REGISTERED NUMBER: 04179330 (England and Wales)

Weston Group Plc

Group Strategic Report, Report of the Directors and

Consolidated Financial Statements for the Year Ended 31 July 2023

Weston Group Plc

Contents of the Consolidated Financial Statements
for the Year Ended 31 July 2023

Company Information
for the Year Ended 31 July 2023

Directors:	R P Weston S P Bickel S R Thomas P Gore J E Stock S M Aplin R J Downing (Non-executive) M A Chapman (Non-executive) A R Taylor (Non-executive)
Secretary:	R P Weston
Registered office:	The Weston Group Business Centre Parsonage Road Takeley Essex CM22 6PU
Registered number:	04179330 (England and Wales)
Independent auditors:	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 40 Clarendon Road Watford WD17 1JJ

The Directors present their strategic report of the Company and the Group for the year ended 31 July 2023.

Review of the business
The Directors are pleased to report a record year for sales completions and build handovers. Despite various economic and sector specific challenges, Weston Homes have legally completed on 872 new homes and handed over 1,000 homes to the highest standard.

Profit before tax and exceptional items of £9.1m was robust and in line with expectations, despite the challenging market conditions. The period saw the write down of Anglia Square in Norwich. Weston Homes were bitterly disappointed to have to cancel plans to develop the 4.65-hectare site after eight years, due to a multitude of issues impacting the viability of the scheme.

During the year the UK continued to experience challenging economic conditions. The Mini-Budget and the impact on interest rates and economic instability continued to be felt. This volatility has influenced confidence in the housing market resulting in a reduced reservation rate in the year as result of the impact on affordability. However, despite the prevailing circumstances sales rates remained robust across a number of sites even within the context of a challenging macroeconomic climate. Revenues remained strong in the year although an increase in some discounting was required to ensure we continued to reduce our stock position.

We accomplished a number of successes in the year. With the passion and diligence in which Weston Homes delivers high quality homes being recognised by In-House research a Customer Survey satisfaction score of 94% was achieved. This was also duplicated with an impressive Trust Pilot score of 4.3 that has increased since the year end to this level, reiterating the importance Weston Homes puts on delivering homes to the highest quality.

We continue to uphold long standing relationships with existing subcontractors and suppliers, Weston Homes continues to work closely with fellow subsidiary of Weston Group, British Offsite Limited.

We are pleased to report we have continued our investment in land, despite a challenging business environment impacted by rising build costs, a competitive land-buying market and complexities of the planning systems. Furthermore, within the year planning permission has been granted for three sites in the period including Jacks Lane, Takeley – 40 new homes, Rosario, Epping consisting of 62 new homes and Gasholders, Bury St Edmunds for 171 homes.

We acquired the following sites also in the period with planning to develop, Dylon, Sydenham – 254 homes, William Hunter House, Brentwood – 60 homes and Bracknell Beaches, Bracknell – 349 new homes.

Within the year Weston Homes signed the DLUHC (Department for Levelling Up Housing & Communities) long form "Self Remediation Contract" confirming our commitment to rectifying any critical fire safety issues for buildings of 11 metres and above in England that we have developed over the last 20 years. The "Self Remediation contract" is a legally binding document, this represents a key movement from the "Developer Pledge" signed in April 2022 and is the key reason for the increase in the building remediation provision seen in the year.

Weston Homes Plc contributed the majority of the Group's performance. The British Offsite subsidiary moved into their new state of the art production facility in December 2022 and has now got the Horizon factory up and running. A full year trading loss was reported for British Offsite Limited. Stansted Environmental Services Limited has performed steadily in the year despite a reduction in profit. Whilst Weston [Business Centres] has generated a profit in the period a result of stable occupancy levels seen throughout the year.

Review of the business (continued)
Overall, we ended the year in a solid position, adding to the foundations we have built upon in previous years to allow us to continue to operate in uncertain markets. The recent economic and political uncertainty primarily impacted affordability for consumers and this remains a key area of focus to ensure we mitigate cost increases whilst providing the consumer the best value and delivering sustainable growth.

Financial results
Revenue increased by £44.6m (18.4%) from £242.2m to £286.8m. The increase in revenue was due to a higher number of private residential completions. The Group achieved 872 completions in the year, 118 completions more than the previous year.

Gross profit pre-exceptional items increased from £44.3m to £46.5m. Gross profit post-exceptional items has decreased from £44.2m to £33.6m. The gross profit margin has decreased from 18.2% to 11.7%. This is due to high build cost inflation leading to reduced margins at a number of sites.

Administrative expenses have increased by £5.8m (20.1%) from £28.9m to £34.7m.

Overall, the Group has generated a pre tax loss of £3.8m, representing a decrease of £18.8m on the prior year pre tax profit. Pre tax profit pre-exceptional items of £9.1m represented a decrease of £6.0m on the prior year.

Net assets decreased by £3.4m (3.0%) from £114.0m to £110.6m. The Group declared ordinary dividends of £nil (2022: £3.5m).

Fixed assets increased by £11.5m (87.1%) from £13.2m to £24.7m, mainly due to the fit-out costs of the new factory in Braintree, including the robotic production line.

Stock and work in progress has increased by £5.4m or 1.8% from £302.1m to £307.5m.

Net debt has increased by £12.0m, from £172.0m to £184.0m. Cash generated from operating activities was £5.3m, compared to £9.2m in the prior year.

Future developments
The economic and political uncertainty in the market continues to impact interest rates, mortgage affordability and consumer confidence resulting in a subdued but stable sales rate. We believe the housing market will remain challenging in 2024 but there still exists a strong underlying demand for homes. The cost of living crisis continues to impact affordability and availability of mortgages. Increasing costs, inflation and interest rates have put pressure on both sales prices and site margins. We continue to monitor these closely, there is significant focus on cost control and cash management and this results in various modelled scenarios, ensuring we are confident that we can support our growth strategy and be well placed as the market begins to recover.

The Group has secured a number of land opportunities in the year in order to grow its pipeline, which currently sits at around 4,605 units.

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

The regulatory environment in the construction industry is constantly evolving, including changes in building regulations reducing carbon emissions and bringing in more stringent fire safety measures to the design. This has resulted in a fall in output which is further exaggerated by the delays in planning acceptance by local government. The site at Stanway, Colchester is still in process of getting outline consent and has taken Weston Homes three years to date. This is coupled with building reviews for buildings over 18 metres resulting in them requiring the need to go back in to planning process.

The Group continues to invest in the British Offsite subsidiary, to achieve greater security over the supply chain and benefit from site efficiencies which we are now seeing these benefits flow through into our finished product.

The Group has committed to achieve net-zero emissions by 2040 and a plan is in place to ensure we are addressing both embodied and operational emissions. Multiple energy efficiency measures have already been actioned and renewable energy technologies installed, such as the extensive PV panel arrays on the roofs of both the Takeley office buildings and the British Offsite factory, with ongoing monitoring in place to drive further efficiency improvements. Our overriding policy of eliminating wasted energy through design, or 'Fabric First', informs our decision making and throughout our portfolio we are building primarily with the Weston Group's patented panellised MMC product, UNisystem by British Offsite, which brings a wide range of environmental and social advantages both to our business and our production of new homes.

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

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

Customers: Our dedicated sales teams take our customers through every step of the purchasing process in order to make the buying of their new accommodation as smooth as possible. By following the Group's strap line of "built with passion, delivered with pride", the whole process starts with a friendly welcome into our Sales Offices at our developments, where our customers are able to make decisions and choices of finishes and accessories to make their property a home that is special to them. Our adherence to the New Homes Quality Code demonstrates our commitment to providing excellent service throughout the customer journey, illustrated by our Gold Award in customer service from In-House Research for 2024.

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

Suppliers and subcontractors: We aim to build very strong relationships with our suppliers and subcontractors. We regularly engage with our subcontractor and supplier base and recognise the valuable contribution our suppliers and subcontractors make at our developments.

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

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

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

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

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

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

In addition, there are KPI's relating to matters of sustainability such as reducing carbon emissions, driving energy savings and improving levels of recycling materials throughout the business.

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

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

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

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

To manage this risk, we have a revolving credit facility in place which provides us the security to continue to trade. The facility was recently renegotiated and we continue to provide the banks with detailed forecasts and trading updates on a regular basis. To manage cash flow effectively, forecasts are prepared, on variable bases, and flexed for sensitivities in interest rates, sites margins and timing of the delivery of the product. These assumptions are continuously reviewed by the Board.

Build and cost management: Additional build costs with recently up to 30% cost increases can have an adverse effect on cash flow and profitability. Poor build quality can lead to additional costs being incurred and also tarnish the reputation of the Group.

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

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

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

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

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

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

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

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

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

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

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

By order of the Board:

R P Weston - Secretary

Date: 29 April 2024

The Directors present their report with the audited financial statements of the Company and the Group for the year ended 31 July 2023.

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

Dividends
An ordinary dividend totalling £nil was declared during the year (2022: £3.5m).

Directors
The Directors shown below have held office during the whole of the period from 1 August 2022 to the date of this report.

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

Other changes in Directors holding office are as follows:

S A Miles-Brown (Non-executive) - resigned 4 September 2023

Going concern
The Directors have assessed the Group's ability to continue as a going concern by stressing its cash flow forecasts and modelling a number of adverse scenarios. The Group has prepared a base case model which has examined scenarios where there is a significant downturn in sales rates and at relevant sites the inclusion of significant sales price provisions. When required, the Group has then modelled in the base case scenario how it would protect its cash resources by delaying all non-essential site expenditure, ensuring that it still remains compliant with all banking covenants.

The assessment has considered the possible impact on the Group's operations and its future financial performance until 31 July 2025.

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

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

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

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

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

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

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

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

Streamlined Energy and Carbon Reporting

This is the Group's fourth Streamlined Energy Carbon Report (SECR) which covers the year ended 31 July 2023. Energy Consumption and associated emissions have been calculated for all applicable business activities within the UK using recommended methodologies including fleet and meter data. The results have then been compared to the previous year's reported data.

The SECR results are summarised as follows:

Greenhouse Gas Emissions	**Year ended 31/07/23 UK tCO_2e**	**Year ended 31/07/22 UK tCO_2e**
Scope 1		
Emissions from combustion of gas	540.79	144.85
Emissions from combustion of fuel for transport	1,173.91	1,334.66
Emissions from other activities which the company own or control including operation of facilities	1,256.51	1,511.79
Scope 2		
Emissions from purchased electricity – indirect	3.06	10.74
Emissions from purchased gas – indirect	1.18	4.78
Scope 3	0.00	0.00
Total emissions from applicable scopes	**2,975.45**	**3,006.82**
Intensity Ratio (m^2 sold floor area)	**58,901.85**	**55,961.45**
Tonnes of CO_2e per m^2 of properties achieving legal completion within the reporting period	**0.051**	**0.054**

The total energy consumption used to calculate emissions for gas, electricity and transport for UK based activities amounted to 13,581,446 kWh compared to 14,940,300 kWh in the previous year.

Energy Efficiency Comparisons and Actions

Offices: Over the last year the new Horizon factory has been constructed by an external contractor and became fully operational in September 2023. All parts of the business have seen an increase in staffing levels from an average of 489 in the 21/22 reporting period to an average of 527 in the 22/23 reporting period. Both the Takeley and Colchester Business Centres are 95% occupied. A total of 197 charging points have been installed at the Takeley facilities and the electric vehicles fleet has been extended by 86 new cars, now totalling 111, of which 94 charge predominantly at Takeley. Despite the increased energy usage due to the aforementioned points, the overall office energy usage has decreased by 18.17% due to the provision of large PV arrays on the Takeley Business Centre and Innovations buildings together with the new Horizon factory.

Streamlined Energy and Carbon Reporting – continued

Sold and stock plots: Energy usage has increased, electricity by 29.77% and gas by 273%. This is due partly to the large amount of stock plots still using energy over the period, together with 176 sold plots on the Hayes and Barking sites whose energy consumption is still being covered by Weston Homes whilst waiting for the District Heat Network providers to take over the gas CHP networks. It is anticipated that as these two sites move to DHN control and sites under construction move forward with electric heat technology, the gas usage for plots will gradually reduce to zero. Whilst the electric usage will then increase, this will have a lesser impact due to the increased efficiency of heat pumps.

Sites: Works completed on 2 sites, are ongoing on 13 sites and a meaningful start has been made on 3 new sites. Rising material prices, the implications of the Building Safety Act and more recently a drop in sales due to increasing interest rates has meant that all sectors of the house building industry have had to carefully manage cash flow. Weston Homes has therefore scaled back works on sites where sales are not anticipated to be forthcoming resulting in a drop in site energy consumption from 1,896,550 kWh to 1,641,638 kWh.

Fuel: Due to the increase in electric vehicles in the period the volume of petrol and diesel has naturally decreased. This has resulted in a 12.04% reduction in energy usage across the fleet and site vehicles.

Results: The total emissions for the Group have decreased by 1.04% from the previous reporting period. This coupled with a 5.25% increase in the m2 sold floor area, used as an intensity ratio, has resulted in 0.051 tCO2e/m2 which is a 5.56% reduction compared to the 2021/2022 period.

Recommendations: Continue to convert the fleet to electric vehicles; review weekend energy usage for the Takeley offices and consider PV battery storage; review progress with the installation of PV panels on the site office at Barking and consider rolling this out across other applicable sites.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Strategic Report, Report of the Directors and Financial Statements for the Year Ended 31 July 2023 and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

By order of the Board:

R P Weston - Secretary

Date: 29 April 2024

Independent auditors' report to the members of Weston Group Plc

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the group's and of the company's affairs as at 31 July 2023 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Group Strategic Report, Report of the Directors and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated balance sheet and company balance sheet as at 31 July 2023; the consolidated statement of comprehensive income, consolidated statement of changes in equity, company statement of changes in equity and consolidated cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 July 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

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

- Testing was performed over certain journals that we identified as potentially unusual journal postings, and evaluating whether there was evidence of management bias in estimates that represents a risk of material misstatement due to fraud
- Enquiry with management about known or suspected instances of non-compliance with laws and regulations and fraud
- Evaluation of design effectiveness of management's controls to prevent and detect irregularities
- Financial statement review procedures against Companies Act 2006 requirements
- Reviewing minutes of meetings of management and board of directors
- Review of legal expense account code to assess if there are any undisclosed litigation and claim.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
29-04-2024

Weston Group Plc

Consolidated Statement of Comprehensive Income
for the Year Ended 31 July 2023

	Notes	2023 £'000	2022 £'000
Turnover	3	286,786	242,166
Pre-exceptional items		(240,254)	(197,883)
Exceptional items	12	(12,903)	(108)
Cost of sales		(253,157)	(197,991)
Gross profit		33,629	44,175
Administrative expenses		(34,678)	(28,942)
Other operating income	4	36	1,357
Operating (loss)/profit	7	(1,013)	16,590
Interest receivable and similar income		47	13
Interest payable and similar expenses	8	(2,804)	(1,570)
(Loss)/profit before taxation		(3,770)	15,033
Tax on (loss)/profit	9	366	(2,671)
(Loss)/profit for the financial year		(3,404)	12,362

The notes form part of these financial statements

Weston Group Plc (Registered number: 04179330)

Consolidated Balance Sheet
31 July 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	13	385	349
Tangible assets	14	24,339	12,855
		24,724	13,204
Current assets			
Stocks	16	307,452	302,130
Debtors	17	14,698	16,142
Cash at bank and in hand		29,768	23,838
		351,918	342,110
Creditors			
Amounts falling due within one year	18	(39,343)	(38,698)
Net current assets		312,575	303,412
Total assets less current liabilities		337,299	316,616
Creditors			
Amounts falling due after more than one year	19	(212,970)	(197,034)
Provisions for liabilities	22	(13,738)	(5,587)
Net assets		110,591	113,995
Capital and reserves			
Called up share capital	23	246	246
Capital redemption reserve	24	4,180	4,180
Retained earnings	24	106,165	109,569
Total Shareholders' funds		110,591	113,995

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2024 and were signed on its behalf by:

R P Weston - Director

S R Thomas - Director

The notes form part of these financial statements

Weston Group Plc (Registered number: 04179330)

Company Balance Sheet
31 July 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Investments	15	5,088	5,088
Current assets			
Debtors	17	6,773	9,173
Creditors			
Amounts falling due within one year	18	(1,252)	(3,966)
Net current assets		5,521	5,207
Total assets less current liabilities		10,609	10,295
Creditors			
Amounts falling due after more than one year	19	(625)	(625)
Net assets		9,984	9,670
Capital and reserves			
Called up share capital	23	246	246
Capital redemption reserve	24	2,880	2,880
Merger reserve	24	4,313	4,313
Retained earnings	24	2,545	2,231
Total Shareholders' funds		9,984	9,670
Company's profit for the financial year		314	3,631

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2024 and were signed on its behalf by:

R P Weston - Director

S R Thomas - Director

The notes form part of these financial statements

Weston Group Plc

Statements of Changes in Equity
for the Year Ended 31 July 2023

Consolidated

	Called up share capital £'000	Retained earnings £'000	Capital redemption reserve £'000	Total equity £'000
Balance at 1 August 2021	246	100,707	4,180	105,133
Total comprehensive income	-	12,362	-	12,362
Dividends	-	(3,500)	-	(3,500)
Balance at 31 July 2022	246	109,569	4,180	113,995
Total comprehensive expense	-	(3,404)	-	(3,404)
Balance at 31 July 2023	246	106,165	4,180	110,591

Company

	Called up share capital £'000	Retained earnings £'000	Capital redemption reserve £'000	Merger reserve £'000	Total equity £'000
Balance at 1 August 2021	246	2,100	2,880	4,313	9,539
Total comprehensive income	-	3,631	-	-	3,631
Dividends	-	(3,500)	-	-	(3,500)
Balance at 31 July 2022	246	2,231	2,880	4,313	9,670
Total comprehensive income	-	314	-	-	314
Balance at 31 July 2023	246	2,545	2,880	4,313	9,984

The notes form part of these financial statements

Consolidated Cash Flow Statement
for the Year Ended 31 July 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Cash generated from operations	1	15,930	18,372
Interest paid		(11,193)	(8,072)
Interest element of hire purchase payments paid		(112)	(56)
Tax received/(paid)		666	(1,002)
Net cash from operating activities		5,291	9,242
Cash flows from investing activities			
Purchase of intangible fixed assets		(150)	(298)
Purchase of tangible fixed assets		(14,411)	(1,503)
Sale of tangible fixed assets		1,016	273
Interest received		47	13
Net cash used in investing activities		(13,498)	(1,515)
Cash flows from financing activities			
New loans in year		83,682	62,500
Loan repayments in year		(67,500)	(59,500)
Capital repayments in year		(1,123)	(1,313)
Equity dividends paid		-	(3,500)
Non-equity dividends paid		(922)	(922)
Net cash from/(used in) financing activities		14,137	(2,735)
Increase in cash and cash equivalents		5,930	4,992
Cash and cash equivalents at beginning of year	2	23,838	18,846
Cash and cash equivalents at end of year	2	29,768	23,838

The notes form part of these financial statements

1. **Reconciliation of (loss)/profit before taxation to cash generated from operations**

	2023	2022
	£'000	£'000
(Loss)/profit before taxation	(3,770)	15,033
Depreciation and amortisation charges	2,990	2,673
Profit on disposal of fixed assets	(157)	(59)
Finance costs included in cost of sales	9,982	7,232
Finance costs	2,804	1,570
Finance income	(47)	(13)
	11,802	26,436
Increase in stocks	(1,216)	(3,260)
Decrease/(increase) in trade and other debtors	1,370	(4,533)
Decrease in trade and other creditors	(3,959)	(4,880)
Increase in provisions for liabilities	7,933	4,609
Cash generated from operations	15,930	18,372

2. **Cash and cash equivalents**

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

Year ended 31 July 2023

	31/7/23	1/8/22
	£'000	£'000
Cash and cash equivalents	29,768	23,838

Year ended 31 July 2022

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

3. Analysis of changes in net debt

	At 1/8/22	Cash flow	Other non-cash changes	At 31/7/23
	£'000	£'000	£'000	£'000
Net cash				
Cash at bank and in hand	23,838	5,930	-	29,768
	23,838	5,930	-	29,768
Debt				
Finance leases	(1,676)	1,123	(1,605)	(2,158)
Preference shares	(11,525)	-	-	(11,525)
Loans	(182,667)	(16,182)	(1,238)	(200,087)
	(195,868)	(15,059)	(2,843)	(213,770)
Total	(172,030)	(9,129)	(2,843)	(184,002)

1. **Statutory information**

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

2. **Accounting policies**

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

Going concern
The financial statements have been prepared on a going concern basis. The Directors consider that it is appropriate for the financial statements to be prepared on this basis having considered all relevant information, including the Group's trading and cash flow forecasts, the trading opportunities available to the Group and the ongoing support of its banks. The Group has prepared a base case model which has examined scenarios where there is a significant downturn in sales rates and at relevant sites the inclusion of significant sales price provisions. When required, the Group has then modelled in the base case scenario how it would protect its cash resources by delaying all non-essential site expenditure, ensuring that it still remains compliant with all banking covenants.

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

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

Basis of consolidation
The Group financial statements consolidate the financial statements of Weston Group Plc and its subsidiary undertakings drawn up to 31 July 2023.

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

2. **Accounting policies - continued**

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

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

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

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

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

(d) Building safety provision
The Group has recognised a provision in respect of building safety remediation costs. Judgement is required to assess the scope and level of works required and this involves estimating the costs of these works.

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

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

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

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

2. **Accounting policies - continued**

Tangible fixed assets
Tangible fixed assets are initially measured at cost. After initial recognition, tangible fixed assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

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

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

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

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

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

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

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

2. **Accounting policies - continued**

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Hire purchase and leasing commitments

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

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

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

Pension costs and other post-retirement benefits

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to profit or loss in the period to which they relate.

Borrowing costs

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

Deposits received in advance

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

3. Turnover

The turnover and loss (2022 - profit) before taxation are attributable to the one principal activity of the Group.

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

	2023	2022
	£'000	£'000
Residential and commercial property	263,561	205,029
Construction contracts	21,025	30,740
Freehold reversions	-	4,373
Rendering of services	1,145	1,082
Rental income received	1,055	942
	286,786	242,166

4. Other operating income

	2023	2022
	£'000	£'000
Research and development expenditure credit	-	1,197
Rents received	36	157
Government grants	-	3
	36	1,357

5. Employees and Directors

	2023	2022
	£'000	£'000
Wages and salaries	30,379	25,007
Social security costs	3,470	3,051
Other pension costs	2,525	1,963
	36,374	30,021

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

	2023	2022
	Number	Number
Directors - Company	6	6
Directors - Subsidiaries	13	12
Office	257	146
Site	128	187
Conferences and serviced offices	25	24
Environmental consultancy	21	20
Warehouse and factory	82	94
	532	489

5. **Employees and Directors - continued**

Pensions

The Group operates defined contribution pension schemes in respect of the Directors and employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost for the year is disclosed above and there were unpaid contributions at the year end of £259,000 (2022: £251,000).

6. **Directors' emoluments**

	2023 £'000	2022 £'000
Directors' remuneration	2,742	3,638
Directors' pension contributions to money purchase schemes	34	51

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

	2023 Number	2022 Number
Money purchase schemes	3	3

Information regarding the highest paid Director is as follows:

	2023 £'000	2022 £'000
Emoluments	1,045	1,650

Details of Director's remuneration who are considered to be key management personnel of the Company are shown above. Employers National Insurance contributions for these individuals totals £289,241 (2022: £504,306).

7. **Operating (loss)/profit**

The operating loss (2022 - operating profit) is stated after charging/(crediting):

	2023 £'000	2022 £'000
Operating lease rentals	3,774	3,258
Depreciation - owned assets	2,470	2,158
Depreciation - assets on hire purchase contracts	406	400
Profit on disposal of fixed assets	(157)	(59)
Development costs amortisation	24	20
Computer software amortisation	90	95
Audit of the Company and Group financial statements	170	140
Audit-related assurance services	5	5
Taxation compliance services	51	46
Taxation advisory services	48	60

8. Interest payable and similar expenses

	2023 £'000	2022 £'000
Bank loans and overdrafts	1,689	455
Other interest payable	81	137
Hire purchase	112	56
Preference dividends	922	922
	2,804	1,570

Reconciliation of finance costs (including non-equity dividends)

	2023 £'000	2022 £'000
Interest paid	12,227	9,050
Movement in prepaid finance costs	1,238	656
Creditor movement	2,629	320
Movement in interest capitalised in the year	(3,308)	(1,224)
Total charged to the statement of comprehensive income	12,786	8,802

Split as follows:

	2023 £'000	2022 £'000
Included in cost of sales	9,982	7,232
Included in finance costs above	2,804	1,570
Total charged to the statement of comprehensive income	12,786	8,802

9. Tax on (loss)/profit

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2023 £'000	2022 £'000
Current tax:		
UK corporation tax	-	2,456
Adjustments in respect of prior periods	(583)	(83)
Total current tax	(583)	2,373
Deferred tax:		
Deferred tax	(366)	494
Adjustments in respect of prior periods	509	(256)
Effect of changes in tax rates	74	60
Total deferred tax	217	298
Tax on (loss)/profit	(366)	2,671

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is higher (2022: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2023 £'000	2022 £'000
(Loss)/profit before tax	(3,770)	15,033
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 21% (2022 - 19%)	(792)	2,856
Effects of:		
Expenses not deductible for tax purposes	426	304
Income not taxable for tax purposes	-	(376)
Adjustments in respect of prior periods	(74)	(339)
Dividends not subject to tax	-	166
Effect of other tax rates	74	60
Total tax (credit)/charge	(366)	2,671

On 1 April 2023, the main rate of corporation tax in the UK was increased from 19% to 25%.

10. **Individual statement of comprehensive income**

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

11. **Dividends**

	2023 £'000	2022 £'000
Ordinary shares of £0.01 each: Final	-	3,500

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

	2023 £'000	2022 £'000
Building safety fund provision	5,353	4,597
Abortive site costs	7,550	-
Reversal of provision	-	(4,489)
	12,903	108

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

Abortive site costs relate to costs written off in connection with development sites that did not proceed.

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

13. Intangible fixed assets

Group

	Development costs £'000	Computer software £'000	Totals £'000
Cost			
At 1 August 2022	200	784	984
Additions	112	38	150
At 31 July 2023	312	822	1,134
Accumulated amortisation			
At 1 August 2022	21	614	635
Amortisation for year	24	90	114
At 31 July 2023	45	704	749
Net book value			
At 31 July 2023	267	118	385
At 31 July 2022	179	170	349

14. Tangible assets

Group

	Land and buildings £'000	Leasehold property improvements £'000	Plant and machinery £'000	Motor vehicles £'000	Office equipment £'000	Totals £'000
Cost						
At 1 August 2022	1,089	5,366	12,682	6,094	3,715	28,946
Additions	540	2,219	9,789	3,177	291	16,016
Disposals	-	(448)	(2,298)	(2,010)	(366)	(5,122)
Transfer	(1,088)	-	-	-	-	(1,088)
At 31 July 2023	541	7,137	20,173	7,261	3,640	38,752
Accumulated depreciation						
At 1 August 2022	276	2,315	7,861	2,902	2,737	16,091
Charge for year	24	550	1,081	759	462	2,876
Eliminated on disposal	-	(409)	(2,220)	(1,268)	(366)	(4,263)
Transfer	(291)	-	-	-	-	(291)
At 31 July 2023	9	2,456	6,722	2,393	2,833	14,413
Net book value						
At 31 July 2023	532	4,681	13,451	4,868	807	24,339
At 31 July 2022	813	3,051	4,821	3,192	978	12,855

The transfer in the year relates to land which has been transferred to stocks as development land and buildings.

The carrying value of plant and machinery held under finance leases and hire purchase contracts at 31 July 2023 was £239,000 (2022: £703,000).

The carrying value of motor vehicles held under finance leases and hire purchase contracts at 31 July 2023 was £2,520,000 (2022: £1,604,000).

15. Investments

Company

	£'000
Cost	
At 1 August 2022 and 31 July 2023	5,088
Net book value	
At 31 July 2023	5,088
At 31 July 2022	5,088

15. **Investments - continued**

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

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

* held indirectly

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

16. **Stocks**

	Group	
	2023	**2022**
	£'000	**£'000**
Development land and buildings	301,011	297,533
Consumables	6,441	4,597
	307,452	302,130

Included in development land and buildings are capitalised borrowing costs of £15,876,694 (2022: £12,558,223).

17. Debtors

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	7,964	1,827	-	-
Amounts owed by Group undertakings	-	-	6,671	9,071
Amounts recoverable on contracts	348	476	-	-
Other debtors	1,809	4,835	102	102
Tax	1,475	1,558	-	-
Prepayments and accrued income	3,085	7,429	-	-
	14,681	16,125	6,773	9,173
Amounts falling due after more than one year:				
Other debtors	17	17	-	-
Aggregate amounts	14,698	16,142	6,773	9,173

18. Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Preference shares (see note 20)	1,250	1,000	-	-
Hire purchase contracts (see note 21)	1,059	842	-	-
Trade creditors	10,562	2,878	-	-
Tax	-	-	74	20
Other taxation and social security	986	1,331	-	-
Other creditors	3,104	5,900	1,178	3,946
Accruals	20,168	17,933	-	-
Deferred income	2,214	8,814	-	-
	39,343	38,698	1,252	3,966

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

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bank loans (see note 20)	198,318	181,070	-	-
Preference shares (see note 20)	10,275	10,525	625	625
Unsecured loans (see note 20)	1,769	1,587		
Hire purchase contracts (see note 21)	1,099	834	-	-
Other creditors	1,509	3,018	-	-
	212,970	197,034	625	625

20. Loans

An analysis of the maturity of loans is given below:

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year or on demand:				
Preference shares	1,250	1,000	-	-
Amounts falling due between one and two years:				
Preference shares	1,250	1,250	-	-
Amounts falling due between two and five years:				
Revolving Credit Facility	198,318	181,070	-	-
Preference shares	5,525	5,025	625	625
	203,843	186,095	625	625
Amounts falling due in more than five years:				
Repayable otherwise than by instalments				
Unsecured loan	1,769	1,587	-	-
Preference shares	3,500	4,250	-	-
	5,269	5,837	-	-

20. **Loans - continued**

The Revolving Credit Facility (RCF) is provided by HSBC, Bank of Scotland, Bank of Ireland and Allied Irish Banks. The facility was due to mature on 5 August 2024, however subsequent to the year end, this has been extended to 1 November 2025 with the option for a further 18 months subject to certain events. The facility is shown above net of prepaid finance costs of £181,979 (2022: £1,430,221). Interest is charged on this facility at SONIA plus a margin of 3.5%.

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

The preference shares are 8% preference shares of £1 each and are redeemable at the option of the Company on dates agreed with the preference Shareholders in the years 2024 to 2033.

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

Group

Minimum lease payments fall due as follows:

	2023 £'000	2022 £'000
Net obligations repayable:		
Within one year	1,059	842
Between one and five years	1,099	834
	2,158	1,676

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

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

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

22. **Provisions for liabilities**

	Group	
	2023 £'000	2022 £'000
Deferred tax	963	746
Other provisions	12,775	4,841
Aggregate amounts	13,738	5,587

22. **Provisions for liabilities - continued**

Group

	Deferred tax £'000	Other provisions £'000
Balance at 1 August 2022	746	4,841
Provided during year	217	7,977
Utilised during year	-	(43)
Balance at 31 July 2023	963	12,775

Other provisions include a dilapidations provision of £367,344, a building safety provision of £9,907,338 and other provisions of £2,500,000. The dilapidations provision relates to the estimated expenditure required to make good the Group's leasehold properties at the end of their lease term and is expected to unwind on the expiry of leases over the next 24 years. The building safety provision relates to the estimated expenditure required to remedy defects in legacy properties and is expected to unwind as remediation costs are incurred over the next two years.

23. **Called up share capital**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023 £'000	2022 £'000
24,500,942	Ordinary	£0.01	245	245
85,634,075	Ordinary B	£0.00001	1	1
			246	246

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

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

24. **Reserves**

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

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

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

25. Commitments and contingent liabilities

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

The Company has given an unlimited cross guarantee in respect of the bank borrowings of certain Group undertakings. At 31 July 2023 the bank borrowings amounted to £198,500,000 (2022: £182,500,000).

The Company has given guarantees in respect of operating leases entered into by subsidiary undertakings of an annual amount of £2,818,000 (2022: £2,728,000).

26. Operating lease commitments

	2023 £'000	2022 £'000
Within one year	4,448	3,295
Between one year and five years	18,301	13,465
In more than five years	75,320	55,443
	98,069	72,203

27. Related party disclosures

Other creditors include the following amounts which are owed to individuals who are Directors of the Company:

	2023 £'000	2022 £'000
R P Weston	907	1,616
S P Bickel	-	618

Included in creditors within one year and greater than one year is a loan balance of £1,769,166 (2022: £1,587,080) owed to A E Bickel, who is the mother of S P Bickel, a Director of the Company. During the year £80,792 (2022: £136,128) was paid for the provision of the loan facility.

Included in creditors within one year and greater than one year are £7,400,000 redeemable 8% preference shares of £1 each (2022: £7,400,000) owed to A E Bickel. During the year, £592,000 (2022: £592,000) was paid in dividends in respect of these. The dividends are shown under interest payable and similar expenses.

Also included in creditors greater than one year are £3,500,000 redeemable 8% preference shares of £1 each (2022: £3,500,000). Of these, £1,250,000 (2022: £1,250,000) are owed to S P Bickel and his wife L Bickel, £1,250,000 (2022: £1,250,000) are owed to S Hoenig, the sister of S P Bickel and her husband N Hoenig and £1,000,000 (2022: £1,000,000) are owed to A Taylor who is the mother of Andrew Taylor, a Director of the Parent Company and has significant influence over The Taylor Family Trust.

Preference dividends of £100,000 (2022: £100,000) were paid during the year to S P Bickel and L Bickel and S Hoenig and N Hoenig respectively and £80,000 (2022: £80,000) to A Taylor. The dividends are shown under interest payable and similar expenses.

27. **Related party disclosures - continued**

Included in creditors within one year is a loan balance of £270,534 (2022: £1,711,710) owed to A Taylor. A Taylor is considered to have significant influence over The Taylor Family Trust, which owns a significant number of the shares of Weston Group Plc.

Also included in creditors greater than one year in the Company only figures are 625,000 redeemable 8% preference shares of £1 each to the Weston Homes Plc Pension Scheme (2022: 625,000). During the year dividends of £50,000 (2022: £50,000) were paid in respect of these. This is shown under interest payable and similar expenses.

During the year, a Group Company acquired goods and services to the value of £1,748,851 (2022: £2,615,323), from R G Taylor Engineering Limited, which is part owned by A Taylor. A Taylor is considered to have significant influence over The Taylor Family Trust, which owns a significant number of the shares of the Company.

During the year a Group Company sold an apartment totalling £360,000 (2022: £286,500) and a car totalling £nil (2022: £39,355) to S P Bickel, a Director of the Company. This transaction was at normal prices and on normal business terms and no amounts were outstanding at the year end.

During the year, a Group Company carried out construction works for R P Weston, a Director of the Company, totalling £144,782 (2022: £304,766). This transaction was at normal prices and on normal business terms and no amounts were outstanding at the year end.

During a prior year the Company extended loans to a number of its Directors. These loans are interest free and are repayable in the event of their resignation as a Director. Of the total amount of loans given £nil (2022: £3,503) was repaid during the year following the resignation of one of the Directors. At the year end £101,592 (2022: £101,592) was still outstanding in respect of these loans.

28. **Ultimate controlling party**

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

29. **Share-based payment transactions**

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

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

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

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

During the year the Company recognised total expenses of £nil (2022: £nil) related to equity-settled share-based payment transactions.