exposure to credit risk to be acceptable and normal for an entity of its size, in the industry in which it operates.

Liquidity risk

The Company finances its operations through a mixture of equity (comprising share capital, reserves and reinvested profit) and debt (comprising bank overdraft facilities and borrowings, fixed rate sterling USPP notes, and amounts owed to Group undertakings). The Company manages its liquidity risk by monitoring existing facilities and cash flows against forecast requirements based on a three-year rolling cash forecast.

The Company's Treasury Policy has, as its principal objective, the maintenance of flexible bank facilities in order to meet anticipated borrowing requirements. The Company's banking arrangements outlined in note 17 are considered to be adequate in terms of flexibility and liquidity for its medium-term cash flow needs. Relationships with banks, fixed rate Sterling USPP noteholders and overall cash management are co-ordinated centrally. The Company is operating well within its financial covenants and available debt facilities.

Short-term cash surpluses are placed on deposit at competitive rates with high quality counterparties. Other than disclosed, there are no financial instruments or derivative contracts. The Board therefore considers the Company's liquidity risk to be mitigated.

In relation to land payables, certain payables are secured on the respective land asset held (see note 15). No other security is held against any other financial assets of the Company.

Interest rate risk

Interest rate risk reflects the Company's exposure to fluctuations in interest rates. The risk arises because the Company's overdraft and floating rate bank loans bear interest based on SONIA.

The Company's attitude to interest rate risk and forecast debt is influenced by the existing and forecast conditions prevailing at the time that each new interest-bearing instrument is entered into. This will determine, amongst other things, the term and whether a fixed or floating interest rate is obtained.

During the year ended 31 July 2022, it is estimated that an increase of 1% in interest rates applying for the full year would increase the Company's profit before taxation by £1.7 million (2021 – £2.3 million).

Strategic report (continued)

Housing market risk

The Company is affected by movements in UK house prices. These in turn are affected by factors such as credit availability, employment levels, interest rates, consumer confidence and supply of land with planning.

Whilst it is not possible for the Company to fully mitigate housing market risk on a national macroeconomic basis, the Company does continually monitor its geographical spread within the UK, seeking to balance investment in areas offering the best immediate returns with a long-term spread of its operations throughout the UK to minimise the effect of local microeconomic fluctuations.

Sustainability

Streamlined Energy and Carbon Reporting disclosure for the period 1 August 2021 – 31 July 2022

In accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SECR), we report on our greenhouse gas ('GHG') emissions as part of the annual Strategic Report. Our GHG reporting year is the same as our financial year and the previous year's figures have been provided as comparators.

Scope 1 covers emissions from the combustion of fuel and operation of facilities owned/operated by the company (for example diesel in site generators and telehandlers; fuel in company cars used on company business; gas for heating in offices, show homes and construction compounds) while Scope 2 covers emissions from purchased electricity.

The methodology used to calculate our emissions is based on the UK Government's Environmental Reporting Guidelines (2013) and emission factors from the 2021 government GHG Conversion Factors for Company Reporting. For Scope 2 emissions we have reported using both the location-based method of calculation and, to account for our use of renewable electricity, the market-based method of calculation.

The reported emission sources include all those which we are responsible for, except for the following which were excluded from this report:

- Gas from part-exchange properties due to immateriality – we have undertaken an estimation exercise and the emission from gas used in these properties during the period of October to May (when heating would be active to prevent damp and frozen pipes) is only 0.15% of the total Scope 1 & 2 footprint.
- Emissions from air conditioning units in office buildings in the FY19, FY20 and FY21 footprints due to immateriality and difficulty in data collection. We have collected and accounted for this data in the FY22 footprint.
- Emissions from site-based combined heat and power units for which we do not have operational control.

An element of carbon estimation is undertaken in the following areas:

- Diesel fuel usage on a small number of sites where fuel is provided by our groundworks contractors. Bellway's share of the usage is estimated based on forklift usage.
- Divisional offices where gas and electricity usage are included within landlord charges. Bellway's usage is estimated using a kWh per square metre of occupied floor space figure derived from other divisional offices with utility billing in place.

For Scope 1 & 2 emissions, data for the 2018/19 base year and for 2020/21 have been externally verified by Zeco Energy to a 'reasonable assurance level' using the ISO-14064-3 verification standard, while 2021/22 emissions have been verified by the Carbon Trust to a 'limited assurance level' using the ISO 14064-3 verification standard.

For Scope 3 emissions, 2021/22 emissions have been verified by the Carbon Trust to a 'limited assurance level' using the ISO 14064-3 verification standard. Emissions for the 2018/19 base year were calculated with the assistance of The Carbon Trust for our Science Based Target submission but have not been through an official verification process. Emissions for the 2020/21 comparison year were calculated using the same metrics as the base year and again have not been externally verified.

Strategic report (continued)

Greenhouse Gas Emissions (GHG) (tonnes of CO₂e)^(A)

	2022	2021
Scope 1 – Combustion of fuel and operation of facilities (including diesel and petrol used on-site and in company cars on Company business)	16,696	17,704
Scope 2 – Electricity purchased for our own use (market-method) ^(B)	1,709	1,780
Total market-method scope 1 and 2 GHG emissions	18,405	19,484
GHG intensity (market-method) per Bellway home sold	1.6	1.9
GHG intensity (market-method) per Bellway employee ^(C)	6.2	6.6
Scope 1 – Combustion of fuel and operation of facilities (including diesel and petrol used on-site and in company cars on Group business)	16,696	17,704
Scope 2 – Electricity purchased for our own use (location-method) ^(D)	4,419	5,282
Total location-method scope 1 and 2 GHG emissions^(D)	21,115	22,986
GHG intensity (location-method) per Bellway home sold	1.9	2.3
GHG intensity (location-method) per Bellway employee ^(C)	7.1	7.8
Energy consumption used to calculate above emissions (kWh)	92,854,473	102,076,721
	2022	2019 (base year)
Scope 3 (Category 1a: Purchased goods and services – product)	731,398	683,594
Scope 3 (Category 1b: Purchased goods and services – non-product)	13,095	16,261
Scope 3 (Category 2: Capital goods)	4,718	19,030
Scope 3 (Category 3: Fuel and energy related activities)	5,142	5,081
Scope 3 (Category 4: Upstream transportation and distribution)	121,897	113,930
Scope 3 (Category 5: Waste generated in operations)	2,391	4,253
Scope 3 (Category 6: Business travel)	1,985	418
Scope 3 (Category 7: Employee commuting)	1,516	1,468
Scope 3 (Category 11a: Use of sold products – direct)	1,084,788	1,059,905
Scope 3 (Category 12: End-of-life treatment of sold products)	114,638	107,145
Total Scope 3^(E)	2,081,570	2,011,085
Scope 3 – GHG intensity (tonnes CO ₂ e per m ² of completed floor area)	1.94	1.94

Notes:

A. Carbon dioxide equivalent as per the meaning given in section 93(2) of the Climate Change Act 2008.

B. Scope 2 emissions reported using the market-based method to account for electricity supplies purchased under REGO contracts.

C. Based on the average number of employees during the year.

D. Scope 2 emissions reported using the location-based method for total electricity used which does not account for the zero-carbon nature of electricity supplies purchased under REGO contracts.

E. Total scope 3 emissions are reported in line with our scope 3 science-based target, and so exclude category 11b (use of sold products – indirect). We have separately calculated these category 11b emissions as part of our carbon lifecycle analysis as 670,878 tonnes of CO₂e (2019 – 662,146). Categories 8, 9, 10, 14 and 15 are not relevant to Bellway Homes.

Strategic report *(continued)*

Corporate governance

The Directors consider they have complied with the requirements of The Wates Corporate Governance Principles for Large Private Companies, as set out below.

Purpose, leadership and board composition

Our purpose is building homes to be proud of by putting customers at the heart of everything we do. Bellway is committed to being a responsible homebuilder, operating our business in an ethical and sustainable manner whilst creating long-term value for the benefit of our customers, people, suppliers, shareholders and the wider community.

The directors of Bellway Homes Limited are the Group Chief Executive and Group Finance Director who form part of the Bellway p.l.c. board (the 'Board'). Bellway Homes Limited is a 100% owned subsidiary of Bellway p.l.c. and is the principal trading entity of the Group. The Board is the principal decision-making body of the Company and is collectively responsible to shareholders for promoting the long-term success of the Group.

At the date of this report the Board consists of seven directors whose names, responsibilities and other details can be found in the Bellway p.l.c. 2022 Annual Report and Accounts. Currently two of the directors are executive and five are non-executive, including the Chairman.

The Board has put in place a structure which allows it to provide entrepreneurial leadership of the Company and to delegate authority for operational matters through a framework of prudent and effective controls, which enable risk to be assessed and managed. The Board has formally constituted Audit, Nomination and Remuneration Committees. The terms of reference for these committees are available either on request from the Group General Counsel and Company Secretary, at the AGM or on our website: www.bellwayplc.co.uk.

Further details on the Board, its policies, activities and effectiveness are included within the Governance section of the Bellway p.l.c. 2022 Annual Report and Accounts.

Strategic priorities, values and culture

The Board sets the strategic priorities, ensures that the necessary resources (including finances, people and materials) are in place for the Company to meet these objectives, and also reviews management performance. It defines the Company's values and standards and ensures that its obligations to its shareholders are understood and met.

Bellway's strong balance sheet provides the financial flexibility and capacity to invest in the future and, together with our commitment to responsible business practices, supports our three strategic priorities to:

- Achieve long-term volume growth,
- Deliver value creation for shareholders, and
- Operate responsibly and sustainably through our 'Better with Bellway' strategy.

The key performance indicators used to measure performance against the strategic priorities are given on page 6.

In March 2022, Bellway launched a new sustainability strategy 'Better with Bellway', and we have a range of initiatives underway to embed the framework across the business. The strategy covers eight priority areas, each with their own specific targets and KPIs linked to the underlying operations of the Company. 'Better with Bellway' includes ambitious targets in respect of our three flagship priority areas of Carbon Reduction, Customers and Communities, and becoming an Employer of Choice. In addition to the flagship priority areas, the 'Better with Bellway' strategy includes targets in respect of biodiversity, resource efficiency, charitable engagement, sustainability throughout the supply chain and building quality homes safely.

More details are set out in the Bellway p.l.c. 2022 Annual Report and Accounts and are also available on our website at <https://sustainability.bellwayplc.co.uk>.

Strategic report *(continued)*

Director responsibilities

The directors of the Company are the Group Chief Executive and Group Finance Director. Their responsibilities are as follows:

Group Chief Executive

- Implementing the strategy agreed by the Board.
- Leading the Executive Directors, the Group General Counsel and Company Secretary and the senior management team in the day-to-day running of the Company's business.
- Ensuring the effective implementation of Board decisions.
- Reviewing the Company's organisational structure and recommending changes as appropriate.
- Supervising the activities of the Regional Chairmen and divisional senior management, overseeing their development and succession planning.
- Overseeing Company operations.
- Approving land purchases within specified limits.
- Overseeing divisional expansion plans.
- Providing coherent leadership of the Company, including representing the Company to customers, suppliers, government, shareholders, financial institutions, employees, the media, the community and the general public.
- Overseeing the health and safety, sales and marketing, public relations and technical departments.

Group Finance Director

- Devising and implementing the financial strategy and policies of the Company including treasury and tax.
- Developing budgets and financial plans.
- Responsible for the Company's sustainability and ESG strategy
- Overseeing the sustainability, finance, IT and risk departments.

Opportunity and risk

The Board are responsible for identifying opportunities through the promotion of the strategic priorities, set out above.

The principal risks and uncertainties facing the Company are the same as those facing the Group headed by Bellway p.l.c., further details of these risks are included in the Bellway p.l.c. 2022 Annual Report and Accounts.

Remuneration

The directors apply the same Remuneration Policy for the Company as that used by the Group, details of which can be found in the Bellway p.l.c. 2022 Annual Report and Accounts. The Directors' Remuneration Policy is aligned with the principles within the 2018 UK Corporate Governance Code and these principles are taken into account in its implementation.

Stakeholder relationships and engagement

Section 172 (1) Statement

The Board of Directors confirm that during the year under review, it has acted to promote the long-term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006, being:

- (a) the likely consequences of any decision in the long term
- (b) the interests of the Company's employees
- (c) the need to foster the Company's business relationships with suppliers, customers and others
- (d) the impact of the Company's operations on the community and the environment
- (e) the desirability of the Company maintaining a reputation for high standards of business conduct
- (f) the need to act fairly between members of the Company

Strategic report *(continued)*

Below we set out how we have engaged with various stakeholders during the year, the key issues raised and outcomes.

Customers

How we engage

Bellway has always had a strong reputation for excellent customer service, with our face-to-face sales approach helping thousands of our customers to purchase their dream home every year. This approach has served us well throughout the years, but our customers expect more from Bellway, so we have extended our traditional approach to improve the digital and telephony offerings to complement what we do well. Our Customer First initiative is designed to support this improvement and we have implemented several new processes to support this throughout the year.

Our digital channels – website and social media – are designed to engage homebuyers early in the customer journey and provide them with all the information they require to help them make an informed decision when deciding on the location and property type that meets their needs. This helps customers have the knowledge before they visit the sales office.

We recognise that the customer journey, from first visiting a site to moving into their new home, can be a long process and our dedicated and highly trained sales advisors help make the process of buying and moving into a new house as smooth as possible and a positive experience. Our highly trained sales advisors help make the process of buying and moving into a new house as smooth as possible and a positive experience.

Once in their new home, our dedicated Customer Care team will deal with any post completion issues and questions customers may have, to maintain that positive experience throughout the early years of Bellway home ownership. To continue the high standard of customer service our customers expect, we encourage feedback throughout the sales process via Trustpilot and HBF Customer Satisfaction surveys.

Through our marketing activities, we assess and review collected data to ensure we are engaging with our customers and responding to their needs effectively. Our use of social media channels involves us engaging with customers by generating aspirational content that showcases Bellway's products and uses customer case studies and testimonials to bring this to life.

Our new Better with Bellway strategy will help customers by building new homes to Future Homes Standards, and will develop desirable communities with sustainability at the heart of what we build. This will bring benefit to customers by providing energy efficient homes meeting, or where possible exceeding, the standards required. Bellway is undertaking customer trials across the country to inform this strategy and we will be using customer feedback to help us identify the technologies and innovations that best meet our customer needs as a result.

For customers who live in Bellway built properties which do not meet new standards for fire safety, Bellway have introduced a dedicated Building Safety Division that communicates directly with building owners, managing agents, customers and other key stakeholders in helping to remediate life-critical fire safety issues in high, and mid-rise buildings. The team also ensures compliance with our new fire policy. There is Executive Management Team oversight.

Key issues raised

- Customer service
- Digital adoption
- Sustainability and efficiency of homes
- Build quality
- Innovation
- Legacy building safety improvements

Strategic report *(continued)*

Outcomes

We have retained our 5-star homebuilder³ status in the national HBF awards for the sixth consecutive year, which reflects our commitment to delivering exceptional quality and service as standard to our customers, throughout their whole journey with Bellway. Nine out of 10 customers would recommend Bellway to a friend. Our score of 93.6% in the Recommend a Friend category was the highest score achieved by Bellway since commencement of the HBF Survey scheme in 2007.

We have recognised that customer satisfaction in the 9-month survey has historically been lower in this survey period and our Customer First initiative has been addressing this directly. Our current nine-month Recommend a Friend score of 82.1% reflects our efforts in this regard, delivering a year-on-year improvement of 220 basis points when compared to our 9 month Recommend a Friend score of 79.9% in 2021. We continue to build on this improvement to achieve our aspiration of achieving 90% customer satisfaction in the 9 month Recommend a Friend category by 2026.

Customer First is designed to help achieve this aspiration with a focus on improvements to planning, build, sales, post completion customer care, training and communications processes to provide a better level of service. Our aim is to deliver a 5-star service, combined with a 5-star build quality, putting the customer at the heart of everything we do. To help us achieve this, the Group appointed a Customer Experience Director who has worked with some of the UKs largest brands and whose role is to help deliver the improvements through our Customer First initiative.

Driving our Artisan standard house type range through our divisional businesses helps us work consistently across the Company, allowing for standardised build processes and procedure, and the sharing of best practice.

We have introduced several initiatives to help our customers understand the complex processes undertaken. 'Meet the Builder' allows our customers to meet the construction teams who are building their homes, while our 'pre-plaster visits' provides customers with an opportunity to visit their new homes during construction, so they understand how their home is built. This allows customers to ask questions of the construction teams and gain a greater knowledge of the processes involved in building their home. Feedback from customers has been extremely positive as it provides reassurance and builds excitement during the process.

Enhancements to our customer care procedures and quality assurance inspections have improved the build quality of our new homes, and the aftercare we provide to our customers following completion. We introduced unaccompanied inspections for customers prior to their home demonstrations, this allows them the opportunity to inspect their home in their own time and report any defects or issues prior to moving in. In addition, a 12-week defect period has been introduced where construction teams remain responsible for defect rectification in all new homes. Our dedicated Customer Cares teams manage any issues throughout the remaining warranty period.

We have maintained our appointment system for sales centre visits, which was first introduced due to COVID-19 restrictions. This was positively received by customers as it allows us to provide a dedicated one to one service as a result. We have introduced new core hours for our Customer Care teams in line with the roll-out of a new telephony system which has been introduced into most divisions with complete implementation towards the end of the year. We are also introducing tablets and digital solution for on-site teams to report and manage customer care issues which will provide a greater level of control and reporting for our Customer Care teams.

Our new sustainability strategy operating under the banner of Better with Bellway was launched in early 2022. This strategy consists of eight business priority areas, one being Customers & Communities. Outcomes from this strategy are already being seen by our customers, with sustainability initiatives taking place on 'exemplar' developments across the country and homes being built to Future Homes Standards. This strategy has also seen the launch of a 'green' welcome pack for new homeowners, consisting of more environmentally focussed items such as bird boxes, bee bombs and fairtrade tea and coffee. Our sustainability message is also being rolled out to households with children, with the inclusion of a children's activity story book highlighting the benefits of sustainable living using characters Belle and Brickle to bring the message to life.

Strategic report (continued)

The Board fully consider our customers, through regular oversight in board meetings, with key customer initiatives and ongoing customer care and satisfaction scores being reported on a regular basis. A report from the Group Customer Care Director is a standing agenda item for all Board meetings.

Colleagues

How we engage

Becoming an Employer of Choice is one of Bellway's main business priorities and to be able to do this we need to ensure that our colleagues are fully engaged in our business, so they have the knowledge and understanding of how we operate successfully for the benefit of all our stakeholders. In the UK there have been changes to working practices following the COVID-19 pandemic, and a greater focus on work life balance, which has meant we have had to adapt to meet the evolving needs and demands of our colleagues.

We measure the success of our engagement through our annual Employee Engagement Survey, the latest ones being in August 2021, and again in May 2022, providing us with vital data and colleague feedback on the things that matter most to them. The survey was conducted by external consultants, ETS. Colleagues were asked to confidentially share their views on all aspects of working for Bellway, and this was used to shape our employee strategy for the year. We placed significant importance on the survey for all employees across the Company to ensure that the results reflected the diverse nature of the roles that are undertaken by our employees whether office based or on our construction sites.

The Employee Engagement Survey gives us an annual overview of colleague views on Bellway, but we continued to run quarterly Employee Listening Groups with a cross-section of colleagues from across the business. The Employee Listening Groups allow us to present key initiatives to colleagues and gain real time feedback on the views of colleague representatives. The Groups also allow senior management to gain feedback on issues raised by colleagues. The importance of this activity is demonstrated by the active involvement from Board level, with non-executive directors attending some of the listening group sessions, and the outcomes from these meetings being reported to the Board through regular updates.

The attraction, development and retention of talent across the business, and improving the diversity of our workforce, remains a key priority for our Group HR team, especially at a time when pressures are being faced across the wider industry by the lack of skilled workforce across the sector. We have upskilled our senior leadership team with the introduction of the Senior Leaders Development Programme, with external consultants, Mosaic Partners. This bespoke programme is aimed at developing personal leadership skills and management capacity to better lead high performing and efficient teams. We are extending this skills training with the launch of the CMI accredited Middle Managers Development Programme in September 2022 to extend these capabilities beyond the senior leadership team.

The onboarding of new colleagues who join the business remains a priority as we ensure they have a positive experience when joining the Group so they can be successful in their roles and we continue to gain feedback from those who leave in order improve where necessary.

Our focus on diversity and inclusion is another key area under our 'Employer of Choice' strategic priority and we have been working with external consultants in developing a new Diversity & Inclusion strategy which we aim to roll-out later in the year.

Our 'Balance' network group, which was launched in May 2021 and provides an open forum to discuss matters relating to diversity, equality and inclusion across the Group, continues to be successful with a diverse group of colleagues from across the business being actively involved. The network discusses diversity issues being encountered both in Bellway and in the wider industry, and seeks to find solutions to improve accessibility to the industry and Bellway for minority groups. The network is sponsored and chaired by senior leaders within the Group.

As an active member of 'The 5% Club', we commit to having at least 5% of our workforce employed in 'earn and learn' roles, including apprenticeships, student placements, and graduate roles. As part of our new strategy, we aim to have at least 12% of our workforce in 'earn and learn' roles by July 2024.

Strategic report *(continued)*

We are placing even greater focus on health and safety by measuring our RIDDOR rate to cover all members of staff, not just those on our sites. Furthermore, we are using technology to improve the reporting and analysis of any health and safety incidents – this allows for more timely investigations and ensures that preventative measures are introduced.

The mental health of our colleagues is also vitally important, which is why we are increasing the ratio of mental health first aiders and implementing mental health wellbeing training to raise awareness.

Our internal communications strategy remains an area of focus for the business. Although improvements have been made over the past two years, we are focusing on how we can improve communication to our harder to reach site-based colleagues and ensure our Better with Bellway strategic priorities are clearly articulated to colleagues.

Key issues raised

- Health, safety and wellbeing
- Flexible and agile working
- Diversity and inclusion
- Pay and benefits
- Training and development
- Career progression
- Work life balance

Outcomes

The latest Employee Engagement Survey undertaken in May 2022 received a 74% response rate, which is 2% higher than our August 2021 survey. The engagement rate from employees was very high at 96% and represents an improvement on the 2020 and 2021 surveys which were both at 91%.

The survey results showed that there was a strong customer focus among Bellway employees and that there were high levels of trust and empowerment for colleagues to do their jobs. Our colleagues told us that they know what is expected of them in their roles and they are clear in the part they play in helping Bellway achieve its goals. More importantly, Bellway colleagues told us they were prepared to go the extra mile in doing their roles, demonstrating their commitment to the organisation.

Overall, 95% of colleagues would recommend Bellway as 'a great place to work'.

Areas for improvement identified in the 2021 survey have led to us enhancing our training and development programme. A Senior Leadership Management Programme was launched last year, with two cohorts of senior leaders undertaking this programme. Further to this, we are introducing a new Middle-Managers Management Programme with the first cohort beginning in Autumn 2022.

We have launched a monthly Health & Safety newsletter for all staff to provide advice and guidance on key health and safety issues and have used this to demonstrate the success of our new Near Miss Reporting Policy by highlighting near misses on a monthly basis to educate colleagues.

Following the full reopening of our offices after the end of COVID-19 restrictions, we have introduced our new permanent Agile Working Policy and Flexible Working Policy which have been introduced Group-wide to support colleagues in balancing their work and personal lives. Further enhancements to this policy are being considered as part of the feedback from our latest survey, where work-life balance remained a key area of concern for our colleagues.

Bellway has been voted a Top 100 Apprenticeship Employer for 2022 by the Department for Education. Our Apprenticeship Programme currently has 154 apprentices working across the business in a range of different roles, so this accolade demonstrates our commitment to employing apprentices across the business.

Strategic report *(continued)*

Shareholders

How we engage

Bellway Homes Limited is a 100% owned subsidiary of Bellway p.l.c. and is the principal trading entity of the Group. As the parent company is a FTSE 250 publicly listed company, the Board has a duty to provide the shareholders and equity investors of Bellway p.l.c. with fair, transparent and balanced information on the performance, strategy and direction of the business in order to provide confidence and trust which allows informed investment decisions to be made.

As part of reporting on our performance, through interim results, preliminary results and regular trading updates, our Executive Management Team regularly meets and communicates with major shareholders and analysts including at formal presentations at least twice a year. This ensures that investors have access to the progress of the business.

As well as providing regular marketing updates to our investors, we also use traditional media channels and hold calls with key journalists to ensure our principal messages are understood by the wider market, prospective shareholders and investors. At key points around interim and preliminary results, we also communicate directly with our colleagues as many are also investors in the business.

Our relationships with institutional investors, prospective investors and market analysts allow them to raise issues with us or seek information, primarily when we are issuing results to the City.

Following financial announcements, our Board of Directors receive updates from our brokers and PR consultancies, providing feedback from investors and analysts which can be used to help us understand how our strategy is being received by investors and analysts.

We respond to investor communications whenever possible to build upon their understanding of our business strategy, or to address any concerns they may have raised. We have engaged with key stakeholders, and took investor views on board, in developing our new 'Better with Bellway' sustainability strategy while working with external sustainability consultants to ensure the strategy is aligned with industry best practices and to meet expectations for Environment, Social and Governance (ESG) reporting.

In addition, over the past 12 months, we engaged with institutional investors, analysts and shareholders in relation to legal building safety, particularly the voluntary 'pledge' undertaken to remediate buildings which Bellway built where life-critical fire safety issues have been identified.

The Group's Chair and Senior Independent Director are both available to attend meetings with major shareholders and we regularly update the Group's corporate website whenever any updates have been announced to the City.

Shareholders are given the opportunity to ask questions ahead of, or at, the Group's AGM and are provided with the opportunity to listen to the AGM live through a web-link.

Key issues raised

- Environment, social and governance (ESG)
- Remuneration policies
- Impact of COVID-19 and recovery
- General market conditions e.g. post Brexit impact, mortgage market, affordability of homes, Help-to-Buy and land market
- Dividend policy
- Customer care and build quality
- Legacy building safety improvements

Strategic report *(continued)*

Outcomes

Investor and media engagement around interim and preliminary results and regular trading updates allows us to provide additional information and clarity on the key points raised during those updates. Where necessary, we ensure that where greater clarity is required, it is adopted for future updates in order to make sure we are meeting shareholder needs.

We have proactively communicated our 'Better with Bellway' sustainability strategy to investors as part of our Interim and Preliminary Results announcements and had ongoing dialogue with interested investors. Feedback on the strategy has been positive as investors see our ambitions not only to fulfil our ESG obligations, but also to become industry leaders in the three flagship priorities: Customers & Communities, Carbon Reduction and Employer of Choice. The strategy was launched with a dedicated website which provides a high-level overview of the strategy, our priorities and our key targets for measuring success.

We use investor feedback on our Annual Report and Accounts to provide greater transparency and clarity on the performance of our business.

We have proactively communicated with major shareholders on our response to fire safety to provide oversight of Bellway's proactive and responsible response to the issue.

Bellway has appointed a Group Investor Relations Director to enhance the relationship with investors. Following the end of COVID-19 restrictions we plan to undertake more in-person activities.

Partners

How we engage

Bellway's partners are a key part of our success. Due to our size and scale we must proactively engage with our partners – our suppliers and subcontractors – in order to achieve our goals. Without a positive approach to partnerships, we wouldn't be able to produce the thousands of homes we build every year as this requires a positive working relationship to ensure benefits for all.

Our dedicated Group Commercial relationship management team provide ongoing communications with our partners, and this is also supported at a divisional level. Bellway is proud that many of our suppliers and subcontractors have been working with us for a long-time and it is these long-term relationships that have contributed to the success of both Bellway and our partners.

Bellway's scale and size means we can react to some of the challenges that face the construction sector, with price inflation, supply chain management and labour issues all placing strain on the industry. These are exacerbated by the ongoing worldwide impact of the COVID-19 pandemic, Brexit and the war in Ukraine.

It is during challenging times that our partnership engagement approach comes to fruition as we can flex our approach to mutually address the challenges being faced by all parties to find a suitable outcome. By working together, we have been able to successfully manage any issues that have arisen.

Our long-term working relationships with reputable subcontractors ensure that we can maintain the availability and quality of materials and labour. We work closely with subcontractors to ensure health and safety on construction sites is a priority and any risks are identified and managed effectively. Where health and safety standards are not being maintained, we move quickly to address the issue, removing subcontractors from site or addressing the issue through educational means, such as toolbox talks.

Having effective partnerships with a range of public bodies and national and regional agencies is essential to the success of our business. These relationships allow us to deliver benefit to the communities in which we build. Our long-established relationships with housing association partners across the country, ranging from large national and regional organisations to smaller providers, helps us deliver affordable homes in the communities where we build, giving access to new homes to more people as a result.

Strategic report *(continued)*

Bellway's Group Strategic Land and Divisional Land teams work with landowners, commercial vendors, and the public sector to secure land opportunities in areas where we can provide desirable homes. Sites are considered at all levels of current planning status and funding is made available to allow our teams to move quickly, with offers to purchase subject to our well-established approval process and hurdle rates.

Our divisional teams have significant expertise and knowledge of local planning policies and frameworks. This expertise is essential in guiding challenging sites through the local planning process.

We also engage with Government and private agency partners in joint venture and partnership agreements. We are working with key partners in the execution of our new sustainability strategy Better with Bellway by identifying new technologies and innovations to deliver houses that meet Future Homes Standards from 2025.

We are partner members of the Supply Chain Sustainability School and encourage all our materials suppliers and manufacturers to engage with the school to promote understanding of what they can do to reduce carbon, waste and improve the environment.

On legacy building safety, we work with key fire safety engineers and specialist subcontractors to ensure we are able to identify and manage remediation projects that fall within the government 'pledge' on building safety.

Key issues raised

- Supply chain demand and price inflation
- Labour shortage
- Health and safety
- Land and planning
- Sustainability

Outcomes

Bellway's strong personal relationships with key suppliers and subcontractors have helped us effectively manage the challenges being faced by the industry including: the ongoing impacts following the COVID-19 pandemic, post-Brexit issues, and the war in Ukraine, which is causing global shortages in supply chains and labour. Our Group Commercial team has worked closely with our supply chain partners to overcome most supply issues through more effective planning and discussion.

Our long-term relationships and commitment to our partners and sub-contractors has allowed flexibility to adapt to the challenges being faced by all parties. The continued deployment across our divisions of the standard Artisan house type range is bringing efficiencies for our suppliers and subcontractors. This helps with longer-term forecasting and planning, allowing us to agree longer lead times for products or be more flexible in distribution options.

Respect for our long-term relationships within our supply chain means we can help our suppliers and manufacturers address any short-term issues in the knowledge that they will continue to support us beyond the current market challenges.

Our continued focus on health and safety on our construction sites is vitally important for the health and wellbeing of all our partners and subcontractors. Our ongoing education and enforcement activity means that our RIDDOR levels remain consistent with pre-COVID levels.

Our land and planning expertise continues to be important in delivering new land opportunities and successful planning applications for new sites. Our work with agencies such as Homes England has led to joint ventures and partnerships on key regeneration and infrastructure projects, bringing wider economic benefits to the communities in which they are being built.

Strategic report *(continued)*

Our communities

How we engage

Building homes to be proud of and creating new developments which create attractive and desirable communities is a vital part of our strategy. Our community involvement extends far beyond the sites in which we develop. The investment we make into local communities creates skilled jobs, providing employment to the thousands of subcontractors who work with us. It also provides infrastructure improvements, regeneration, and wider economic benefits that new homes deliver.

During our engagement in the planning process for new developments, we undertake consultation with local communities as part of the public engagement policies of local authorities. By doing this, through direct and indirect communications, holding public meetings and exhibitions, we can share our proposals with communities, and where possible, we will amend proposals if there is a need to address concerns.

Our local PR and digital marketing strategies help us showcase the benefit of our developments to all stakeholders and we use these channels to also highlight the work we do with local communities, for local charities, schools, and other organisations.

Through Section 106 (England and Wales) and Section 75 (Scotland) contributions, Community Infrastructure Levies, and affordable housing contributions, we invest significant resources into the communities where we develop. This is an important contribution to improve education, healthcare and sports facilities and improve local transport networks. In addition, our contribution to improving recreational space for communities through our funding and through the design of our sites provides additional benefit to the community, as well as to homebuyers on our developments.

We operate the Considerate Construction Scheme on sites where appropriate as we understand the impact construction has on communities. Despite our best endeavours, construction is disruptive, noisy and often dirty but we make every effort to limit the impact on local communities and we work with local stakeholders to address concerns when they arise.

As part of our new Better with Bellway sustainability strategy, we are enhancing our work with local communities by increasing our involvement in sustainability activities with them, and we will continue to work with national, regional and local charities and community organisations. Our colleagues fundraise for local events but also provide benefit in kind to organisations, through the donation of supplies or labour. The Group matches donations, recognising the charitable contributions of our colleagues.

Our national charity partnership with Cancer Research UK ('CRUK') is now in its sixth year, with fundraising taking place across our 22 divisions and Group, involving colleagues, suppliers, subcontractors, and professional advisors. Our aim is to raise £3 million for the charity by the end of 2023 and we are well on the way to achieving this ambition.

We also run local programmes involving schools and other community organisations, which demonstrates our commitment to local communities. This year we have launched our schools programme, with divisions working with local schools to promote construction as a career.

Key issues raised

- Affordability and the supply of housing
- Planning and community engagement
- Jobs and skills
- Biodiversity
- Home efficiency and sustainability
- Environmental issues
- Impact on existing communities and infrastructure
- Charitable and community giving

Strategic report *(continued)*

Outcomes

Our Artisan house type range has provided a range of house types which can be used to meet community needs, with many being designed for affordable housing use.

Of the 11,198 housing completions this year, 18% (2021 – 22%) were sold to affordable housing providers, providing much needed affordable homes in communities throughout the UK.

We sold 13% (2021 – 7%) of our new homes to unassisted first-time buyers while 22% (2021 – 39%) were purchased by customers using Help-to-Buy. Overall, 34% (2021 – 28%) of our homes were sold to first-time buyers. The creation of new homes on our developments also impacts the wider community with people moving into new homes from the second-hand market, thereby releasing housing stock.

We have a proven track record of responding to local community queries relating to planning applications and meeting community needs in the process. In 2022 we contributed £117.2 million (2021 – £71.3 million) to local communities through Section 106 (England and Wales) and Section 75 (Scotland) contributions, which has brought significant benefits and investment to local communities throughout the UK.

Our construction activities also deliver employment opportunities across the country and we estimate that between 29,300 to 34,800 direct and indirect jobs were supported by Bellway in the past year.

Following COVID-19, our fundraising activities have increased, with us holding our first national charity day across the Group where all colleagues helped raise money for CRUK.

Our relationship with Cancer Research UK has raised a total of £2.56 million for the charity over the lifetime of our partnership, well on the way to achieving our target of £3 million by the end of 2023.

During the year, our divisions have continued to work with local charitable and community organisations. A further £123,435 has been raised for these organisations but our contribution goes much further than financial assistance. Utilising our staff expertise across a range of disciplines, we can offer advice and practical help to organisations, as well as donate items such as appliances and building materials where they are needed.

Our new schools engagement programme was rolled out in 2022 as part of our new 'Better with Bellway' sustainability programme. So far, our 22 divisions have linked up with over 500 schools to run programmes designed to attract young people to consider a career in construction.

As part of our sustainability strategy, Bellway has teamed up with the environmental charity Earthwatch to trial Tiny Forests, on and near developments. The first of these trials started near to Bellway's Head Office in Newcastle-upon-Tyne. Volunteers from Head Office came along to the first Tiny Forest Tree Planting Day, along with groups from local schools, to plant 600 saplings using 18 different species of trees, creating a natural habitat for wildlife which is open for the enjoyment of the public.

Government and regulators

How we engage

Bellway is apolitical as it has no political affiliations and makes no donations to any political party, causes or campaigns. However, our relationship with central and local government is an important one, given the UK's housing requirements and the part we play in delivering this.

The Government's 'levelling-up agenda' and the importance of housing development in the health of the economy means it is vitally important we engage with key stakeholders in central and local government. Bellway often engages through industry representative bodies on key issues facing the housebuilding sector, for example, building safety. It is through these groups where collective industry positioning is agreed.

Strategic report *(continued)*

Central, devolved, and local government policy in England, Scotland and Wales has a significant impact on the operation of our business, with planning and monetary policy all impacting the supply and demand for housing in the UK.

We work collaboratively with local authorities and other key statutory bodies to ensure developments are brought forward to meet the local housing need. Our contributions to the public purse, through Section 106 (England and Wales) and Section 75 (Scotland) payments help address the wider needs of local communities. These contributions are used for key infrastructure projects to reflect the increase in demand as a result of new homes being built, with roads, schools, doctors and other schemes bringing additional benefits to the communities in which we build.

Bellway engages at a strategic level with senior officials within the Department for Levelling Up, Housing and Communities (DLUHC), HM Treasury and The Cabinet Office to address the pressing issues of accelerating housing delivery, building safety, widening home ownership opportunities and the regeneration of communities.

In London, we work closely with the Greater London Authority and London Borough Councils and engage at a senior level with the Welsh Assembly and the Scottish Parliament where necessary. We also regularly communicate with MPs, MSPs and Welsh Assembly members in dealing with local issues relating to constituency matters, both relating to developments and individual constituent matters raised.

Homes England, the Government's housing accelerator body, is an important partner as we work with them to meet the housing needs. We work closely on their public land and housing investment agendas. We remain one of the main housebuilders to access the equity loan Help-to-Buy programme, which closes at the end of October 2022, and participate in other forums in order to progress major policy initiatives.

At an industry body level, Bellway is an active member of the Home Builders' Federation (HBF) and uses this trade organisation to provide industry level intelligence and overview of the changing regulatory and Government agenda. We contribute to the positioning of the HBF through our active engagement with the wider industry. We engage and respond to Government directly and through our membership of industry trade organisations.

Since 2010, the Consumer Code for Home Builders has set mandatory requirements that housebuilders must meet in the marketing and selling of new homes, as well as in their aftersales customer service. However, a new independent body, The New Homes Quality Board (NHQB), recently published the New Homes Quality Code, which will become the industry code of practice for all registered builders.

Bellway registered with the NHQB in February 2022, with the intention of activating our registration later this year. From this point, customers who reserve a new home following this activation will benefit from the protection of the New Homes Quality Code and the New Homes Ombudsman Service. All others will remain subject to the terms of the current Consumer Code for Home Builders, meaning for a period, Bellway will be working under the terms of both code bodies.

Key issues raised

- Building safety and legacy building safety
- Local planning issues
- Sustainability and environment
- Leasehold reform
- Health and safety
- Access to housing
- Acceleration of housing supply

Outcomes

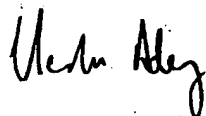
We respond to national, regional and local government policies, regulatory changes and provide developments, which meet local needs by creating new sustainable communities in attractive and desirable places which integrate within existing neighbourhoods. Our developments also contribute to the local economy, with the creation of jobs, Council Tax income and an increase in local economic contributions, often providing a catalyst for wider regeneration.

Strategic report *(continued)*

We work with relevant Government departments and agencies in delivering programmes such as Help-to-Buy which supports first-time buyers purchasing their new home. Through our trade organisation membership, we are able to respond to key Government and regulatory changes.

Our centralised MP and key stakeholders communications ensure we address concerns at a Government and constituent level. Constituent issues raised through local MPs are managed centrally to ensure we provide a consistent response as a business.

We have strengthened our governance around engagement with all MP, MSPs and Welsh Assembly communications and meetings being reported to the Board. Through this approach, we have proactively met and engaged with MPs and other key stakeholders on a number of key topics, including legacy building safety and planning and construction matters, as well as dealing with ongoing constituency matters relating to our developments.



Keith Adey
Director

Woolsington House
Woolsington
Newcastle upon Tyne
NE13 8BF

17 October 2022

1 Bellway uses a range of statutory performance measures and alternatives performance measures when reviewing the performance of the Company against its strategy. Definitions of the alternative performance measures, and a reconciliation to statutory performance measures, are included in note 29.

2 All figures relating to completions, order book, reservations, cancellations and average selling price exclude the Company's share of its joint ventures unless otherwise stated.

3 As measured by the Home Builders' Federation Customer Satisfaction survey.

4 Underlying refers to any statutory performance measure or alternative performance measure before net legacy building safety expense and exceptional items (note 3).

Directors' report

The directors present their directors' report and financial statements for the year ended 31 July 2022.

Principal activities and business review

The principal activity of the Company is housebuilding.

In preparing the financial statements, management has considered the impact of climate change, and the possible impact of climate-related and other emerging business risks. No material issues were identified that would impact the carrying values of the Company's assets or liabilities, or have any other impact on the financial statements.

The directors note the conflict between Russia and Ukraine that remains ongoing at the date of approval of these financial statements. The Company does not operate in Russia or Ukraine either directly or indirectly, and the directors do not at this time consider that the conflict poses any material risk to the Company. However, the directors continue to monitor what is an evolving situation.

Future developments

For 2023 and future years, it is the expectation that the Company will continue with its current principal activities.

Going concern

The Directors consider that the Company is well placed to manage business and financial risks in the current economic environment. Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for the period to 31 July 2024, and have therefore prepared the financial statements on a going concern basis. Further details on the assessment performed is included in note 1.

Dividends

The Company paid a dividend of £160.0 million in the year (2021 – £185.0 million).

Directors

The directors who held office during the year and up to the date of this report were as follows:

KD Adey

JM Honeyman

Employees

Bellway is an equal opportunities employer. It is the Company's policy to develop and apply, throughout the Company, procedures and practices which are designed to ensure that equal opportunities are provided to all employees of Bellway, or those who seek employment with the Company, irrespective of their age, colour, disability, ethnic origin, gender, marital status, nationality, parental status, race, religion, belief or sexual orientation.

All employees, whether part-time, full-time or temporary, are treated fairly and equally. Selection for employment, promotion, training or other matters affecting their employment is on the basis of aptitude and ability. All employees are supported and encouraged to develop their full potential and the talents and resources of the workforce are fully utilised to maximise the efficiency of the organisation.

It is Company policy to give full and fair consideration to the employment needs of disabled persons (and persons who become disabled whilst employed by the Company) and to comply with any current legislation with regard to disabled persons. Training at each division is planned and monitored through an annual training plan.

The importance of good communications with employees is recognised by the directors. Each division maintains good employee relations using a variety of means appropriate to its own particular needs, with guidance when necessary from Head Office.

All new employees, when eligible, are automatically entered into the Company's pension arrangements. In addition, the Company operates a savings related share option scheme. The Company also provides life assurance cover to all our employees and offer a private medical scheme (depending on seniority) and childcare vouchers.

Political donations

The Company made no political donations or incurred any political expenditure during the current or previous year.

Directors' report *(continued)*

Information on those third parties with which the Company has contracts or arrangements essential to its business

The Company is party to a number of banking agreements with major clearing banks and debt provided as part of the USPP. The withdrawal of such facilities could have a material effect on the financing of the business. There are no other arrangements which the Company considers to be critical to the performance of the business.

Directors' and officers' liability insurance and indemnification of directors

The Company carries appropriate insurance cover in respect of possible legal action being taken against its directors and senior employees. The Articles provide the directors with further protection against liability to third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of this report.

Post balance sheet events

The Company acquired 100% of the ordinary share capital of Rosconn Strategic Land Limited on 12 October 2022 for £24.8 million cash consideration.

Earlier this month, the Group also signed up to the Developers' Pact with the Welsh Government. Similar to the Pledge, this is a commitment to remediate buildings over 11 metres in height with life critical fire safety issues, which were constructed in Wales since 1992. Reflecting our ongoing and responsible UK-wide approach to legacy building safety, the expected cost of the remediation works in Wales was probable at the year end and is included in our provision at 31 July 2022.

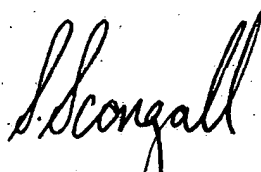
Disclosure of all relevant information to the auditor

The directors who held office at the date of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and that each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the board



Simon Scougall
Secretary

Woolsington House
Woolsington
Newcastle upon Tyne
NE13 8BF

17 October 2022

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 company financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the company financial statements, state whether in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not 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 the group and enable them to ensure that the company 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report and corporate governance statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent auditor's report to the members of Bellway Homes Limited

Opinion

We have audited the financial statements of Bellway Homes Limited for the year ended 31 July 2022 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cashflow statement and the related notes 1 to 30, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 July 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the company's financial close process, we obtained an understanding of management's going concern assessment process and challenged management to ensure key factors were considered in their assessment. We obtained an understanding of each of management's modelled scenarios, including the base case, the severe but plausible downside case and the reverse stress test case. The reverse stress test cases has been prepared to illustrate severe and unrealistic assumptions which achieve or nearly achieve a break case i.e. where the company runs out of cash or breaches a debt covenant.
- We obtained management's going concern assessment, including the cashflow forecast for the going concern period through to 31 July 2024 and tested these for arithmetical accuracy.
- We challenged the appropriateness of the key assumptions in management's forecasts, including the impact of housing completions and average selling price on revenue generation, in the context of our knowledge of the business, historical performance and the position of the business at the year-end. We also assessed these against information from the Office of National Statistics noting no contradictory indicators. We considered the appropriateness of the methods used to calculate the cash flow forecasts. We determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an appropriate assessment for Bellway.
- We obtained the reverse stress testing case prepared by management and assessed the plausibility of these and the severe downside case scenarios by challenging the assumptions made and considering indicators of contradictory evidence.
- We considered the mitigating factors included in the cashflow forecasts that are within control of the company. This includes assessment of the company's operating and non-operating cash outflows relating to discretionary bonus payments and dividend payments and evaluating the company's ability to control these outflows as mitigating actions if required.
- We subjected the severe downside model to additional stress testing to confirm management have considered a balanced range of outcomes in their assessment of going concern.
- We reviewed the company's going concern disclosures included in the annual report and accounts in order to assess whether the disclosures were appropriate and described the assessment management performed and the key judgements taken.

Independent auditor's report to the members of Bellway Homes Limited (continued)

Based on the work we performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern over the period to 31 July 2024 from when the financial statements are authorised for issue

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent auditor's report to the members of Bellway Homes Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards), tax legislation, employment law, health and safety legislation and fire building safety legislation.
- We understood how the company is complying with those frameworks by making inquiries with management, internal audit and those responsible for legal and compliance procedures and the Group General Counsel and Company Secretary. We corroborated our enquiries through our review of Board minutes and review of company compliance with policies and processes. We obtained and reviewed where relevant legal correspondence to support our audit procedures and to assess management positions reported in respect of legacy building safety improvements.
- We assessed the susceptibility of the company financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was a susceptibility to fraud. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud and error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual consolidation journals, and journals indicating large or unusual transactions based on our understanding of the business; enquiries of company management and internal audit; and focused testing. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements with the requirements of the relevant accounting standards and UK legislation.

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

Use of our report

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

Ernst & Young LLP

Mark Morritt (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
17 October 2022

Income Statement

for the year ended 31 July 2022

	Note	2022 £m	2021 £m
Revenue	1,2	3,536.8	3,119.6
Cost of sales		(3,094.1)	(2,519.2)
Analysed as:			
Underlying cost of sales		(2,749.9)	(2,467.4)
Adjusting item: net legacy building safety expense	3	(344.2)	(51.8)
Gross profit		442.7	600.4
Other operating income		25.3	54.6
Other operating expenses		(25.1)	(55.0)
Administrative expenses		(133.9)	(124.4)
Dividends received from joint arrangements		15.7	-
Operating profit	4-6	324.7	475.6
Finance income	7	1.6	0.5
Finance expenses	7	(15.7)	(11.7)
Analysed as:			
Underlying finance expenses		(13.7)	(11.7)
Adjusting item: unwinding of discount on the legacy building safety provision	3	(2.0)	-
Profit before taxation		310.6	464.4
Income tax expense	8	(62.0)	(91.3)
Profit for the year		248.6	373.1

All of the operations were continuing in the current and prior year.

Adjusting items	Note	2022 £m	2021 £m
Gross profit			
Gross profit per the Income Statement		442.7	600.4
Adjusting item: net legacy building safety expense	3	344.2	51.8
Underlying gross profit		786.9	652.2
Operating profit			
Operating profit per the Income Statement		324.7	475.6
Adjusting item: net legacy building safety expense	3	344.2	51.8
Underlying operating profit		668.9	527.4
Profit before taxation			
Profit before taxation per the Income Statement		310.6	464.4
Adjusting item: net legacy building safety expense	3	346.2	51.8
Underlying profit before taxation		656.8	516.2
Profit for the year			
Profit for the year per the Income Statement		248.6	373.1
Adjusting item: net legacy building safety expense	3	346.2	51.8
Adjusting item: tax on net legacy building safety expense		(70.3)	(9.8)
Underlying profit for the year		524.5	415.1

Statement of Comprehensive Income
for the year ended 31 July 2022

	Note	2022 £m	2021 £m
Profit for the year		248.6	373.1
Other comprehensive (expense)/income			
<i>Items that will not be recycled to the income statement:</i>			
Remeasurement (losses)/gains on defined benefit pension plans	23	(3.5)	8.5
Income tax on other comprehensive expense/(income)	8	0.5	(2.2)
		<hr/>	<hr/>
Other comprehensive (expense)/income for the period, net of income tax		(3.0)	6.3
		<hr/>	<hr/>
Total comprehensive income for the period		245.6	379.4
		<hr/> <hr/>	<hr/> <hr/>

Statement of Changes in Equity at 31 July 2022

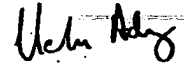
	Note	Share capital £m	Retained earnings £m	Total equity £m
At 1 August 2020		0.8	2,486.7	2,487.5
Total comprehensive income for the period				
Profit for the period		-	373.1	373.1
Other comprehensive income*		-	6.3	6.3
Total comprehensive income for the period		-	379.4	379.4
Transactions with shareholders recorded directly in equity:				
Dividends on equity shares		-	(185.0)	(185.0)
Credit in relation to share options and tax thereon	8, 23	-	2.7	2.7
Total contributions by and distributions to shareholders		-	(182.3)	(182.3)
Balance at 31 July 2021		0.8	2,683.8	2,684.6
Total comprehensive income for the period				
Profit for the period		-	248.6	248.6
Other comprehensive expense*		-	(3.0)	(3.0)
Total comprehensive income for the period		-	245.6	245.6
Transactions with shareholders recorded directly in equity:				
Dividends on equity shares		-	(160.0)	(160.0)
Credit in relation to share options and tax thereon	8, 23	-	2.8	2.8
Total contributions by and distributions to shareholders		-	(157.2)	(157.2)
Balance at 31 July 2022		0.8	2,772.2	2,773.0

*An additional breakdown is provided in the Statement of Comprehensive Income.

Balance Sheet
at 31 July 2022

	Note	2022 £m	2021 £m
ASSETS			
Non-current assets			
Property, plant and equipment	9	30.5	31.8
Investments in subsidiaries	10	6.1	1.6
Loans to joint arrangements	10	20.9	39.6
Retirement benefit assets	23	7.1	10.2
Intangible assets	26	7.2	9.3
		<u>71.8</u>	<u>92.5</u>
Current assets			
Inventories	12	4,407.8	4,022.8
Trade and other receivables	13	121.0	86.7
Cash and cash equivalents	20	325.9	411.2
		<u>4,854.7</u>	<u>4,520.7</u>
Total assets		<u><u>4,926.5</u></u>	<u><u>4,613.2</u></u>
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	14	130.0	130.0
Trade and other payables	15	106.6	89.7
Deferred tax liabilities	11	11.6	9.6
Provisions	16	400.8	89.0
		<u>649.0</u>	<u>318.3</u>
Current liabilities			
Corporation tax payable		-	3.8
Trade and other payables	15	1,463.8	1,579.5
Provisions	16	40.7	27.0
		<u>1,504.5</u>	<u>1,610.3</u>
Total liabilities		<u><u>2,153.5</u></u>	<u><u>1,928.6</u></u>
Net assets		<u><u>2,773.0</u></u>	<u><u>2,684.6</u></u>
EQUITY			
Share capital	18	0.8	0.8
Retained earnings		<u>2,772.2</u>	<u>2,683.8</u>
Total equity		<u><u>2,773.0</u></u>	<u><u>2,684.6</u></u>

These financial statements were approved by the Board of Directors on 17 October 2022 and were signed on its behalf by:


Keith Adey
Director
Registered number: 670176

Cash Flow Statement
for the year ended 31 July 2022

	Note	2022 £m	2021 £m
Cash flows from operating activities			
Profit for the year		248.6	373.1
Depreciation	9	5.9	6.4
Amortisation	26	2.1	0.2
Profit on sale of property, plant and equipment	4	-	(0.7)
Finance income	7	(1.6)	(0.5)
Finance expenses	7	15.7	11.7
Dividends received from joint arrangements	24	(15.7)	-
Share-based payment expense	23	3.1	2.6
Income tax expense	8	62.0	91.3
Increase in inventories		(385.0)	(160.7)
Increase in trade and other receivables		(35.1)	(12.7)
(Decrease)/increase in trade and other payables		(114.6)	239.4
Increase in provisions		325.5	45.7
Cash from operations		110.9	595.8
Interest paid		(5.8)	(2.9)
Income tax paid		(63.5)	(81.6)
Net cash inflow from operating activities		41.6	511.3
Cash flows from investing activities			
Acquisition of property, plant and equipment		(0.5)	(3.3)
Proceeds from sale of property, plant and equipment		0.1	1.5
Increase in loans to joint arrangements	10	(2.1)	(17.1)
Repayment of loans by joint arrangements	10	21.6	33.0
Dividends from joint ventures	24	15.7	-
Acquisition of joint operation		-	(8.9)
Interest received		1.2	0.6
Net cash inflow from investing activities		36.0	5.8
Cash flows from financing activities			
Decrease in bank borrowings	19	-	(77.8)
Increase in fixed rate sterling USPP notes	17	-	130.0
Payment of lease liabilities	17	(2.9)	(3.4)
Dividends paid		(160.0)	(185.0)
Net cash outflow from financing activities		(162.9)	(136.2)
Net (decrease)/increase in cash and cash equivalents	19	(85.3)	380.9
Cash and cash equivalents at beginning of year	20	411.2	30.3
Cash and cash equivalents at end of year	20	325.9	411.2

Notes

1 Accounting policies

Basis of preparation

Bellway Homes Limited (the 'Company') is a company incorporated in England and Wales.

The financial statements of Bellway Homes Limited have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards, and have been prepared on the historical cost basis.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group. These financial statements were approved for issue on 17 October 2022.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 1 to 6. The Company's policies and processes for managing its capital, financial risk, and its exposures to credit, liquidity, interest rate and housing market risk are described in the Financial Risk Management section of the Strategic Report.

The Company is subject to a cross guarantee banking arrangement with its ultimate parent undertaking, Bellway p.l.c. and certain other Group undertakings. Detailed information regarding the financial position of the Group headed by Bellway p.l.c., its cash flows, liquidity position and borrowing facilities are included in the financial statements of Bellway p.l.c., which can be obtained from the address given in note 27.

The accounting policies set out within the notes to the financial statements have been applied consistently to all periods presented in these consolidated financial statements.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company had net assets of £2,773.0 million at 31 July 2022 and has generated a profit for the period then ended of £248.6 million. The Company is a subsidiary of Bellway p.l.c. (together with its subsidiaries "the Group") and the Company forms the vast majority of the Group's operations. The directors of Bellway p.l.c., the ultimate parent undertaking, manage the Group's strategy and risks on a consolidated basis, rather than at an individual entity level. Similarly, the financial and operating performance of the business is assessed at a Bellway p.l.c. Group operating level. For these reasons, the directors do not prepare cash flow forecasts at an individual entity level.

The Group's activities are financed principally by a combination of ordinary shares and cash in hand less debt. At 31 July 2022, Bellway had net cash of £245.3 million¹, having utilised cash of £85.0 million during the year, including £114.6 million of cash generated from operations.

The Group has operated within all its debt covenants throughout the year, and covenant compliance was considered as part of the going concern assessment. In addition, the Group had bank facilities of £400.0 million at 31 July 2022, expiring in tranches up to December 2025. Furthermore, in February 2021 the Group entered into a contractual arrangement to issue a sterling US Private Placement ('USPP') for a total amount of £130.0 million, as part of its ordinary course of business financing arrangements, which has maturity dates in 2028 and 2031. In aggregate, the Group had committed debt lines of £530.0 million at 31 July 2022.

Including committed debt lines and cash, the Group had access to total funds of £775.3 million, along with net current assets (excluding cash) of £3,567.2 million at 31 July 2022, providing the Group with appropriate liquidity to meet its current liabilities as they fall due.

Notes (continued)

1 Accounting policies (continued)

The Group's internal forecasts have been regularly updated, incorporating our actual experience along with our expected future outturn. The latest available base forecast has been sensitised, setting out the Group's resilience to the principal risks and uncertainties in the most severe but plausible scenario. The sensitivity includes a recession due to economic uncertainty and a deterioration in customer confidence. This could lead to a reduction in both the total number of legal completions and private average selling price, with overheads, land spend and construction spend reducing accordingly.

This sensitivity includes the following principal assumptions:

- Private completions in H1 FY23 are supported by the strong forward order book, but still fall to 84% of that achieved in H1 of FY22. In the 12 months to 31 January 2024, private completions reduce by around 50% compared to the 12 month pre-stress peak achieved in FY22. This is followed by a gradual recovery based on the lower base position.
- Private average selling price in H1 FY23 remains in line with internal forecasts due to the strong order book position. In the 12 months to 31 January 2024, the private average selling price reduces by 10% compared to the latest achieved pricing. This is followed by a gradual recovery based on the lower base position.
- These assumptions reflect the Group's experience in the 2008-09 Global Financial Crisis.

A number of prudent mitigating actions within the Directors' control were incorporated into the plausible but severe downside scenario, including:

- Plots in the land bank only being replaced at the same rate that they are utilised.
- Construction spend is reduced in line with housing revenue.
- Dividends were reduced in line with earnings.

The sensitivity analysis was modelled over the period to 31 July 2024 for the going concern assessment. In addition to the above, several additional mitigating measures remain available to management that were not included in the scenario. These include withholding discretionary land spend and instead trading out of the substantial existing land holdings.

In the scenario, the Group had significant headroom in both its financial debt covenants and existing debt facilities and met its liabilities as they fall due. In relation to climate risks, and in particular the requirement of the Group to reduce carbon emissions, the going concern assessment is not considered to be materially affected by the Future Homes Standard.

The Directors consider that the Group is well placed to manage business and financial risks in the current economic environment. Consequently, the Directors are confident that the Group and parent company will have sufficient funds to continue to meet its liabilities as they fall due for the period to 31 July 2024, and have therefore prepared the financial statements on a going concern basis. Whilst the Company forms the vast majority of the Group's operations, the Directors have also overlaid any significant intra-group cash flows of the Company on top of the Group's forecasts which indicate that the Company will have sufficient funds, through its cash balances and existing bank facilities, to meet its liabilities as they fall due for that period.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared these financial statements on a going concern basis.

Notes (continued)

1 Accounting policies (continued)

Effect of new standards and interpretations effective for the first time

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK adopted international accounting standards in its financial statements on 1 August 2021. There was no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework, or changes in accounting policies from the transition.

The Group has adopted and applied the following standards and amendments in the year, which are relevant to its operations, none of which had a material impact on the financial statements:

- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

Standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements there were a number of standards and interpretations which were in issue but not yet effective. These have not been applied in these financial statements and are not expected to have a material effect when adopted.

Property, plant and equipment

Items are stated at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is charged to the income statement on a straight-line basis over their estimated useful lives over the following number of years:

- Plant, fixtures and fittings - 3 to 10 years.
- Freehold buildings - 40 years.

Freehold land is not depreciated.

Investments in subsidiaries and joint arrangements

Interests in subsidiary undertakings and loans to joint arrangements are valued at cost less impairment.

When the Company acquires another entity and hives up the trade and assets, the carrying value of the investment is not impaired as the value is attributable to the assets acquired, but is instead treated as goodwill. This treatment, as regards the investments transferred to goodwill instead of being impaired, is a departure from the requirements of IAS 36 concerning impairment of investments. However, as the directors consider that as there has been no overall loss to the Company, this would fail to present fairly the Company's financial position and financial performance. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. The effect of this departure is detailed in note 10.

When goodwill arises upon the acquisition of an entity whose assets are predominately inventory, and they along with the trade are hived up in to the Company, it is not subject to an annual impairment review. Instead, the goodwill is amortised over the period that the hived-up assets generate revenue. This treatment, as regards the amortisation of goodwill, is a departure from the requirements of IAS 36 where goodwill is only tested annually for impairment. However, as the directors consider the goodwill directly attributable to a piece of land that will be developed and sold, this would fail to present fairly the Company's financial position and financial performance. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. The effect of this departure is detailed in note 10.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, in relation to work in progress and showhomes, comprises direct materials and, where applicable, direct labour costs and those overheads, not including any general administrative overheads, which have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and overheads.

Notes (continued)

1 Accounting policies (continued)

Inventories (continued)

Land held for development, including land in the course of development until legal completion of the sale of the asset, is initially recorded at cost. Regular reviews are carried out to identify any impairment in the value of the land by comparing the total estimated selling prices less estimated selling expenses against the book cost of the land plus estimated costs to complete. Provision is made for any irrecoverable amounts. Where, through deferred payment terms, the fair value of land purchased differs from the amount that will subsequently be paid in settling the liability, the difference is charged as a finance expense in the income statement over the period to settlement.

Options purchased in respect of land are capitalised initially at cost. Regular reviews are carried out for impairment in the value of these options, and provisions made accordingly to reflect loss of value. The impairment reviews consider the period elapsed since the date of purchase of the option given that the option contract has not been exercised at the review date. Further, the impairment reviews consider the remaining life of the option, taking account of any concerns over whether the remaining time available will allow a successful exercise of the option. The carrying cost of the option at the date of exercise is included within the cost of land purchased as a result of the option exercise.

Investments in land without the benefit of planning consent, either through the purchase of land or non-refundable deposits paid on land purchase contracts subject to planning consent, are included initially at cost. Regular reviews are carried out for impairment in the values of these investments and provision made to reflect any irrecoverable element. The impairment reviews consider the existing use value of the land and assess the likelihood of achieving planning consent and the value thereof.

Trade and other receivables

Trade and other receivables are stated at their fair value at the date of initial recognition and subsequently at amortised cost less allowances for impairment. Amounts recoverable on certain social housing contracts where revenue is recognised over time are included in trade receivables to the extent that they have been invoiced, or if not, they are included within prepayments and accrued income, and are stated as the amount due less any foreseeable losses.

The loss allowance for amounts owed by Group undertakings is equal to the 12-month expected credit losses unless there has been a significant increase in credit risk since the date of initial recognition, in which case the loss allowance is equal to the lifetime expected credit loss. A significant increase in credit risk is deemed to have occurred if a review of available information indicates an increased probability of default.

Cash and cash equivalents

Cash and cash equivalents are defined as cash balances in hand and in the bank (including short-term cash deposits). The Company utilises bank overdraft facilities, some of which are repayable on demand, as part of its cash management policy. Those which are repayable on demand, are included as a component of net cash and cash equivalents within the cash flow statement. For bank overdraft facilities that are not repayable on demand and not integral to day-to-day cash management, they are recognised in financing activities within other interest bearing loans and borrowings.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are stated at their fair value at the date of initial recognition and subsequently at amortised cost.

Trade and other payables

Trade and other payables on normal terms are not interest-bearing and are stated at their nominal value. Trade payables on deferred terms, most notably in relation to land purchases, are recorded initially at the fair value of all expected future payments. The discount to nominal value is amortised over the period to settlement and charged to finance expenses.

Notes (continued)

1 Accounting policies (continued)

Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past transaction or event, and it is probable that the Company will be required to settle that obligation either due to known data or based on historical data and a weighting of possible outcomes against their associated probabilities. Provisions are measured at the directors best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to the present value using a UK risk free discount rate reflecting the period of the expected cashflow, where the effect is material.

Payments on account

Payments on account, measured at amortised cost, are recorded as a liability on receipt and are released to the income statement when revenue is recognised in accordance with the Company's revenue recognition policy.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Other dividends are recognised as a liability in the period in which they are approved by the shareholders. Interim dividends are recognised when paid.

Financial instruments

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

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, or when the Company has transferred those rights and substantially all the risks and rewards of the asset. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Classification of equity instruments and financial liabilities issued by the Company

Equity instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable, net of incentives.

(a) Private housing sales and land sales:

Revenue is recognised in the income statement at a point in time when the performance obligation, being the transfer of a completed dwelling to a customer, has been satisfied. This is when legal title is transferred.

(b) Social housing:

The Company reviews social housing contracts on a contract by contract basis and determines the appropriate revenue recognition based on the specific terms of each contract.

Notes (continued)

1. Accounting policies (continued)

Revenue recognition (continued)

Where a contract with a housing association transfers both land and social housing on legal completion ("turnkey and plot sale contracts" which typically represents around one third of social housing revenue), there is one performance obligation and revenue is recognised in the income statement at a point in time when the homes are build complete and all material contractual obligations have been fulfilled. This is when legal title is transferred.

Where a contract with a housing association transfers legal title of land once foundations are in place ("design and build" contracts' which typically represents around two thirds of social housing revenue) and separately transfers the social housing dwellings when they are build complete, there is a judgement as to whether the sale of land is a separate performance obligation for the purposes of revenue recognition and consequentially whether revenue should be recognised over time or on a point in time basis for the social housing units. Based on the contractual terms in the majority of such contracts, notably those that enable the Company to retain control over the land regardless of the transfer of title, the Company has determined that these contracts include one performance obligation which is appropriately recognised at a point in time, when the homes are build complete and all material contractual obligations have been fulfilled.

The Company recognises revenue in the income statement over time for contracts where the control of land is irrevocably transferred to the customer before or during construction. Revenue is recognised from the point that control is irrevocably transferred to the customer.

Where revenue is recognised over time and the outcome of the contract can be estimated reliably, it is recognised based on the stage of completion of the contract at the balance sheet date. This is usually by reference to surveys of work performed to the balance sheet date. Variations to such contracts are included in revenue to the extent that they have been agreed with the customer. Where the outcome of such a contract cannot be measured reliably, revenue is recognised to the extent of costs incurred.

Incentives

Sales incentives are substantially cash in nature. Cash incentives are recognised as a reduction in housebuild revenue by the cost to the Group of providing the incentive.

Rental income

Rental income is recognised in the income statement on a straight-line basis over the term of the lease.

Part-exchange properties

The purchase and subsequent sale of part-exchange properties is an activity undertaken in order to achieve the sale of a new property. The original sale of private housing is recognised, as above, at the fair value of the part exchange property plus the cash received or receivable. The fair value of the part exchange property is equal to the amount assessed by external valuers. The onward sale of a part-exchange property is recognised at the fair value of consideration received or receivable. As it is not considered a principal activity of the Company the income and expenses associated with this are recognised in other operating income and other operating expenses. Income is recognised in the income statement at a point in time when the performance obligations have been satisfied. This is when legal title is transferred.

Contingent liabilities

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Company, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Taxation

The charge for taxation is based on the result for the year and takes into account current and deferred taxation. The charge is recognised in the income statement except to the extent that it relates to items recognised in equity in which case it is recognised in equity or other comprehensive income in which case it is recognised in other comprehensive income.

Notes (continued)

1 Accounting policies (continued)

Taxation (continued)

Deferred taxation is provided for all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Employee benefits - retirement benefit costs

The defined benefit scheme liability is the present value of the defined benefit obligation at the balance sheet date less the fair value of scheme assets. The calculation is performed by a qualified actuary using the projected unit credit method. All remeasurement gains and losses are recognised immediately in the Statement of Comprehensive Income ('SOCI'). Net interest income/(cost) is calculated on the defined benefit asset/(liability) for the period by applying the discount rate used to measure the defined benefit liability at the start of the year. Return on plan assets in excess of the amounts included in the net interest cost are recognised in full in the SOCI. Further details of the scheme and the valuation methods applied may be found in note 23.

Defined contribution pension costs are charged to the income statement in the period for which contributions are payable.

Employee benefits - share-based payments

Where the Company's parent company, Bellway p.l.c., has granted share options over its shares to employees of the Company in accordance with IFRS 2 'Share-based Payments', the fair value of equity-settled share options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured as at the date the options are granted and the charge is only amended if vesting does not take place due to non-market conditions not being met. Various option pricing models are used according to the terms of the option scheme under which the options were granted. The fair value is spread over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of options that vest. At the balance sheet date, if it is expected that non-market conditions will not be satisfied, the cumulative expense recognised in relation to the relevant options is reversed.

With respect to share-based payments, a deferred tax asset is recognised on the relevant tax base. The tax base is then compared to the cumulative share-based payment expense recognised in the income statement. Deferred tax arising on the excess of the tax base over the cumulative share-based payment expense recognised in the income statement has been recognised directly in equity outside the SOCI as share-based payments are considered to be transactions with shareholders.

Leases

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Company is reasonably certain to exercise that option. Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, and reducing it by the lease payments made. The lease liability is remeasured when the Company changes its assessment of whether it will exercise an extension or termination option.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability, plus any initial direct costs and an estimate of asset retirement obligations, less any lease incentives. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain re-measurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

The Company has elected to apply exemptions for short-term leases and leases for which the underlying asset is of low value. For these leases, payments are charged to the income statement on a straight-line basis over the term of the relevant lease.

Notes (continued)

1 Accounting policies (continued)

Leases (continued)

Right-of-use assets are presented in property, plant and equipment on the balance sheet and lease liabilities are shown on the balance sheet in trading and other payables in current liabilities and non-current liabilities depending on the length of the lease term.

Finance income and expenses

Finance income includes interest receivable on bank deposits.

Finance expenses includes interest on bank borrowings. The discounting of the deferred payments for land purchases produces a notional interest payable amount and this is also charged to finance expenses.

Exceptional items

Exceptional items are those which, in the opinion of the Board, are material by size or nature and of such significance that they require separate disclosure on the face of the income statement.

Accounting estimates and judgements

Management consider the following to be major sources of estimation that have been made in these financial statements:

Carrying amount of land held for development and work in progress

Inventories are carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and overheads. Valuations of site/phase work in progress are carried out at regular intervals and estimates of the cost to complete a site and estimates of anticipated revenues are required to enable a development profit to be determined. Management are required to employ considerable judgement in estimating the profitability of a site/phase and in assessing any impairment provisions which may be required. If a 10% increase was applied to the inventories net realisable provision, this would not have a material effect on the carrying value of work in progress and land held for development at the year end.

For both the years ended 31 July 2022 and 31 July 2021, a full review of inventories has been performed and write downs have been made where cost exceeds net realisable value. Estimated selling prices have been reviewed on a site by site/phase by phase basis and have been amended based on local management and the directors' assessment of current market conditions.

Cost of sales recognition

Cost of sales is recognised for completed house sales as an allocation of the latest whole site/phase gross margin which is an output of the site/phase valuation. These valuations, which are updated at frequent intervals throughout the life of the site/phase, use actual and forecast selling prices, land costs and construction costs and are sensitive to future movements in both the estimated cost to complete and expected selling prices. Forecast selling prices are inherently uncertain due to changes in market conditions. This is a key estimate made in the financial statements.

To determine the amount of cost of sales that the Company should recognise on its sites/phases in the year, the Company needs to allocate site/phase wide costs between all plots, both those already sold, and those plots to be sold in future periods. The Company generally allocates site/phase wide costs based on expected total revenue unless this does not reflect an appropriate apportionment of the costs. It is also necessary to estimate costs to complete on such sites/phases. In addition, the Company makes estimates in relation to future sales prices on the site/phase. The Company has a number of internal controls to assess and review the reasonableness of estimates made. If housing gross margin decreased by 200 basis points, it is estimated that the quantum of housing cost of sales would increase by around 2.6%.

Notes (continued)

1 Accounting policies (continued)

Accounting estimates and judgements (continued)

Net legacy building safety expense and exceptional items

The legacy building safety improvements provision has been established to carry out remedial corrective works on a number of schemes. Management have estimated the cost of the corrective works for the current anticipated scope, but this is inherently uncertain as the improvement works are at an early or investigative stage on most affected sites. These estimates may change over time as further information is assessed, building works progress and the interpretation of the scope of the Pledge or fire safety regulations further evolve. If:

- cost estimates increase by 5%, the provision at 31 July 2022 would increase by around £22 million.
- the discount rate increases by 100 bps, the provision at 31 July 2022 would decrease by around £12 million.

Judgements

While preparing these financial statements, a major judgement which the Directors consider could have a significant effect on the financial statements when applying the Company's accounting policies is whether items should be treated as exceptional or not, the value of such items is not considered to be an area of judgement. The Directors assessed each possible exceptional item against a framework incorporating the Company's accounting policy, the accounting requirements of IAS 1 'Presentation of Financial Statements' relating to the separate disclosure of material items of income or expense.

For the years ended 31 July 2022 and 31 July 2021, the Directors considered that the net legacy building safety expense satisfied the requirements to be separately disclosed on the face of the income statement.

Legacy building safety improvements

The directors consider that their assessment and judgement of the legacy building safety improvements provision, in accordance with the Company's accounting policies, could have a significant effect on the Company's financial statements.

The directors have established whether any remedial works are required to be performed on certain sites and if so, has then assessed whether there is a legal or constructive obligation at the balance sheet date. A legal obligation, assessed on a site by site basis, is present if Bellway is the responsible person for the site or if the building was constructed within a specified time period. A constructive obligation is present if Bellway has communicated to the involved parties (such as residents and building owners) that it will undertake the remedial works. If the Company has identified that it has a legal or constructive obligation then a provision has been recognised for the latest estimated cost of the remedial works.

This is a highly complex area with judgements in respect of the extent of those properties within the scope of Bellway's legacy building safety improvement provision, the scope of the works and the provision could be extended should the scope of the Pledge or latest interpretation of government guidance further evolve (note 21).

Recognition and amortisation of goodwill

As explained in note 26 the Company has recognised goodwill in relation to the acquisition of Lowfield Street Limited and this is being amortised over the over the pattern of expected consumption, currently expected to be 5 years. The transfer of investment value to goodwill is a judgement and a different view would have resulted in a decrease in the Company's profit in the year ended 31 July 2020. Furthermore, the period over which goodwill is amortised is a judgement and a different view of the pattern of expected consumption could change the results of the company.

Notes (continued)

2 Revenue from contracts with customers

Revenue from contracts with customers

An analysis of the Company's revenue is as follows:

	2022 £m	2021 £m
Housebuilding revenue	3,520.6	3,107.1
Non-housebuilding revenue	16.2	12.5
Total revenue	3,536.8	3,119.6

The Company's housebuilding revenue can be analysed as follows:

	2022 £m	2021 £m
Private	3,190.9	2,737.3
Social	329.7	369.8
Total housebuilding revenue	3,520.6	3,107.1

3 Net legacy building safety expense

The net legacy building safety expense and other exceptional items are those which, in the opinion of the Board, are material by size or nature and of such significance that they require separate disclosure on the face of the income statement to allow the users of the financial statements to understand the performance of the Company and make more informed decisions.

Profit before taxation for the years ended 31 July 2022 and 31 July 2021 has been arrived at after recognising the following items in the income statement:

	2022 £m	2021 £m
Net legacy building safety expense (note 16) - cost of sales	344.2	51.8
Net legacy building safety expense (note 16) - finance expenses	2.0	-
Total net legacy building safety expense	346.2	51.8

Notes (continued)

3. Net legacy building safety expense (continued)

The income tax rate applied to the total net legacy building safety expense in the income statement is the UK corporation tax rate of 20.3% (2021 – 19.0%).

Bellway's continued commitment to act responsibly with regards to fire safety is reflected by the level of our prudent provisions and the actions the Company has taken since the tragic events at Grenfell in 2017. Government guidance and regulations in relation to legacy building safety have evolved since 2017 and apartment blocks are now to be assessed in accordance with the Publicly Available Specification ('PAS') 9980:2022, produced by the British Standards Institute.

In the first half of the year ended 31 July 2022 the Company set aside £19.6 million for legacy safety improvements, bringing the total provided in the period between 2017 and up to 31 January 2022 to £186.8 million. These are in relation to apartment buildings over 11 metres in height, which were generally built within our 10-to-12 year warranty period.

On 7 April 2022, as part of the Building Safety Pledge (the 'Pledge'), we announced that this commitment would be extended to a 30-year period to include buildings constructed by the Company since 5 April 1992 and to reimburse the Building Safety Fund and the ACM Fund in accordance with the principles set out in the Pledge. The Company entered into this commitment acknowledging that resident safety is of paramount importance and an additional £326.6 million was set aside in the second half of financial year 2022.

In total, for the year ended 31 July 2022 Bellway set aside a net exceptional expense of £346.2 million, in relation to legacy building safety improvements. The net charge comprises a gross expense of £347.0 million, less recoveries of £2.8 million, and an adjusting finance expense of £2.0 million in relation to the unwinding of the discount of the provision to present value.

While the Pledge relates to developments in England-only, Bellway has taken a responsible, UK-wide approach to also provide for works in relation to the small number of apartment buildings the Company has developed in Scotland and Wales, where remediation is required. Taking this into consideration, the total amount Bellway has set aside for UK legacy building safety since 2017 is £513.7 million. Costs have been provided regardless of whether Bellway still retains ownership of the freehold interest in the building or whether warranty providers have a responsibility to carry out remedial works.

Although the application of the PAS is still under consideration by both the Company and the wider industry, the Board nevertheless believes that the level of provision is robust. It has been calculated using cost estimates based on our extensive experience to date, using analysis of previously tendered works and prudent, professional estimates based on knowledge of known issues. In addition, on developments where full investigations have not yet been undertaken or cost reports obtained, costs to date on similar developments have been used to assess the likely cost. We have also made assumptions with regards to the likely cost of resolving potential issues, that we have not yet been made aware of, on schemes covered by the extended 30-year period.

The provision calculation uses the expected timings of cash outflows which are adjusted for future estimated cost inflation in accordance with the Build Cost Information Service ('BCIS') index, a leading provider of cost and price information to the construction industry. The provision is discounted back to a present value using UK gilt rates with maturities which reflect the expected timing of cash outflows. The unwinding of this discount is charged through the income statement as an adjusting finance expense item.

The majority of the cash outflow is expected to be over the next five years, although there will be some residual expenditure beyond this. The anticipated timing reflects the complex issues around remediation including identifying the works required, design and planning obligations, interpretation of PAS, liaison and negotiations with building owners, and appointment of contractors.

Notes (continued)

3 Net legacy building safety expense (continued)

Notwithstanding these complexities the Company has made good progress with work completed on 6 developments, underway on 15 developments and works due to commence on a further 3 developments by the end of the calendar year.

Total recoveries recognised since 2017 are £30.0 million. Reimbursement assets of nil (2021 – £0.5 million) remain outstanding at the period end.

4 Expenses and auditor's remuneration

	2022 £m	2021 £m
<i>Operating profit is stated after charging/(crediting):</i>		
Staff costs	193.1	184.4
Profit on sale of property, plant and equipment	-	(0.7)
Depreciation of property, plant and machinery and amortisation (note 9)	5.9	6.4
Amortisation (note 26)	2.1	0.2
Hire of plant and machinery	17.1	15.2
	<u>£000</u>	<u>£000</u>
<i>Auditor's remuneration:</i>		
Audit of these financial statements	339	320
Pension scheme audit	17	15
	<u>356</u>	<u>335</u>

All other operating income relates to the sale of part-exchange properties and all other operating expenses relate to the associated fair value of the part-exchange properties less costs to sell.

5 Employee information

The average number of persons employed by the Company during the year was 2,978 (2021 – 2,934) comprising 1,116 (2021 – 1,063) administrative and 1,862 (2021 – 1,871) production and others employed in housebuilding and associated trading activities. The aggregate payroll costs of these persons were as follows:

	2022 £m	2021 £m
Wages and salaries	167.0	159.9
Social security	16.2	15.9
Pension costs (see note 23)	6.8	6.0
Share-based payments (see note 23)	3.1	2.6
	<u>193.1</u>	<u>184.4</u>

Notes (continued)

5 Employee information (continued)

Key management personnel remuneration, including directors, comprised:

	2022 £m	2021 £m
Salaries and fees	3.1	2.9
Taxable benefits	0.2	0.2
Annual cash bonus	2.7	2.5
Pension costs	0.1	0.1
Share-based payments	1.6	1.2
	<u>7.7</u>	<u>6.9</u>

Key management personnel, as disclosed under IAS 24 'Related party disclosures', comprises the directors and other senior operational management.

6 Directors' remuneration

	2022 £m	2021 £m
Directors' emoluments	<u>3.9</u>	<u>3.8</u>

The aggregate of emoluments of the highest paid director was £2,426,133 (2021 – £2,195,621) including a payment in lieu of pension scheme of £142,210 (2021 – £137,800) made by the Company.

All of the directors are also directors of the Company's holding company, Bellway p.l.c.. The emoluments above relate to their services to the Group as a whole and not just to Bellway Homes Limited.

Full details of the emoluments of these directors are disclosed in the financial statements of Bellway p.l.c., which can be obtained from the address given in note 27.

	Number of directors 2022	2021
Number of directors who exercised share options in Bellway p.l.c. during the year	<u>2</u>	<u>2</u>

Notes (continued)

7 Finance income and expenses

	2022 £m	2021 £m
Interest receivable on bank deposits	0.5	-
Net interest on the defined benefit asset	0.1	-
Other interest income	1.0	0.5
	<hr/>	<hr/>
Finance income	1.6	0.5
	<hr/>	<hr/>
Interest payable on bank loans and overdrafts	2.5	3.1
Interest payable on fixed rate sterling USPP notes	3.4	1.6
Interest on deferred term land payables	7.3	6.5
Unwinding of the discount on the legacy building safety provision	2.0	-
Interest payable on leases	0.5	0.5
	<hr/>	<hr/>
Finance expenses	15.7	11.7
	<hr/>	<hr/>

The unwinding of the discount on the legacy building safety provision is an adjusting item.

8 Income tax expense

Recognised in the income statement

	2022 £m	2021 £m
<i>Current tax expense/(income):</i>		
UK corporation tax	56.7	85.8
Residential property developer tax for the year	3.5	-
Adjustment in respect of prior years	(0.4)	-
	<hr/>	<hr/>
	59.8	85.8
<i>Deferred tax expense:</i>		
Origination and reversal of temporary differences	1.0	4.8
Effect of introduction of residential property developer tax	1.1	-
Increase in tax rate	-	0.6
Adjustments in respect of prior years	0.1	0.1
	<hr/>	<hr/>
	2.2	5.5
	<hr/>	<hr/>
Total income tax expense in income statement	62.0	91.3
	<hr/>	<hr/>

Notes (continued)

8 Income tax expense (continued)

Reconciliation of effective tax rate:

	2022 %	2022 £m	2021 %	2021 £m
Profit before taxation		310.6		464.4
Tax calculated at UK corporation tax rate	20.3	63.1	19.0	88.2
Enhanced deductions and non-taxable income	(0.8)	(2.9)	(0.5)	(2.4)
Origination and reversal of temporary differences	0.3	1.0	1.1	4.8
Remeasurement of deferred tax due to the increase in tax rate	-	-	0.1	0.6
Adjustments in respect of prior years - current tax	(0.1)	(0.4)	-	-
- deferred tax	-	0.1	-	0.1
Effect of residential property developer tax – deferred tax	0.3	1.1		
Effective tax rate and tax expense for the year	20.0	62.0	19.7	91.3

The effective tax expense is 20.0% of profit before taxation (2021 – 19.7%) and compares favourably to the Company's standard tax rate for the year of 20.3% (2021 – 19.0%).

The Finance Act 2022 received Royal Assent in February 2022 introducing a new residential property developer tax ('RPDT') which was effective from 1 April 2022 and is chargeable at 4% of profits generated from residential property development in excess of an annual threshold. RPDT was introduced by HM Treasury to obtain a contribution from the UK's largest residential property developers towards the cost of remediating defective cladding in the UK's high-rise housing stock and is expected to remain in force for up to ten years. RPDT will apply to the majority of the Company's profits. Both the standard and effective tax rate include RPDT.

It is expected that the Company's standard rate of tax, including RPDT, for the year ending 31 July 2023 will be around 25%.

	2022 £m	2021 £m
Deferred tax recognised directly in equity:		
Credit/(charge) relating to measurements on the defined benefit pension scheme	0.5	(2.2)
(Charge)/credit relating to equity-settled transactions	(0.3)	0.1

Notes (continued)

9 Property, plant and equipment

	Freehold land and buildings £m	Plant, fixtures and fittings £m	Right-of- use assets £m	Total £m
Cost				
At 1 August 2020	11.4	18.0	22.1	51.5
Additions	0.3	3.0	3.2	6.5
Disposals	(1.2)	(3.8)	(1.5)	(6.5)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 August 2021	10.5	17.2	23.8	51.5
Additions	0.3	1.9	3.2	5.4
Disposals	-	(3.2)	(1.7)	(4.9)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2022	10.8	15.9	25.3	52.0
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 August 2020	0.9	11.7	6.2	18.8
Charge for year	0.3	2.6	3.5	6.4
On disposals	(0.5)	(3.7)	(1.3)	(5.5)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 August 2021	0.7	10.6	8.4	19.7
Charge for year	0.2	2.4	3.3	5.9
On disposals	-	(2.4)	(1.7)	(4.1)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2022	0.9	10.6	10.0	21.5
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 July 2022	9.9	5.3	15.3	30.5
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2021	9.8	6.6	15.4	31.8
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2020	10.5	6.3	15.9	32.7
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

10 Investments in subsidiaries and loans to joint arrangements

The Company has the following investments in subsidiaries and loans to joint arrangements:

Name	Country of incorporation	Class of share held	Ownership	
			2022	2021
Subsidiaries				
Southern and Regional Developments Limited ¹	England and Wales	Ordinary	100%	0%
		"		
Joint arrangements				
Cramlington Developments Limited ²	England and Wales	Ordinary	50%	50%
Fradley Residential LLP ¹	England and Wales	Ordinary	50%	50%
Leebell Developments Limited ²	England and Wales	Ordinary	50%	50%
Ponton Road LLP ¹	England and Wales	Ordinary	50%	50%
Lambeth Regeneration LLP ¹	England and Wales	Ordinary	50%	50%
Bellway Latimer Cherry Hinton LLP ¹	England and Wales	Ordinary	50%	50%
DFE TW Residential Limited ⁴	England and Wales	Ordinary	50%	50%

Other entities

HBF Insurance PCC Limited³

MI New Home Insurance PCC Limited³

Artex Insurance (Guernsey) PCC Limited⁵

¹ Registered office is that of Bellway Homes Limited.

² Registered office is Persimmon House, Fulford, York, YO19 4FE.

³ Registered office is PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 4ET.

⁴ Registered office is 5 Temple Square, Temple Street, Liverpool, L2 5RH.

⁵ Registered address is PO Box 230, Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4JH.

	Loans to joint arrangements £m	Shares in group undertakings £m	Total £m
Cost			
At 1 August 2020	53.2	4.3	57.5
Additions	17.1	-	17.1
Disposals	(30.7)	(2.2)	(32.9)
	<u>39.6</u>	<u>2.1</u>	<u>41.7</u>
At 1 August 2021	39.6	2.1	41.7
Additions	2.9	6.1	9.0
Disposals	(21.6)	(1.8)	(23.4)
	<u>20.9</u>	<u>6.4</u>	<u>27.3</u>
At 31 July 2022	20.9	6.4	27.3
Provisions			
At 1 August 2020 and 1 August 2021	-	0.5	0.5
Reversal of impairment	-	(0.2)	(0.2)
	<u>-</u>	<u>0.3</u>	<u>0.3</u>
At 31 July 2022	-	0.3	0.3
Net book value			
At 31 July 2022	20.9	6.1	27.0
	<u>39.6</u>	<u>1.6</u>	<u>41.2</u>
At 31 July 2021	39.6	1.6	41.2
	<u>53.2</u>	<u>3.8</u>	<u>57.0</u>
At 31 July 2020	53.2	3.8	57.0

Notes (continued)

10 Investments in subsidiaries and loans to joint arrangements (continued)

The cost of the Company's investment in Lowfield Street Limited reflected the underlying fair value of its net assets at the time of acquisition. As a result of the subsequent hive up, the value of the Company's investment in the subsidiary undertaking fell below the amount at which it was stated in the Company's accounting records. IAS 36 'Impairment of Assets' requires that the investment be written down accordingly and that the amount be charged as a loss in the Company's income statement. However, the directors consider that as there has been no overall loss to the Company, this would fail to present fairly the Company's financial position and financial performance. The amount should instead be re-allocated to goodwill so as to recognise in the Company's balance sheet the effective cost to the Company of the identifiable net assets transferred.

11 Deferred taxation

The following are the deferred tax assets and liabilities recognised by the Company and the movements thereon during the current and prior year:

	Capital allowances	Retirement benefit assets	Share-based payments	Inventory	Other short term timing differences	Total
	£m	£m	£m	£m	£m	£m
At 1 August 2020	(0.5)	(0.3)	0.5	-	-	(0.3)
Income statement (charge)/credit	(0.6)	(0.1)	0.3	(0.5)	(4.6)	(5.5)
Charge to statement of comprehensive income	-	(2.2)	-	-	-	(2.2)
Credit to equity	-	-	0.1	-	-	0.1
Transfer on acquisition	-	-	-	(1.7)	-	(1.7)
At 31 July 2021	(1.1)	(2.6)	0.9	(2.2)	(4.6)	(9.6)
Income statement charge	(0.5)	-	(0.5)	(0.4)	(0.8)	(2.2)
Credit to statement of comprehensive income	-	0.5	-	-	-	0.5
Charge to equity	-	-	(0.3)	-	-	(0.3)
At 31 July 2022	(1.6)	(2.1)	0.1	(2.6)	(5.4)	(11.6)

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and is recognised to the extent that there will be sufficient taxable profits to allow the asset to be recovered.

The deferred tax assets/(liabilities) held by the Company at the start of the current year have been revalued at the substantively enacted corporation tax rate that will be effective when they are expected to be realised. The deferred tax assets/(liabilities) have been revalued at 29% following the introduction of RPDT on 1 April 2022. The deferred tax assets/(liabilities) were previously recognised at 25% to take into account the increase in the UK corporation tax rate from 1 April 2023 substantively enacted in May 2021.

Notes (continued)

12 Inventories

	2022 £m	2021 £m
Land	2,770.6	2,474.5
Work in progress	1,524.8	1,431.4
Showhomes	107.0	115.1
Part-exchange properties	5.4	1.8
	<u>4,407.8</u>	<u>4,022.8</u>

Inventories of £2,693.8 million were expensed in the year (2021 – £2,418.0 million).

In the ordinary course of business, inventories have been written off by a net £4.8 million in the year (2021 – £1.5 million).

Land with a carrying value of £295.6 million (2021 – £278.9 million) was used as security for land payables (note 15).

Land includes £1,812.3 million (2021 – £1,808.4 million) which is owned or unconditionally contracted by the Company and where there is an implementable detailed planning permission.

During the current year, the Company acquired 100% of the share capital of a private limited company to access land interests of £8.4 million. During the prior year, the Company acquired 100% of the share capital of two private limited companies to access land interests of £19.8 million. These acquisitions did not satisfy the requirements of a business combination, therefore the land relating to this amount is included in 'land' in the above table.

The adoption of the Future Homes Standard in 2025 and the interim standard in 2023 is not considered to have a material effect on the carrying value of inventories as at 31 July 2022.

The Directors consider all inventories to be essentially current in nature although the Company's operational cycle is such that a proportion of inventories will not be realised within 12 months. It is not possible to determine with accuracy when specific inventory will be realised as this is subject to a number of factors including consumer demand and planning permission delays.

Notes (continued)

13 Trade and other receivables

	2022 £m	2021 £m
Current receivables		
Trade receivables	47.5	17.0
Other receivables	58.9	56.0
Prepayments and accrued income	7.9	7.0
Amounts due from Group undertakings (see note 24)	6.7	6.7
	<u>121.0</u>	<u>86.7</u>

The Company assesses the ageing of trade receivables in terms of whether amounts are receivable in less than one year or more than one year. None of the trade receivables are past their due dates (2021 – nil) and are therefore all rated as low risk.

Other receivables includes £43.7 million (2021 – £38.6 million) in relation to VAT recoverable.

The Company has assessed expected credit losses and the loss allowance for trade and other receivables and for amounts due from Group undertakings as immaterial.

14 Interest bearing loans and borrowings

	2022 £m	2021 £m
Non-current liabilities		
Fixed rate sterling USPP notes	130.0	130.0
	<u>130.0</u>	<u>130.0</u>

Notes (continued)

15 Trade and other payables

	2022 £m	2021 £m
Non-current liabilities		
Land payables	92.3	75.4
Lease liabilities	14.3	14.3
	<u>106.6</u>	<u>89.7</u>

Land payables of £60.8 million (2021 – £48.7 million) are secured on the land to which they relate.

The carrying value of the land used for security is £59.9 million (2021 – £48.1 million).

	2022 £m	2021 £m
Current liabilities		
Trade payables	283.9	324.2
Land payables	301.1	380.4
Social security and other taxes	7.2	5.6
Other payables	8.8	9.5
Lease liabilities	2.9	2.9
Amounts owed to Group undertakings (see note 24)	534.4	538.9
Accrued expenses	147.3	133.0
Payments on account	178.2	185.0
	<u>1,463.8</u>	<u>1,579.5</u>

Land payables of £240.1 million (2021 – £234.4 million) are secured on the land to which they relate. The carrying value of the land used for security is £235.7 million (2021 – £230.8 million).

Payments on account comprises deposits received in advance which are contract liabilities. Deposits received in advance are typically held for up to 18 months before the associated performance obligations are satisfied and the revenue is recognised. The majority of the contract liabilities as at 31 July 2021 have been recognised as revenue in the current year. The approximate transaction value allocated to the performance obligations that are unsatisfied at 31 July 2022 is £2,114.3 million¹ (2021 – £2,022.3 million), the majority of which is expected to be recognised as revenue during the next financial year.

Notes (continued)

16 Provisions and reimbursement assets

	Legacy building safety improvements provision £m	Reimbursement assets £m	Total £m
At 1 August 2021	(116.0)	0.5	(115.5)
Additions (note 3)	(349.5)	2.8	(346.7)
Released (note 3)	2.5	-	2.5
Utilised/(recovered)	23.5	(3.3)	20.2
Unwinding of discount (note 3)	(2.0)	-	(2.0)
	<hr/>	<hr/>	<hr/>
At 31 July 2022	(441.5)	-	(441.5)
	<hr/>	<hr/>	<hr/>

The provision is classified as follows:

	Legacy building safety improvements provision £m
Current	(40.7)
Non-current	(400.8)
	<hr/>
Total	(441.5)
	<hr/>

The Company has established a provision for the cost of performing fire remedial works on a number of legacy developments (note 3).

Notes (continued)

17 Financial risk management

Land purchased on deferred terms

The Company sometimes acquires land on deferred payment terms. In accordance with IFRS 9 'Financial Instruments' the creditor is initially recorded at fair value, being the price paid for the land discounted to present day, and subsequently at amortised cost. The difference between the nominal value and the initial fair value is amortised over the deferred term to finance expenses, increasing the land creditor to its full cash settlement value on the payment date.

The maturity profile of the total contracted cash payments in respect of amounts due on land creditors at the balance sheet date is as follows:

	Balance at 31 July £m	Total contracted cash payment £m	Within one year or on demand £m	1-2 years £m	2-5 years £m	More than 5 years £m
At 31 July 2022	393.4	401.5	304.6	72.2	18.7	6.0
At 31 July 2021	455.8	459.7	382.3	67.0	10.4	-

The maturity profile of the total contracted payments in respect of financial liabilities (excluding amounts due on land creditors shown separately above) is as follows:

	Balance at 31 July £m	Total contracted cash payment £m	Within one year or on demand £m	1-2 years £m	2-5 years £m	More than 5 years £m
Trade and other payables (excluding amounts owed to Group undertakings)	292.7	292.7	292.7	-	-	-
Fixed rate sterling USPP notes	130.0	153.2	3.4	3.4	10.3	136.1
Lease liabilities	17.2	18.9	3.3	3.3	7.1	5.2
At 31 July 2022	439.9	464.9	299.4	6.7	17.4	141.3
Trade and other payables (excluding amounts owed to Group undertakings)	333.7	333.7	333.7	-	-	-
Fixed rate sterling USPP notes	130.0	156.6	3.4	3.4	10.3	139.5
Lease liabilities	17.2	19.2	3.4	2.9	7.2	5.7
At 31 July 2021	480.9	509.5	340.5	6.3	17.5	145.2

The imputed interest rate on land payables reflects market interest rates available to the Company on floating rate bank loans at the time of acquiring the land.

At the year end, the Company had £400.0 million (2021 – £420.0 million) of undrawn bank facilities available.

Notes (continued)

17 Financial risk management (continued)

Cash and cash equivalents

This comprises cash held by the Company and short-term bank deposits with a maturity date of less than one month.

The amounts of cash and cash equivalents for the years ended 31 July 2022 and 31 July 2021 are shown in note 20.

At 31 July 2022 the average net interest rate earned on the temporary closing cash balance was 0.34% (2021 – 0.02%).

Fair values

The carrying values of financial assets reasonably approximate their fair value.

Financial assets and liabilities by category

	2022 £m	2021 £m
Loans and receivables	134.0	119.3
Cash and cash equivalents	325.9	411.2
Financial liabilities at amortised cost	(1,367.7)	(1,475.6)
	<u>(907.8)</u>	<u>(945.1)</u>

Capital management and bank facilities

The Company is financed through the proceeds of issued ordinary shares, reinvested profits, bank borrowings, fixed rate USPP sterling notes less cash in hand and net amounts owed to Group undertakings. The following table analyses the capital structure:

	2022 £m	2021 £m
Equity	2,773.0	2,684.6
Net debt	-	-
Net amounts owed to Group undertakings	527.7	532.2
Capital employed	<u>3,300.7</u>	<u>3,216.8</u>

Notes (continued)

17 Financial risk management (continued)

Reconciliation of liabilities arising from financing activities

	At 1 August 2021	Net cash flows	New leases	Disposals	Interest	At 31 July 2022
	£m	£m	£m	£m	£m	£m
Fixed rate sterling USPP notes	130.0	(3.4)	-	-	3.4	130.0
Lease liabilities	17.2	(2.9)	3.2	(0.8)	0.5	17.2
	<u>147.2</u>	<u>(6.3)</u>	<u>3.2</u>	<u>(0.8)</u>	<u>3.9</u>	<u>147.2</u>

Cash flows relating to interest are included within interest paid in cash from operations within the cash flow statement.

The Company had bank facilities of £400.0 million as at 31 July 2022 (2021 – £420.0 million) which expire during the course of the following financial years:

	2022 £m	2021 £m
By 31 July 2022	-	125.0
By 31 July 2023	50.0	50.0
By 31 July 2024	245.0	245.0
By 31 July 2025	30.0	-
By 31 July 2026	75.0	-
Total	<u>400.0</u>	<u>420.0</u>

Notes (continued)

17 Financial risk management (continued)

Fixed rate sterling USPP notes

During the prior year the Company entered a contractual arrangement to issue fixed rate sterling USPP notes for a total amount of £130.0 million, as part of its ordinary course of business financing arrangements. This USPP debt has a weighted average fixed coupon of 2.7%, is fully drawn down at year end and expires during the course of the following financial years:

	2022 £m	2021 £m
By 31 July 2028	80.0	80.0
By 31 July 2031	50.0	50.0
	<u>130.0</u>	<u>130.0</u>

18 Share capital

	2022 £m	2021 £m
<i>Allotted, called up and fully paid</i> 800,000 Ordinary shares of £1 each	0.8	0.8
	<u>0.8</u>	<u>0.8</u>

19 Reconciliation of net cash flow to net cash

	2022 £m	2021 £m
(Decrease)/increase in net cash and cash equivalents	(85.3)	380.9
Decrease in bank borrowings	-	77.8
Increase in fixed rate sterling USPP notes	-	(130.0)
	<u>(85.3)</u>	<u>328.7</u>
(Decrease)/increase in net cash from cash flows	(85.3)	328.7
Net cash at 1 August	281.2	(47.5)
	<u>195.9</u>	<u>281.2</u>
Net cash at 31 July	195.9	281.2

Notes (continued)

20 Analysis of net cash

	At 1 August 2021 £m	Cash flows £m	At 31 July 2022 £m
Cash and cash equivalents	411.2	(85.3)	325.9
Fixed rate USPP sterling notes	(130.0)	-	(130.0)
Net cash	281.2	(85.3)	195.9

21 Contingent liabilities

Legacy building safety improvements

We continue to take a proactive approach to nationwide concerns with regards to fire safety in high-rise buildings across the UK. Bellway recognises its responsibilities in its legacy apartment portfolio and continues to review combustion risks, in external wall systems, on past high-rise developments.

As detailed in note 3, Bellway has identified a number of developments, which obtained building regulation approval at the time of construction, where the building materials used may not fully comply with the most recent government guidance or where remedial works may need to be performed in line with the Pledge. For these developments we have established that the cost of the remedial works satisfies the accounting requirements of a provision at the balance sheet date. While a prudent approach has been taken, the extent of the provision could increase or reduce, in line with normal accounting practice if new issues are identified or if estimates change, as Bellway and building owners continue to undertake their own investigative works on these and other schemes within the legacy portfolio. Furthermore, the finer details of the government contract underlying the Pledge are to be agreed with the sector as a whole, and the scope could change until this is finally agreed.

Relating to other members of the Group

The Company is liable, jointly and severally with other members of the Group, under guarantees given to the Group's bankers in respect of overdrawn balances on certain Group bank accounts and in respect of other overdrafts, loans and guarantees given by the banks to or on behalf of other Group undertakings. At 31 July 2022 there were bank overdrafts of £7.6 million (2021 – £7.5 million). Furthermore, the Company is jointly and severally liable with Bellway p.l.c. in relation to the fixed rate sterling USPP notes of £130.0 million (2021 – £130.0 million). It is the directors' expectation that the possibility of cash outflow on these liabilities is considered minimal and no provision is required.

Relating to joint arrangements

The Company has guaranteed the overdrafts of joint arrangements up to a maximum of £0.3 million (2021 – £0.3 million). It is the directors' expectation that the possibility of cash outflow on these liabilities is considered minimal and no provision is required.

22 Commitments

	2022 £m	2021 £m
Capital commitments		
Contracted not provided	-	0.5
Authorised not contracted	1.5	-

Notes (continued)

23 Employee benefits

a) Retirement benefit assets

The Company sponsors the Bellway plc 1972 Pension Scheme (the 'Scheme') which has a funded final salary defined benefit arrangement which is closed to new members and to future service accrual. The Company also sponsors the Bellway plc 2008 Group Self Invested Personal Pension Plan ('GSIPP') which is a defined contribution contract-based arrangement.

Contributions of £6.8 million (2021 – £6.0 million) were charged to the income statement for the GSIPP.

Role of trustees

The Scheme is managed by the Trustees, who are appointed by either the Company or the members. The role of the Trustees is to manage the Scheme in line with the Scheme trust deed and rules, to act prudently, responsibly and honestly, impartially and in the interests of all beneficiaries. The main responsibilities of the Trustees are to agree with the employer the level of contributions to the Scheme and to make sure these are paid, to decide how the Scheme's assets are invested so the Scheme is able to meet its liabilities, and to oversee that the payment of benefits, record keeping and administration of the Scheme complies with the Scheme trust deed and rules and legislation.

Funding

UK legislation requires that pension schemes are funded prudently (i.e. to a level in excess of the current expected cost of providing benefits). The last full actuarial valuation of the Scheme was carried out by a qualified independent actuary as at 31 July 2020 and updated on an approximate basis to 31 July 2022.

With regard to the Scheme, regular contributions made by the employer over the financial year were £nil (2021 – £nil). The employer paid no special contributions (2021 – £nil) and reimbursed the pension fund £0.3 million (2021 – £0.4 million) for expenses incurred by the fund.

The Company is expected to make no regular contributions during the year ending 31 July 2023.

Regulation

The UK pensions market is regulated by the Pensions Regulator whose key statutory objectives in relation to UK defined benefit plans are:

- to protect the benefits of members of occupational pension schemes;
- to promote, and to improve understanding of the good administration of work-based pension schemes;
- to reduce the risk of situations arising which may lead to compensation being payable from the Pension Protection Fund, and
- to maximise employer compliance with employer duties and the employment safeguards introduced by the Pensions Act 2008.

Notes (continued)

23 Employee benefits (continued)

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

Risk	Description
Asset volatility	The Scheme's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields. However, a significant proportion of the Scheme's assets are invested in growth assets, such as equities, that would be expected to outperform corporate bonds in the long-term but create volatility and risk in the short-term.
Inflation risk	A significant proportion of the Scheme's defined benefit obligation is linked to inflation, with higher inflation increasing the liabilities. However, there are caps of either a 3% or 5% p.a. increase in place to limit the effect of higher inflation.
Life expectancy	The majority of the Scheme's liabilities are to provide a pension for the life of the member, with any increase in life expectancy also increasing the Scheme's defined benefit obligation.

The Company and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes liability driven investment funds which invest in assets such as gilts, swaps and repurchase agreements. The purpose of the liability driven investment funds is to significantly reduce the volatility of the Plan's funding level by mitigating inflation and interest rate risks, as the liability driven investment funds match the movements in interest rates and inflation closely.

Movements in net defined benefit assets

	Defined benefit obligation		Fair value of Scheme assets		Net defined benefit asset	
	2022 £m	2021 £m	2022 £m	2021 £m	2022 £m	2021 £m
Balance at 1 August	(63.6)	(66.6)	73.8	67.9	10.2	1.3
Included in the income statement						
Interest (expense)/income	(1.1)	(1.1)	1.2	1.1	0.1	-
	(1.1)	(1.1)	1.2	1.1	0.1	-
Included in other comprehensive income/(expense)						
Remeasurement gain/(loss) arising from:						
- Change in demographic and financial assumptions	14.5	2.6	-	-	14.5	2.6
- Experience adjustments	(0.6)	-	-	-	(0.6)	-
Return on plan assets excluding interest income	-	-	(17.4)	5.9	(17.4)	5.9
	13.9	2.6	(17.4)	5.9	(3.5)	8.5
Other						
Contributions paid by the employer	-	-	0.3	0.4	0.3	0.4
Benefits paid	1.9	1.5	(1.9)	(1.5)	-	-
	1.9	1.5	(1.6)	(1.1)	0.3	0.4
Balance at 31 July	(48.9)	(63.6)	56.0	73.8	7.1	10.2

Notes (continued)

23 Employee benefits (continued)

The weighted average duration of the defined benefit obligation at the end of the reporting period is 14 years (2021 – 17 years).

Scheme assets

The fair value of the Scheme assets is:

	2022 £m	2021 £m
Diversified growth fund	21.5	25.7
Equity instruments	-	2.4
Government bonds	8.9	11.6
Corporate bonds	7.8	5.7
Liability driven instruments	11.3	20.3
Insurance policies annuities	6.0	7.8
Cash and cash equivalents	0.5	0.3
Total	56.0	73.8

None of the assets have a quoted market price in an active market.

Diversified growth funds are pooled funds invested across a diversified range of assets with the aim of giving long-term investment growth with lower short-term volatility than equities. Liability driven instruments are a portfolio of funds designed to hedge the majority of the interest rate and inflation risks associated with the schemes' obligations.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date:

	2022 % per annum	2021 % per annum
Discount rate	3.50	1.70
Future salary increases	3.50	3.60
Allowance for pension in payment increases of RPI or 5% p.a. if less	2.80	3.00
Allowance for deferred pension increases of CPI or 3% p.a. if less	2.00	2.10
Allowance for commutation of pension for cash at retirement	15%	15% of pension

The mortality assumptions adopted at 31 July 2022 are based on the S3Px tables and allow for future improvement in mortality. The tables used imply the following life expectancies at age 65:

Male retiring in 2022	22.8 years
Female retiring in 2022	24.6 years
Male retiring in 2042	24.1 years
Female retiring in 2042	26.1 years

Notes (continued)

23 Employee benefits (continued)

The mortality assumptions adopted at 31 July 2021 were based on the S3PxA tables and allow for future improvement in mortality. The tables used imply the following life expectancies at age 65:

Male retiring in 2021	22.7 years
Female retiring in 2021	24.5 years
Male retiring in 2041	24.0 years
Female retiring in 2041	26.0 years

Sensitivities

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises the effect on the defined benefit obligation at the end of the reporting period if different assumptions were used:

Assumption	Change in assumption	Change in liabilities (%)
Discount rate	+0.10% p.a.	Decrease by 1.3%
Inflation – RPI	+0.10% p.a.	Increase by 1.1%
Mortality	+1 year life expectancy	Increase by 3.5%

The calculations for the sensitivity analysis are not as accurate as a full valuation carried out using these assumptions. Each assumption change is considered in isolation, which in practice is unlikely to occur, as changes in some of the assumptions are correlated.

Notes (continued)

23 Employee benefits (continued)

b) Share-based payments

The Company operates a long-term incentive plan ('LTIP'), deferred bonus plans ('DBP'), an employee share option scheme and Savings Related Share Option Schemes ('SRSOS'), all of which are detailed below.

Awards under the LTIP have been made to executive directors, the Group General Counsel and Company Secretary, and senior employees, with awards under the DBP also made to senior employees. The awards take the form of ordinary shares in the parent Company.

The Bellway p.l.c. (2014) Employee Share Option Scheme ('2014 ESOS') is an approved discretionary scheme which provides for the grant of options over ordinary shares to employees and executive directors. It is, however, the current intention that no executive directors of the Company should be granted options under this Scheme. Awards will be available to vest after three years, subject to objective performance targets. As at 31 July 2022 no options had been granted under this scheme.

Options issued under the SRSOS are offered to all employees including the executive directors.

An outline of the performance conditions in relation to the LTIP is detailed under the long-term incentive scheme section within the Remuneration Report in the Bellway p.l.c. 2022 Annual Report and Accounts.

Share-based payments have been valued by an external third party using various models detailed below, based on publicly available market data at the time of the grant, which the directors consider to be the most appropriate method of determining their fair value.

The number and weighted average exercise price of share-based payments is as follows:

LTIP, DBP

	2022	2022	2021	2021
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	p	No.	p	No.
Outstanding at the beginning of the year	-	316,427	-	269,690
Granted during the year	-	121,569	-	123,822
Lapsed during the year	-	(69,742)	-	(29,162)
Exercised during the year	-	(38,975)	-	(47,923)
Outstanding at the end of the year	-	329,279	-	316,427
Exercisable at the end of the year	-	451	-	7,120

The options outstanding at 31 July 2022 have a weighted average contractual life of 1.4 years (2021 – 1.3 years). The weighted average share price at the date of exercise for share options exercised during the year was 3,148.4p (2021 – 2,931.5p).

Notes (continued)

23 Employee benefits (continued)

SRSOS

	2022	2022	2021	2021
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	p	No.	p	No.
Outstanding at the beginning of the year	2,404.8	525,421	2,519.7	438,360
Granted during the year	2,535.0	158,154	2,333.0	289,517
Forfeited during the year	2,450.3	(151,655)	2,504.0	(151,525)
Exercised during the year	2,357.3	(89,838)	2,690.7	(50,931)
Outstanding at the end of the year	2,445.4	442,082	2,404.8	525,421
Exercisable at the end of the year	2,185.5	2,522	2,934.4	14,252

The options outstanding at 31 July 2022 have an exercise price in the range of 1,892.8p to 2,934.4p (2021 – 1,892.8p to 2,934.4p) and have a weighted average contractual life of 2.4 years (2021 – 2.5 years). The weighted average share price at the date of exercise for share options exercised during the year was 2,825.1p (2021 – 3,291.5p).

Valuation methodology

For LTIP options granted prior to October 2021, half of the performance criteria is based on TSR against comparator companies with the other half based on TSR measured against the FTSE 250 Index (excluding investment trusts and financial service companies). For LTIP options granted from October 2021, one third of the performance criteria is based on the achievement of a level of EPS, one third of the performance criteria is based on TSR against comparator companies with the other third based on TSR measured against the FTSE 250 Index (excluding investment trusts and financial service companies). A simplified Monte Carlo simulation method has been used to determine the Group's TSR performance against the FTSE 250 Index (excluding investment trusts and financial service companies).

In the case of the DBP, there are no market-related performance conditions and awards will be eligible to vest upon reaching a date set out in the Deed of the award. As dividends are not reinvested, the fair value of these awards is equal to the share price at the date of the grant.

The Black Scholes method is used for the SRSOS due to the relatively short exercise window of six months.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The inputs into the models for the various grants in the current and previous year were as follows:

Notes (continued)

23 Employee benefits (continued)

Valuation methodology (continued)

	2022					
	October 2021	November 2021	November 2021	November 2021	December 2021	December 2021
Scheme description	LTIP	LTIP	DBP	DBP	3 year SRSOS	5 year SRSOS
Grant date	26-Oct-21	11-Nov-21	11-Nov-21	11-Nov-21	02-Dec-21	02-Dec-21
Risk free interest rate	0.0%	0.0%	0.0%	0.0%	0.5%	0.6%
Exercise price	-	-	-	-	2,535.0p	2,535.0p
Share price at date of grant	3,319.0p	3,220.0p	3,220.0p	3,220.0p	3,130.0p	3,130.0p
Expected dividend yield	0.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Expected life	3 years	3 years	3 years	4 years	3 years 2 months	5 years 2 months
Vesting date	26-Oct-24	11-Nov-24	11-Nov-24	11-Nov-25	01-Feb-25	01-Feb-27
Expected volatility	35%	35%	35%	35%	35%	30%
Fair value of option	2,124.3p	1,867.0p	2,474.0p	2,350.0p	734.0p	638.0p

	2021				
	October 2020	November 2020	November 2020	December 2020	December 2020
Scheme description	LTIP	LTIP	DBP	3 year SRSOS	5 year SRSOS
Grant date	27-Oct-20	10-Nov-20	10-Nov-20	04-Dec-20	04-Dec-20
Risk free interest rate	0.0%	0.0%	0.0%	0.0%	0.05%
Exercise price	-	-	-	2,333.0p	2,333.0p
Share price at date of grant	2,317.0p	2,902.0p	2,902.0p	2,980.0p	2,980.0p
Expected dividend yield	5.0%	5.0%	5.0%	5.0%	5.0%
Expected life	3 years	3 years	3 years	3 years 2 months	5 years 2 months
Vesting date	27-Oct-23	10-Nov-23	10-Nov-23	01-Feb-24	01-Feb-26
Expected volatility	35%	35%	35%	35%	35%
Fair value of option	796.0p	1,041.0p	2,230.0p	715.0p	710.0p

The expected volatility for all models was determined by considering the volatility levels historically for the Group. Volatility levels for more recent years were considered to have more relevance than earlier years for the period reviewed.

The Company recognised total expenses of £3.1 million (2021 – £2.6 million) in relation to equity-settled share-based payment transactions.

Notes (continued)

24 Related party transactions

Key management personnel comprise the directors and other senior operational management (see note 5).

Bellway Homes Limited is a subsidiary undertaking of Bellway p.l.c. which is the ultimate parent company. During the year the Company entered into the following related party transactions with associated group undertakings.

	Purchases/expenses		Sales/income		Amounts payable to related parties		Amounts receivable from related parties	
	2022	2021	2022	2021	2022	2021	2022	2021
	£m	£m	£m	£m	£m	£m	£m	£m
Transactions with Group undertakings								
Purchase of investment properties	-	-	-	-	5.7	5.7	-	-
Purchase of other financial assets	-	-	-	-	3.5	3.5	-	-
Administrative fees paid in respect of part-exchange properties	0.6	1.2	-	-	0.1	-	-	-
Rent paid for office premises	0.9	0.3	-	-	-	0.9	5.0	-
Other balances	-	-	-	-	15.4	16.5	1.7	6.7
Transactions with joint arrangements								
Loan to joint arrangements	-	-	-	-	-	-	20.9	39.6
Dividend received from joint arrangement	-	-	15.7	-	-	-	-	-
Management and construction fees	-	-	31.6	23.5	-	-	-	-
Transactions with parent company								
Net amounts owed in respect of dividends, share issues and finance expenses	164.7	107.3	162.1	186.7	509.7	512.3	-	-
Total	166.2	108.8	209.4	210.2	534.4	538.9	27.6	46.3
Analysed as:								
Loans to joint arrangements (note 10)							20.9	39.6
Amounts receivable from related parties (note 13)							6.7	6.7
							27.6	46.3

The Company has entered into guarantees over bank loans and borrowings of other group companies. The total value of such borrowings was £0.3 million (2021 – £0.3 million).

The Company has suffered no expense in respect of impairment of group undertakings in the year (2021 – £nil).

The Company has property leases with group undertakings of which lease liabilities of £13.0 million (2021 – £13.3 million) included within trade and other payables were outstanding at year end.

Notes (continued)

25 Resident management companies

The Directors set out below information relating to resident management companies which are currently held by the Company as at 31 July 2022.

Control is exercised by the Company's power to appoint directors and the Company's voting rights in these companies. All the resident management companies listed below are limited by guarantee, unless otherwise indicated, without share capital and are incorporated in the UK.

The capital, reserves and profit or loss for the year have not been stated for the resident management companies listed below as the beneficial interest in any assets or liabilities of these companies is held by the residents. The Company does not have exposure, or rights to variable returns from these companies.

Company Name	Registered Office
1811 (Tonbridge) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, SS2 5TE
27 The Vale Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Abbey Heights Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
Abbotswood Park Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Amen Corner (Binfield) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Apsley Quay Management Company Limited	3rd Floor, 86-90 Paul Street, London, United Kingdom, EC2A 4NE
Area F1 (Kings Hill) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, SS2 5TE
Arrowe Brook Park (Greasby) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Aspects Management Company Limited	100 Avebury Boulevard, Milton Keynes, MK9 1FH/**
Aspen Apartments (Colchester) Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, United Kingdom, BH25 5NR
Aspen Walk (Eight Ash Green) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Astley Fields Management Company Limited	1 Centurion Court, Centurion Way, Wilnecote, Tamworth, Staffordshire, United Kingdom, B77 5PN
Avondale (Cressing) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Awel Y Mor Management Company Limited	11 Little Park Farm Road, Fareham, Hampshire, PO15 5SN
Azalea (Medstead) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, HP2 7DN
Badbury Reach Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, HP2 7DN
Barley Fields (Tamworth) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Barleycorn Way Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, CW6 9DL
Bartley Square Management Company Limited	3rd Floor 86-90 Paul Street, London, England, EC2A 4NE
Barton Manor (Barton) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Bassingbourn Fields Management Company Limited	Elstree Way, Borehamwood, England, WD6 1JH
Baswich Grange Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Battalion Court Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Beckton Parkside Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
Beechcroft (Sunninghill) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Belmont Park (Maidenhead) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Bentall Place (Heybridge) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Blackthorn Meadows Residents Management Company Limited	298 Regents Park Road, London, N3 2UU
Bluebell Walk (Harrietsham) Management Company Limited	10 Coopers Way, Temple Farm Industrial Estate, Southend-On-Sea, England, SS2 5TE
Bluebells (Witham) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Bluecoats Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, SY1 3BF
Bluenote Apartments Management Company Limited	395 Centennial Park Centennial Avenue, Elstree, Borehamwood, England, WD6 3TJ
Bourne View (Ipswich) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Bower Place Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Bowood View (Melksham) Management Company Limited	1st Floor, 2540 The Quadrant Aztec West, Almondsbury, Bristol, England, BS32 4AQ
Brambleside Management Company Limited	5 Caldecotte Lake Business Park, Caldecotte Lake Dri, Caldecotte, Milton Keynes, Buckinghamshire, England, MK7 8UE
Brampton Gate Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH

Company Name	Registered Office
Bramshall Green Management Company Limited	Whittingham Hall, Whittington Road, Whittington, Worcester, WR5 2ZX
Bridleway Grange Residents Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, United Kingdom, SP2 7QY
Broadleaf Ashby Management Company Limited	100 Avebury Boulevard, Milton Keynes, MK9 1FH
Broadleaf Management Company Limited	100 Avebury Boulevard, Milton Keynes, MK9 1FH
Brookvale Management Company Limited	Trinity Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Buckland Rise (Peters Village) Management Company Ltd	Woodland Place, Hurricane Way, Wickford, United Kingdom, SS11 8YB
Buckthorn Grange Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, Essex, SS11 8YB
Burdon Rise Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
Byron Heights Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
Castlegate (Skelton) Management Company Limited	Alexander House 1 Mandarin Road, Houghton Le Spring, Sunderland, United Kingdom, DH4 5RA
Cathedral Park (Chichester) Management Company Limited	Fisherton House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Cecil Mills Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Chailey Gardens Management Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Chalfont Drive Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Chamberlains Bridge Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Charlton Hayes Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Charters Hill Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Cherry Meadow and Hatton Court Management Company Limited	2nd Floor, 154-155 Great Charles Street, Queensway, Birmingham, England, B3 3LP
Cherry Orchard (Beverc) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Chestnut Grove (Ash Green) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Chestnut Vale Residents Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Copperfields Resident Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, United Kingdom, SP2 7QY
Copperhouse Green Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Copperhouse Green Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, SS11 8YB
Copthorne Keep Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Comelia Gardens Management Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Comfield's Residents Management Company Limited	Romulus Court Meridian East, Meridian Business Park, Leicester, Leicestershire, United Kingdom, LE19 1YG
Cortlands Management Company Limited	Elstree Way, Borehamwood, England, WD6 1JH
Cotswold Chase Management Company (Gloucester) Limited	Alexander Faulkner Partnership, 2nd Floor, 154-155 Great Charles Street Queensway, Birmingham, England, B3 3LP
Cotswold Gate (Chipping Norton) Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Cotton Woods (Preston) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Crown Fields (Chatham) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, SS2 5TE
Curzon Park (Residents) Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Cuttle Brook Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Dacres Wood Court Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Dalesway (Harrogate) Management Company Limited	Rmg House, Essex Road, Hoddesdon, Hertfordshire, United Kingdom, EN11 0DR
Devonshire Place (Grays) Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Dickens Gate (Rudloe) Management Company Limited	11 Little Park Farm Road, Fareham, England, PO15 5SN
Dickens Manor Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Digby Court (Birmingham) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Dove Manor Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Dunton Fields (Laindon) Management Company Limited	8 Hemmells, Basildon, Essex, England, SS15 6ED
Earlsfield Park (Knowsley) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
East Middle Callerton Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER

Company Name	Registered Office
Eastbrook Village East Phase 1 (Site H) Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, United Kingdom, WC1V 6PL
Eastside Quarter Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Ebbsfleet Cross (Phase 2) Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Ebbsfleet Cross Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Elements Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Elmington Parcel 1 Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Elmington Parcel 2 Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Elmington Parcel 3 Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Essendene Residential Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER**
Estone Grange Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Eve Meadows (Haughley) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Fairfields (Calcot) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Farmers Court Residents Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Fellows Gardens Management Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Fielders Crescent Management Company Limited	Pinnacle Housing Ltd, 8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
Fielders Crescent Phase 3 (209A) Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
Fifers Lane (Orchard Place) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Finchale Drive Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, CW6 9DL
Forest Chase Management Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Forest Oak Management Company Limited	Faulkner & Company, 1a, George Street, Hinckley, Leicestershire, England, LE10 0AL
Four Oaks (Oxted) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Foxhill (Brackley) Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Foxlow Grange Berryfields Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Frobisher Court (Finningley) Management Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, United Kingdom, SY1 3BF
Furlong Park Residents Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, United Kingdom, SY1 3BF
Fusion (Harlow) Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Goodsyrd (No 1) Management Company Limited	11 Little Park Farm Road, Fareham, Hampshire, UK, PO15 5SN
Grammar School Gardens Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Greensands Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Grey Gables Farm Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Greystone Meadows (Undy) Management Company Limited	7 Portal Business Park, Eaton Lane, Tarporley, England, CW6 9DL
Grove Meadows Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Hall Road (Rochford) Management Company Limited	First Floor, Unit 1, Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JD
Halyards Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Hampden Gardens (Thame) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Hampton Trove Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Hanwell View Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Hardintone Court Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Harnham Park Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Hartshorne Residents Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Harvard Place (Earls Colne) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Hatfield Grove (Hatfield Peveral) Management Company Limited	Unit 1, Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JD
Hathaway Gardens PH2 Residents Management Company Limited	100 Avebury Boulevard, Milton Keynes, MK9 1FH
Hawksview (Hawkhurst) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, SS11 8YB
Hawthorne Rise Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Hazel Fold Residents Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, United Kingdom, SP2 7QY
Hazlemere Marina (Waltham Abbey) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB

Company Name	Registered Office
Heatherley Wood Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Heathlands RMC Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Helios Park Management Company Limited	Imperium, Imperial Way, Reading, Berkshire, England, RG2 0TD
Helliars Lane (Cheddar) Management Company Limited	1st Floor 2540 The Quadrant Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Hellingly (Hailsham) Management Company Limited	Woodland Place, Hurricane Way, Wickford, Essex, England, SS11 8YB
Henderson Park (Thorpe le Soken) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Hertsmere Mews (Borehamwood) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
High Point Residents Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Hinxhill Park (Ashford) Management Company Limited	Woodland Place, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Hollytree Walk (Colchester) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Holmwood Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Honeytree Walk (Colchester) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Huntercombe Walk (Taplow) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Ikon (Croydon) Management Company Limited	86-90 Paul Street, London, United Kingdom, EC2A 4NE
Imperial Gardens (Howden) Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, CW6 9DL
Imperial Park (Maidstone) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, SS2 5TE
Jameson Manor Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
Jellicoe Gardens (Moreton) Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Jubilee Park Residents Management Company Limited	North Port Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, SY1 3BF
Keepatch Chase Management Limited	Pacific House, Imperial Way, Reading, Berkshire, RG2 0TD
Keepatch Gardens (Wokingham) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Kenavon Drive (Reading) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Kent Wharf Management Company Limited	Concierge Office Kent Wharf, Creekside, London, SE8 3GP
Kingfisher Green (Rainham) Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Kingsland Gate Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, SS11 8YB
Kingsreach (Slough) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Kingswood (High Wycombe) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Kingswood Heath (Colchester) Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Ladden Garden Village PL 24-27 (Leasehold Apartments) Management Company Limited	1st Floor 2540 The Quadrant, Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Lakeside Park Management Company Limited	Cumberland Court, 80 Mount Steet, Nottingham, England, NG1 6HH
Lancaster House Residents Management Company Limited	RMG House, Essex Road, Hoddesdon, Hertfordshire, EN11 0DR
Langford Park Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Latitude Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Latitude Residents No 3 Limited	New Kings Court, Tollgate, Chandlers Ford, SO53 3LG
Latitude Residents No 5 Limited	New Kings Court, Tollgate, Chandlers Ford, SO53 3LG
Legacy Wharf (Phase 2) Management Company Limited	Woodland Place, Hurricane Way, Wickford, England, SS11 8YB
Legacy Wharf Management Company Limited	Woodland Place, Hurricane Way, Wickford, England, SS11 8YB
Lestone Mews Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Liberty Quarter Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Limehouse Basin (London) Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Linkside (Burton) Management Company Limited	Unit 7, Astra Centre, Edinburgh Way, Harlow, Essex, United Kingdom, CM20 2BN
Linnere Gateway Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Linnere Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Lion Wharf (Isleworth) Management Company Limited	395 Centennial Park, Centennial Avenue, Elstree, Borehamwood, England, WD6 3TJ
Little Acres Residents Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, England, SP2 7QY
Little Meadows (Cranleigh) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB

Company Name	Registered Office
Littlebrook (Cutbush Lane) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Lockharts RMC Limited	Unit 7 Astra Centre, Harlow, Essex, England, CM20 2BN
Long Acre (Shinfield) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Longfield Place (Sherfield) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Longholme Park Residents Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, United Kingdom, SY2 6LG
Longwood Copse Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Lucas Green Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Lyde Green Management Company Limited	2540 The Quadrant Bellway Homes, Aztec West, Almondsbury, Bristol, England, BS32 4AQ
Lysander Fields Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Maes Y Rhedyn Fern Meadow Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL*
Mallard Walk Management Company Limited	2nd Floor, 154 Great Charles Street Queensway, Birmingham, England, B3 3HN
Malvern Chase (Tewkesbury) Management Company Limited	2540 The Quadrant, Aztec West, Bristol, BS32 4AQ
Manor Chase (Gloucester Road) Tutshill Management Company Limited	2nd Floor, 154-155 Great Charles Street Queensway, Birmingham, England, B3 3LP
Maple Creek Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Marconi (Chelmsford) Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
Marlborough Road Wroughton (Swindon) Management Company Ltd	1st Floor, 2540 The Quadrant Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Maybrey Works Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Mead Fields (Phase 2) Weston Parklands Management Company Limited	1st Floor, 2540 The Quadrant Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Mead Fields Phase 2 (Leasehold Apartments) Management Company Limited	1st Floor, 2540 The Quadrant Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Meadow Rise (Heighington) Management Company Limited	Cheviot House, Beaminster Way East, Newcastle - Upon- Tyne, NE3 2ER
Meadow View (Romsey) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Merchants Gate Cottingham Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Mill Fields (Wingerworth) Management Company Limited	Unit 7, Portal Business Park, Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL
Milldown Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Millstone Park Residents Management Company Limited	Unit 7, Portal Business Park, Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL
Montague Green (Rowland's Castle) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Mousley Park Hilton Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Mulberry Park Apartments (Management Company) Limited	2540 The Quadrant Aztec West, Almondsbury, Bristol, BS32 4AQ
New Cardington Estate Management Company Limited	Rmg House, Essex Road, Hoddesdon, EN11 0DR
New Cardington Hangars Block Residents Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Nightingale Rise (Hoo) Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Northdene Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Novello Management Company Limited	First Floor, Unit 1, Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JD
Oak Hill Park (Chinnor) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Oakes Park (Dartford) Management Company Limited	The Base, Dartford Business Park, Victoria Road, Dartford, England, DA1 5FS
Oakley Park (Edenbridge) Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Old Forest Road (Winnersh) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Old School Gardens Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle - Upon- Tyne, NE3 2ER
Oxlease Residents Limited	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, England, SO53 3LG
P.R.P. Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Park Gate Village Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, England, CW6 9DL
Pasture Walk Management Company Limited	Castleman Business Centre, Embankment Way, Ringwood, England, BH24 1EU
Pennire Rise Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Phase 1A Parc Mawr (Penllergaer) Management Company Limited	Building 1 Eastern Business Park, St Mellons, Cardiff, United Kingdom, CF3 5EA

Company Name	Registered Office
Pinchbeck Fields (EC) Residents Management Company Limited	2nd Floor, Premier House, Elstree Way, Borehamwood, WD6 1JH
Pine Walk Guisborough Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Pinewood Grange (Stowmarket) Management Company Limited	2nd, Premier House, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JH
Pipits Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Pirton Fields (Churchdown) Management Company Limited	Building 1 Eastern Business Park, St Mellons, Cardiff, United Kingdom, CF3 5EA
Platts Meadow (Winsford) Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Plummers Meadow (Halewood) Residents Management Company Limited	Unit 7 Portal Business Park, Tarporley, England, CW9 6DL
Poppy Field Residents Management Company Limited	North Point Stafford Drive Battlefield Enterprise, Shrewsbury, Shropshire, England, SY2 6LG
Poppy Fields (Cholsey) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Poppy View (Saffron Walden) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Portland Gardens (Wouldham) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, SS2 5TE
Priory Grange (Hatfield Peverel) Management Company Limited	First Floor, Unit 1, Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JD
QE2 (Welwyn Garden City) Management Company Limited	3rd Floor, 86-90 Paul Street, London, United Kingdom, EC2A 4NE
Quakers Walk (Devizes) Management Company Limited	1st Floor 2540 The Quadrant, Aztec West, Bristol, United Kingdom, BS32 4AQ
Quantock Heights (Banwell) Management Company Limited	1st Floor 2540 The Quadrant, Aztec West, Bristol, United Kingdom, BS32 4AQ
Queenshead Park Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Rainbow Fields (Waddicar) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, England, SP2 7QY
Reflections Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Renaissance (Reading) Management Company Limited	Pacific House, Imperial Way, Reading, Berkshire, England, RG2 0TD
Renovo (West Thurrock) Management Company Limited	First Floor, Unit 1, Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JD
Ridleys Orchard (Whitton) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Rolleston Manor Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Roman Gate (Melton Mowbray) Management Company Limited	3 Romulus Court, Meridian Business Park, Leicester, United Kingdom, LE19 1YG
Roman Walk Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Rookery Park Management Company Limited	Fisherton House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Rosé Meadow (Northwich) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Rosedale Park Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Rowley Fields Residents Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, England, SY1 3BF
Sandstone Brook Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Sandwell College Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH**
Sapphire Fields & Beaumont Park Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Saxon Heath (Marham Park) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Scholars Place Management Company Limited	Unit 7, Astra Centre, Edinburgh Way, Harlow, Essex, United Kingdom, CM20 2BN
Seaford Grange (Newlands) Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Sheasby Park Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Sixty Three Management Company Limited	Gateway House, 10 Coopers Way, Temple Farm Industrial Estate, Southend-On-Sea, England, SS2 5TE
Sky Plaza (Farnborough) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Solomon's Seal (Horsham) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, SS11 8YB
Somerford Gate (Congleton) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Sovereign Place (Horley) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Spofforth Park Management Company Limited	Rmg House, Essex Road, Hoddesdon, Hertfordshire, United Kingdom, EN11 0DR
St Edmunds Management Limited	8 Cumbrian House, 217 Marsh Wall, London, E14 9FJ**

Company Name	Registered Office
St George's Walk Residential Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
St John's View (Menston) Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
St Lythans Park (Culverhouse Cross) Management Company Limited	11 Little Park Farm Road, Fareham, Hampshire, UK, PO15 5SN
St Mary's Hill (Blandford) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
St Mary's Stannington Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER****
St Wilfrid's Place (Litherland) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
St. George's Park (Phase 2) Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
St. George's Park Management Company Limited	Woodland Place, Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
St. James Mews (Charfield) Management Company Limited	11 Little Park Farm Road, Fareham, Hampshire, UK, PO15 5SN
Steeds Farm (Fern Hill Gardens) Management Co Limited	2540 The Quadrant, Aztec West, Bristol, BS32 4AQ
Steeple Chase (Frisby) Management Company Limited	7 Astra Centre, Edinburgh Way, Harlow, Essex, England, CM20 2BN
Sterling Square (Bracknell) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Stilton Gate Management Company Limited	Premier House, Elstree Way, Borehamwood, WD6 1JH
Stonebridge View Residents Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Stoughton Park Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Summerhill View Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL
Swanland Grange Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, CW6 9DL
Tattenhoe Park (Parcel 4) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
The Abbey Fields Grange Management Company Limited	3 Romulus Court, Meridian Business Park, Leicester, Leicestershire, United Kingdom, LE19 1YG
The Alders (Wolverhampton) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
The Avenue (Medburn) Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
The Beeches (Stanton Cross) Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
The Brackens Residents Management Company Limited	RMG House, Essex Road, Hoddesdon, England, EN11 0DR
The Bridles Residential Management Company Limited	2540 The Quadrant, Aztec West, Bristol, BS32 4AQ
The Chase Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
The Cherry Meadow and Hatton Court Management Company Limited	2nd Floor, 154-155 Great Charles Street, Queensway, Birmingham, England, B3 3LP
The Coppice Heights & Amber Rise Management Company Limited	3 Romulus Court, Meridian Business Park, Leicester, LE19 1YG
The Croft (Ash Green) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, SS2 5TE
The Fairways (Basingstoke) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
The Foundry (Hemel Hempstead) Management Company Limited	395 Centennial Park Centennial Avenue, Elstree, WD6 3TJ
The Furlongs (Gt. Leighs) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
The Furrows (Warboys) Residents Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
The Gateford Quarter Management Company Limited	3 Romulus Court, Meridian Business Park, Leicester, United Kingdom, LE19 1YG
The Grange (Eldesborough) Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
The Grange (Fenham) Resident Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
The Green (Solihull) Management Company Limited	10 Queen Street Place, London, United Kingdom, EC4R 1AG**
The Haven (Emsworth) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
The Hedgrows (Scots Lane) Residents Management Company Limited	4335 Park Approach, Leeds, LS15 8GB
The Long Shoot Management Company Limited	2nd Floor, 154 Great Charles Street Queensway, Birmingham, England, B3 3HN
The Mount Prestwich Residents Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, United Kingdom, SP2 7QY
The Oaks (Parsons Hill) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH

Company Name	Registered Office
The Oaks (Witham) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
The Orchards (Colchester) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
The Pastures (Telford) Management Company Limited	80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
The Pastures (Wilstead) Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
The Printworks (Reading) Residents Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
The Residence (Nine Elms) Management Park Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
The Residence (Phase 2) Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
The Ridgeway (Chinnor) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN***
The Rosehips (Lower Howsell Road) Residents Management Company Limited	Mainstay Residential Limited Whittington Hall, Whittington Road, Worcester, WR5 2ZX
The Spinney (Oteley Road) Management company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
The Vale (Bottesford) Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
The Vickers (Witchford) Residents Management Company Limited	Elstree Way, Borehamwood, WD6 1JH
The Willows (Swallowfield) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
The Woodlands (Adel) Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, United Kingdom, SY1 3BF
The Woodlands (Watnall) Management Company Limited	Unit 7, Astra Centre, Edinburgh Way, Harlow, Essex, United Kingdom, CM20 2BN
Thomas Road Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
Tidbury Heights Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Tindale Reach (Wickwar) Management Company Limited	11 Little Park Farm Road, Fareham, England, PO15 5SN
Tranby Park Residential Management Company Limited	Rmg House, Essex Road, Hoddesdon, Hertfordshire, United Kingdom, EN11 0DR
Turnberry Quay Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
Tylman Place (Faversham) Management Company Limited	Hurricane Way, Wickford, Essex, England, SS11 8YB
Vicarage Gardens (South Marston Swindon) Management Company Limited	1st Floor, 2540 The Quadrant Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Victoria Gardens (Peters Village) Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Waltham Heights Resident's Management Company Limited	100 Avebury Boulevard, Milton Keynes, United Kingdom, MK9 1FH
Walton Park Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Waterhouse Mill Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Waterside At Riverwell (Block E) Management Company Limited	86-90 Paul Street, London, United Kingdom, EC2A 4NE
Wavendon Chase Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Wavendon View Residents Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Weaver Green Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, United Kingdom, CW6 9DL
Wellfield Rise Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
Wellington Gardens (Aldershot) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Wellington Grange (Pocklington) Management Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, United Kingdom, SY1 3BF
West End Quarter (Folkestone) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, United Kingdom, SS2 5TE
Westbrook Moorings Management Company Limited	86-90 Paul Street, London, United Kingdom, EC2A 4NE
Westland Place (Rainham) Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Westminster Road Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Weycomer (Guildford) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Wharf Farm (Rugby) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, United Kingdom, CW6 9DL
Wickfields (Longwick) Management Company Limited	86-90 Paul Street, London, United Kingdom, EC2A 4NE
Wildflower Meadow Limited	100 Avebury Boulevard, Milton Keynes, MK9 1FH
Willow Park (Halstead) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN

Company Name	Registered Office
Willow Rise Management Company Limited	Romulus Court, Meridian Business Park, Leicester, LE19 1YG
Windgreen Gardens Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Wolds View Residents Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Woodcroft Park Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Woodgreen (Blyth) Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER

* Company is a 50/50 Joint venture

** Company limited by shares wholly owned by Bellway Homes

*** Company limited by shares wholly owned by an employee of Bellway Homes Limited

**** Company limited by shares.

26 Intangible assets

	Goodwill £m
Cost	
Balance at 1 August 2020, 1 August 2021 and 31 July 2022	9.5
Amortisation and impairment	
Balance at 1 August 2020	–
Amortisation for the year	0.2
Balance at 1 August 2021	–
Amortisation for the year	2.1
Balance at 31 July 2022	2.3
Net book value	
At 31 July 2022	7.2
At 31 July 2021	9.3
At 31 July 2020	9.5

Goodwill arose on an acquisition as described in note 10. IAS 36 'Impairment of Assets' requires that goodwill is not amortised but instead is subject to annual impairment testing. However, in the directors' view, the goodwill is directly attributable to a piece of land that will be developed and sold and therefore the amount should instead be amortised over the pattern of expected consumption of this asset, currently expected to be 5 years as disclosed in note 1. During the prior year the amortisation commenced, applied in line with the consumption of the asset. The effect of this departure from IAS 36 for year ended 31 July 2022 has been to decrease the Company's profit by £2.1 (2021 – £0.2 million) and decrease the cumulative goodwill capitalised by £2.1 million (2021 – £0.2 million). The expected impact over the remainder of the 5 year expected consumption period will be to decrease the Company's profit by £1.8 million per year and to decrease the cumulative amount of goodwill capitalised by £1.8 million per year.

Notes (continued)

27 Ultimate parent company and parent undertaking of larger group

The Company is a subsidiary undertaking of Bellway p.l.c. which is the ultimate parent company incorporated in the UK. The ultimate controlling party is Bellway p.l.c.

The largest group in which the results of the Company are consolidated is that headed by Bellway p.l.c. No other Group financial statements include the results of the Company. The consolidated financial statements of Bellway p.l.c. are available to the public and may be obtained from the Company Secretary, Bellway p.l.c. Woolsington House, Woolsington, Newcastle upon Tyne, NE13 8BF.

28 Group undertakings

The directors set out in note 10 information relating to the Group undertakings (excluding resident management companies presented in note 25) as at 31 July 2022. All of these Group undertakings are registered in England and Wales unless otherwise stated. They are engaged in housebuilding and associated activities, have coterminous year ends with the Group, 100% of their ordinary share capital is held by the Company and the registered address is the same as the Company (unless otherwise stated).

29 Alternative performance measures

The Company uses a variety of alternative performance measures ('APM') which, although financial measures of either historical or future performance, financial position or cash flows, are not defined or specified by IFRSs. The directors use a combination of APMs and IFRS measures when reviewing the performance, position and cash of the Company.

The APMs used by the Company are defined below:

- **Underlying gross profit and underlying operating profit** – Both of these measures are stated before net legacy building safety expense and exceptional items and are reconciled to total gross profit and total operating profit on the face of the consolidated income statement. The Directors consider that the removal of the net legacy building safety expense and exceptional items provides a better understanding of the underlying performance of the Company.
- **Underlying gross margin** – This is gross profit before net legacy building safety expense and exceptional items divided by total revenue. The Directors consider this to be an important indicator of the underlying trading performance of the Company.
- **Administrative expenses as a percentage of revenue** – This is calculated as the total administrative overheads divided by total revenue. The Directors consider this to be an important indicator of how efficiently the Company is managing its administrative overhead base.
- **Underlying administrative expenses** – This measure is stated before exceptional items and is reconciled to total administrative expenses on the face of the income statement. The Directors consider that the removal of the exceptional items provides a better understanding of how efficiently the Company is managing its underlying administrative overhead base.
- **Underlying administrative expenses as a percentage of revenue** – This is calculated as the underlying administrative overheads divided by total revenue. The Directors consider this to be an important indicator of how efficiently the Company is managing its underlying administrative overhead base.
- **Underlying operating margin** – This is operating profit before net legacy building safety expense and exceptional items divided by total revenue. The Directors consider this to be an important indicator of the operating performance of the Company.
- **Net finance expense** – This is finance expenses less finance income. The directors consider this to be an important measure when assessing whether the Company is using the most cost effective source of finance.
- **Underlying profit before taxation** – This is the profit before taxation before net legacy building safety expense and exceptional items. The Directors consider this to be an important indicator of the profitability of the Company before taxation.

Notes (continued)

29 Alternative performance measures (continued)

- **Underlying profit for the year** – This is the profit for the year before net legacy building safety expense and exceptional items. The Directors consider this to be an important indicator of the profitability of the Company.
- **Capital invested in land, net of land creditors, and work in progress** – This is calculated as shown in the table below. The directors consider this as an indicator of the net investment by the Company in the period to achieve future growth.

	2022	2021	Mvt	2021	2020	Mvt
	£m	£m	£m	£m	£m	£m
Per balance sheet						
Land	2,770.6	2,474.5	296.1	2,474.5	2,206.5	268.0
Work in progress	1,524.8	1,431.4	93.4	1,431.4	1,496.0	(64.6)
Increase in capital invested in land and work in progress in the year			389.5			203.4
Land creditors	(393.4)	(455.8)	62.4	(455.8)	(343.6)	(112.2)
Increase in capital invested in land, net of land creditors, and work in progress in the year			451.9			91.2

- **Post tax return on equity** – This is calculated as profit for the year divided by the average of the opening, half year and closing net assets. The directors consider this to be a good indicator of the operating efficiency of the Company.

	2022	2021
	£m	£m
Profit for the year	248.6	373.1
Net assets:		
Opening	2,684.6	2,487.5
Half year	2,934.4	2,525.1
Closing	2,773.0	2,684.6
Average	2,797.3	2,565.7
Post tax return on equity	8.9%	14.5%

Notes (continued)

29 Alternative performance measures (continued)

- **Capital employed** – Capital employed is defined as the total of equity, net amounts owed to Group undertakings and net debt. Equity is not adjusted where the Company has net cash. The directors consider this to be an important indicator of the operating efficiency and performance of the Company.
- **Underlying return on capital employed ('RoCE')** - This is calculated as underlying operating profit divided by the average capital employed. Average capital employed is calculated based on opening, half year and closing capital employed. The calculation is shown in the table below. The directors consider this to be an important indicator of whether the Company is achieving a sufficient return on its investments.

	2022 Capital employed	2022 Land creditors	2022 Capital employed including land creditors	2021 Capital employed	2021 Land creditors	2021 Capital employed including land creditors
	£m	£m	£m	£m	£m	£m
Underlying operating profit	668.9		668.9	527.4		527.4
Capital employed/land creditors:						
Opening	3,216.8	455.8	3,672.6	2,987.2	343.6	3,330.8
Half year	3,365.1	349.0	3,714.1	3,099.3	371.7	3,471.0
Closing	3,300.7	393.4	3,694.1	3,216.8	455.8	3,672.6
Average	3,294.2	399.4	3,693.6	3,101.1	390.4	3,491.5
Underlying return on capital employed	20.3%		18.1%	17.0%		15.1%

Notes (continued)

29 Alternative performance measures (continued)

- **Return on capital employed (RoCE)** – This is calculated as operating profit divided by the average capital employed. Average capital employed is calculated based on opening, half year and closing capital employed. The calculation is shown in the table below. The directors consider this to be an important indicator of whether the Company is achieving a sufficient return on its investments.

	2022	2022	2022	2021	2021	2021
	Capital employed	Land creditors	Capital employed including land creditors	Capital employed	Land creditors	Capital employed including land creditors
	£m	£m	£m	£m	£m	£m
Operating profit	324.7		324.7	475.6		475.6
Capital employed/land creditors:						
Opening	3,216.8	455.8	3,672.6	2,987.2	343.6	3,330.8
Half year	3,365.1	349.0	3,714.1	3,099.3	371.7	3,471.0
Closing	3,300.7	393.4	3,694.1	3,216.8	455.8	3,672.6
Average	3,294.2	399.4	3,693.6	3,101.1	390.4	3,491.5
Return on capital employed	9.9%		8.8%	15.3%		13.6%

- **Net cash** – This is the cash and cash equivalents less debt. The directors consider this to be a good indicator of the financing position of the Company. This is reconciled in note 20.
- **Average net cash/debt** – This is calculated by averaging the net debt/cash position at 1 August and each month end during the year. The directors consider this to be a good indicator of the financing position of the Company throughout the year.
- **Gearing** – This is calculated as net debt divided by total equity. The directors consider this to be a good indicator of the financial stability of the Company.
- **Adjusted gearing** – This is calculated as the total of net debt/cash and land creditors divided by total equity. The directors believe that land creditors are a source of long-term finance, so this provides an alternative indicator of the financial stability of the Company.
- **Order book** – This is calculated as the total expected sales value of current reservations that have not legally completed. The directors consider this to be an important indicator of the likely future operating performance of the Company.

Notes (continued)

29 Alternative performance measures (continued)

- **Cash generated from operations before investment in land, net of land creditors, and work in progress –**
This is calculated as shown in the table below. The directors consider this as an indicator of whether the Company is generating cash before investing in land and work in progress to achieve future growth.

	2022	2021
	£m	£m
Cash from operations	110.9	595.8
Add: increase in capital invested in land, net of land creditors, and work in progress (as described above)	451.9	91.2
Cash generated from operations before investment in land, net of land creditors, and work in progress	562.8	687.0

30 Post balance sheet events

The Company acquired 100% of the ordinary share capital of Rosconn Strategic Land Limited on 12 October 2022 for £24.8 million cash consideration.

Earlier this month, the Group also signed up to the Developers' Pact with the Welsh Government. Similar to the Pledge, this is a commitment to remediate buildings over 11 metres in height with life critical fire safety issues, which were constructed in Wales since 1992. Reflecting our ongoing and responsible UK-wide approach to legacy building safety, the expected cost of the remediation works in Wales was probable at the year end and is included in our provision at 31 July 2022.