

COUNTRYSIDE PROPERTIES (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022



COUNTRYSIDE PROPERTIES (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The Directors present the Strategic Report for Countryside Properties (UK) Limited (the 'Company') for the year ended 30 September 2022.

The Company's ultimate parent undertaking up until 11 November 2022 was Countryside Partnerships PLC (formerly named Countryside Properties PLC and now named Countryside Partnerships Limited), which is registered in England and Wales. From 11 November 2022, the ultimate parent undertaking and controlling party is Vistry Group PLC, which is registered in England and Wales. The Company is an indirectly held, wholly owned subsidiary of Vistry Group PLC.

Throughout these accounts, Countryside Partnerships Limited, its subsidiaries, joint ventures and associate are together defined as the "Group" or "Countryside Partnerships", being the smallest and largest group in to which the Company was consolidated up to the reporting date of 30 September 2022. Vistry Group PLC, its subsidiaries (which have included the Company from 11 November 2022), joint ventures and associate are together defined as the "Enlarged Group".

Business activities and future developments

Countryside Properties (UK) Limited is a housebuilding business focused on the development of new homes, communities and estate regeneration through partnerships with landowners and registered providers of social housing. The majority of its projects comprise mixed-tenure housing alongside appropriate supporting community and recreational facilities, with some also including commercial units.

The principal areas of the Company's operations include London and the South East, the Midlands, the North West of England and Yorkshire.

No changes to the business' activities are expected in the foreseeable future.

Trading performance and financial position

Revenue increased by 1% to £1,259.6m (2021: £1,251.1m) in 2022. Private and affordable sales are lower than the comparative period, reflecting the full year impact of sites being transferred from the Company to other Group companies midway through 2021. Offsetting this, revenue from management fees charged to other Group companies has increased. Refer to note 4.

The Company reported a statutory operating loss of £149.3m (2021: profit of £61.0m) and an operating margin of -11.9% (2021: +4.9%).

The Company's loss before tax for the year was £153.6m (2021: profit before tax of £188.8m), representing a £342.4m movement versus the prior year. The decrease was primarily due to a £133.0m charge recognised during the year in respect of expected remediation costs for multi-occupancy buildings, and prior year dividends received of £177.1m, of which £162.7m related to the Group reorganisation and therefore were not replicated in the current year. Total shareholders' funds decreased to £301.0m (2021: £427.4m) as a result of losses made during the year.

COUNTRYSIDE PROPERTIES (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Strategy

We are proud to be the market leader in the delivery of high quality mixed-tenure communities, with a strong focus on placemaking and regeneration. Our Partnerships business works closely with housing associations, public bodies and institutional private rental operators to deliver a balanced portfolio of affordable, private rental and private for sale homes.

We operate a highly differentiated mixed-tenure model underpinned by over 40 years of experience and a strong track record of delivery through collaborative working with partners in public and private sectors. Our continual focus on establishing positive social change through the homes and communities we create means we are the partner of choice.

Our master planning and design capabilities ensure we utilise scarce land efficiently to create diverse, integrated and balanced communities. This is complemented by our capability to act as master developer on large sites, creating options for land-owners in the development of large-scale communities.

Our model focuses on regeneration with opportunities generally sourced through public procurement processes or through direct negotiation with local authority partners. We also develop brownfield land or other land where we can deploy our mixed-tenure model, with both private and public sector landowners.

Place making is at the heart of everything we do, designing places people love and helping to build successful communities. We are committed to high quality design, construction and management, creating a positive legacy for future generations.

Stakeholder engagement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. This part of the strategic report serves as our Section 172 statement and sets out how the Company engages with, and take into consideration, the interests of those key stakeholders who are material to the long-term success of the business.

The Company's key stakeholders are our partners (such as the housing associations and local authorities that we work with), our employees, our suppliers, the communities in which we operate, our customers and the Government and regulators.

Going forward, the stakeholder engagement process for the Enlarged Group including Countryside Partnerships will be directed by the Board of Vistry Group, however the process that operated during the financial year covered by this annual report, and up to the acquisition date is set out below:

Partners

Creating enduring relationships with local authorities, housing associations and PRS providers helps us to maintain our reputation as a preferred delivery partner. We engage with them at all stages of a development to ensure that we create communities where people love to live.

How we engage:

- Engagement with large housing associations through the G15 group and other forums
- Membership of the Home Builders Federation
- District Council Network, County Council Network, Civic Voice and National Planning Forum
- Regular engagement meetings with other partners
- Partner with Future of London, a cross-sector body, to support partnerships between public and private sectors
- Engagement with the Housing Forum, a cross-sector group focused on delivering housing in partnership

COUNTRYSIDE PROPERTIES (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Stakeholder engagement (continued)

Employees

Our employees are the backbone of our organisation and we believe that our people truly differentiate us from our competition. Without the talent of our employees we would not be able to build sustainable communities where people want to live. We therefore understand the importance of both developing and engaging with our employees to ensure we retain strong talent.

How we engage:

- New joiner inductions with Executive team
- Quarterly business update presentations
- Staff intranet and magazine
- Meet the CEO breakfast meetings
- Staff engagement groups at a regional level, with feedback to Group Executive Committee and NED involvement
- Board visits to different sites and offices
- Increased virtual training and personal development sessions and HR roadshows
- Staff survey
- Employee mailers sent to all employee addresses

During the year, the Directors' continued to review the employee journey, including training, benefits and culture, launched "Be You", a campaign encouraging colleagues to be themselves at work, which evolved into new employee forums and introduced a "Cost of Living Allowance" to support employees through the prevailing difficult economic times and increased focus on free financial wellbeing sessions.

Suppliers

Without our suppliers we would not be able to build our homes at the same pace or to the standards our customers have come to expect. We therefore need to maintain our relationships and support development with our suppliers to ensure that the standards remain high, suppliers choose to work with Countryside and costs are controlled. The Company negotiates with sub-contractors and suppliers, both on a national and a local basis, to develop national framework agreements and to agree both national and local commercial terms.

How we engage:

- Detailed tendering process
- Liaison through central procurement department working closely with major suppliers nationally
- Centralised process to provide unified data, trend analysis and risk profiling
- Local buying teams engaging with local suppliers
- Networking events and liaison with wider supply chain partners (sub-contractors and distributors)
- Contractors and supply chain survey
- Collaborative scoping meetings
- Regular meetings, engagement groups, training and "toolbox talks"

COUNTRYSIDE PROPERTIES (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Stakeholder engagement (continued)

Communities

A critical element for the success of the Company's strategy of creating "places people love" involves interacting with the local communities to take their views fully into account. Countryside develops a tailored planning and community engagement strategy for each development site, working closely with communities, local councils and other local stakeholders throughout all aspects of the planning process.

How we engage:

- Consultation through the planning process to understand the needs of the local community
- Meetings with councillors, planning officers and other key officials such as in highways and education
- Town hall meetings, consultation events and drop-in sessions
- Collaboration with local charities and community groups
- Developing scheme-specific websites and social media to reach a wider group of people
- Newsletter drops to surrounding community to keep them informed of proposals
- Employing local people who understand local needs
- Dedicated community development team with community liaison officers

Customers

Delivering high levels of customer satisfaction enhances the reputation of our business and reduces the costs associated with rectifying poor-quality work. The Board and the Group management team regularly review customer satisfaction scores as independently reported and consider ways in which these can be improved.

How we engage:

- Consultations on planning and regeneration
- Sales advisors and site management liaise with customers through the home-buying process
- Meet the builder sessions on site
- Home buyer demonstrations
- Customer service teams
- In-house and NHBC surveys
- On-site community engagement events
- Resident community boards

Government and regulators

Government policy and regulation have a significant impact on the Housebuilding industry and therefore Countryside. Regulation and policies around planning, Help to Buy, health and safety, quality, fire safety, stamp duty and leasehold amongst others continually evolve and therefore we not only need to engage with Government to help inform it but also keep up to date with future policy changes.

How we engage:

- Regular dialogue with Government and industry groups
- Active member of the HBF
- Ongoing engagement with planning authorities
- Regular communication with other regulators such as HMRC and HSE

COUNTRYSIDE PROPERTIES (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Principal risks and uncertainties

During the year ended 30 September 2022, the Company's risk management strategy was primarily controlled by the Countryside Partnerships Board and was overseen in detail by Countryside's Risk Management Committee ("RMC"). The Board had ultimate responsibility for risk management within Countryside Partnerships and determined the Group's overall risk profile and appetite for achieving its strategy for long-term value creation. This included an assessment of the Group's principal and emerging risks during the 2022 financial year.

The day-to-day management of risk during the financial period was delegated by the Board to the Risk Management Committee ("RMC"), reviewed and considered the principal risks facing the Group and the measures in place to address each risk. The RMC's membership consisted of all members of Countryside's Executive Committee and the Director of Risk Assurance.

Part of the RMC's business was to review the Group's risk register, which was maintained to record all risks and uncertainties identified in each part of the business, including the Company. For each risk, the most appropriate member of the Executive Committee was allocated as a "risk owner". The risk owners would call upon appropriate expertise to conduct an analysis of each risk, according to a defined set of assessment criteria. The RMC would also, as part of its regular business, consider any emerging risks and discuss their inclusion in the risk management process.

Risk identification and management is built into every aspect of the Company's daily operations. Like most businesses, there was extensive consideration given to the increase in inflation and its impact on the cost of living and, particularly, Countryside's people. Further details of the steps taken to help employees address the cost of living impact are included in the Company's Section 172 statement above.

Following the acquisition of Countryside by Vistry Group on 11 November 2022, the Countryside Partnerships business was brought under Vistry Group's wider risk management process and framework. The commentary below is therefore focussed on Countryside's approach to managing its principal risks during the financial year ended 30 September 2022 and prior to the acquisition date.

The main business risks identified are:

(1) A major incident impacts the United Kingdom, or countries where key suppliers are located and significantly impacts the business

The impact of a catastrophic event, such as flooding, failure of the National Grid, or the spread of an infectious disease on an epidemic or pandemic scale can lead to the imposition of Government controls on the movement of people with the associated cessation of large parts of the economy for a significant period of time. The cessation of business can lead to zero or reduced revenues until business activity can be safely recommenced.

To mitigate this risk, robust and tested business interruption plans, including "slow down" and "stop" procedures for all supply and contractor agreements are in place.

(2) Adverse macroeconomic conditions

A decline in the macroeconomic conditions, or conditions in the UK residential property market, can reduce the propensity to buy homes. Higher unemployment, interest rates and inflation can affect consumer confidence and reduce demand for new homes. Constraints on mortgage availability, or higher costs of mortgage funding, may make it more difficult to sell homes.

To mitigate this risk, land is purchased based on planning prospects, forecast demand and market resilience. Forward sales, cash flow and work in progress are carefully monitored to give the Company time to react to changing market conditions.

(3) Adverse changes in Government policy and regulation

Adverse changes to Government policy in areas such as climate change tax, the environment, tax, housing, planning and building regulations (including the potential for extending historical liability periods) may result in increased costs and/or delays. Failure to comply with laws and regulations could expose the Company to penalties and reputational damage. The discontinuation of Government backed purchase assistance programmes (such as Help to Buy) may adversely affect the Company's sales.

To mitigate this risk, the potential impact of changes in Government policy and new laws and regulations are monitored. Detailed policies and procedures are in place to address the prevailing regulations.

COUNTRYSIDE PROPERTIES (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Principal risks and uncertainties (continued)

(4) Climate change

Failure to adequately recognise and prepare for the impacts of climate change on the Company's operations and value chain could lead to severe resource constraints, significant delays to programmes, rising build costs, an inability to meet new, more demanding regulations and a loss of customer confidence.

To mitigate this risk, the Group's Board regularly monitors performance against targets set in relation to net carbon output and greenhouse gas emissions, and technical teams are in place to evaluate and address any significant changes to building regulations, working in close liaison with the Home Builders Federation ('HBF') Future Homes Hub.

(5) Constraints on construction resources

Costs may increase beyond budget due to the reduced availability of skilled labour, or shortages of subcontractors or building materials at competitive prices to support the Company's growth ambitions.

To mitigate the risk, the Company optimises the use of standard house types and design to maximise buying power. The Company implements robust contract terms to control costs and works strategically with suppliers to leverage volume price reductions and minimise supply chain disruption.

(6) Poor operational performance

Inadequate controls or failures in compliance will impact the Company's operational and financial performance.

To mitigate this risk there is uniform implementation of Group-wide policies and procedures. Clear delegated authorities exist with Group Directors responsible for key functions across the Group (e.g. Finance, Commercial, Technical, Sales, Health and Safety and Legal) and regular training is provided. Regular reviews of all applicable policies and procedures are carried out with an accompanying "bring-up" system and there is also a systematic audit process of all key procedures over an agreed time period.

(7) Inadequate land availability that suits the Partnerships business model due to an inability to source suitable land or significant delays in obtaining necessary planning permission

An inability to source suitable land or obtain necessary planning. Failure to secure timely planning permission on economically viable terms may cause delay or potentially termination of project.

To mitigate this risk, land needs and requirements are identified for at least a five-year period and we maintain a significant forward land bank to ensure forward visibility of earnings. We maintain a strong relationship and reputation with land owners and agents and employ skilled internal land and associated technical teams who use methods of land acquisition that give best opportunity of acquiring land at below current market value (e.g. use of optional/conditional contracts subject to planning).

(8) Inability to attract and retain talented employees

An inability to attract and retain highly skilled, competent people, with adequate diversity and inclusion, at all levels could adversely affect the Group's results, prospects and financial condition.

To mitigate this risk, succession plans are in place for all key roles within the Group and remuneration packages are regularly benchmarked against industry standards to ensure competitiveness. People development training programmes are in place and significant work has been undertaken to embed the culture, values and behaviours to support the agreed strategy. Flexible working policies are applied where practical and exit interviews are used to identify any areas for improvement.

COUNTRYSIDE PROPERTIES (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Principal risks and uncertainties (continued)

(9) Inadequate health, safety and environmental procedures

A deterioration in the Company's health, safety & environmental standards could put its contractors or the general public at risk of injury or death and could lead to litigation or penalties or damage the Company's reputation.

To mitigate the risk, procedures, training and reporting are all carefully monitored to ensure that high standards are maintained and regular Health and Safety audits are undertaken. Environmental risk assessments are carried out and appropriate insurance is in place to cover the risks associated with Housebuilding.

(10) Cyber security

A failure of the Company's IT systems or a security breach of the internal systems, website or loss of data could significantly impact the Company's business.

To mitigate this risk, regular system updates and backups are carried out and data is stored off-site. Third party assessments, which include penetration testing, are also carried out.

(11) Reputational damage

The perception of Countryside, its brand and values deteriorates in the eyes of investors, customers, suppliers, local authorities, housing associations, banks, analysts or auditors which could lead to increased operational and financial risks.

To mitigate this risk, the Company applies its Code of Conduct and Business Ethics and has clear environmental, social and governance objectives with plans to achieve them.

Financial risk management

The key financial risks affecting the Company are as follows:

Liquidity risk

The Company finances its operations through a mixture of equity (Company share capital, reserves and retained earnings) and debt (intra-group loans). The Company manages its liquidity risk by monitoring its funding headroom against requirements based on short term and long term cash flow forecasts.

Credit risk

The Company's exposure to credit risk is limited for housebuilding activities by the fact that the Company typically receives cash at the point of legal completion for its private sales. The Company's remaining credit risk predominantly arises from receivables under construction contracts and bank deposits of cash and cash equivalents.

Key Performance Indicators (KPIs)

The Directors consider the Company's KPIs are revenue, operating margin, operating profit, profit before tax and total shareholders' funds, which are disclosed in this Strategic Report.

The Strategic report was approved by the Board of Directors and is signed by the order of the Board:



T D Wright
Director

30 August 2023

COUNTRYSIDE PROPERTIES (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

The Directors present their report and the audited financial statements of the Company for the year ended 30 September 2022.

Dividends

The Directors do not recommend the payment of a final dividend on the ordinary shares (2021: £Nil).

During the year, £8.1m (2021: £177.1m) of dividend income was received from the Company's subsidiaries and joint ventures. Of the prior year dividend income, £162.7m was received from the Company's then subsidiaries, as a result of the reorganisation of the Countryside Partnerships legal structure across March and April 2021.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

P V Lyons	(Resigned 31 December 2022)
M I Scott	(Resigned 29 November 2021)
I D McPherson	(Resigned 13 January 2022)
M P Woolliscroft	
J Jamieson	(Resigned 31 March 2023)
P A Chapman	(Resigned 31 March 2023)
D H McGowan	(Resigned 1 July 2022)
T D Wright	(Appointed 1 December 2021)
C J Bates	(Appointed 21 November 2022)
E Sibley	(Appointed 29 November 2022)
T C Lawlor	(Appointed 29 November 2022)
S J Teagle	(Appointed 25 August 2023)

Qualifying third party indemnity provisions

The Company has made qualifying third-party indemnity provisions for the benefits of its Directors during the year in accordance with the Companies Act 2006 which remain in force at the date of approval of the Financial statements. This indemnifies individual Directors and Officers of the Company, the immediate parent company and all subsidiary companies from actions taken in connection with the Company's business.

Research and development

The Company did not incur any research and development costs during the current year (2021: £0.6m).

Going concern

As a result of the acquisition by Vistry Group PLC, all of the Group's pre-existing facilities were fully repaid and the Group and its subsidiaries became reliant on the financial support of the wider Vistry Group. The Directors of the Group have confirmed with the Directors of Vistry, as the ultimate controlling party, that Vistry will continue to provide the necessary financial support to the Group and its subsidiaries, including the Company, for a period of at least 12 months from the date of approval of these financial statements. The Directors also have no intention of liquidating the Company in the foreseeable future.

Vistry Group PLC is now the ultimate parent of the combined Vistry and Countryside Partnerships Group (the "Enlarged Group"). The Enlarged Group has a strong balance sheet supported by available banking facilities in excess of £1bn to support working capital requirements. Enlarged Group forecasts have been prepared based on combined operational plans. The forecasts were subject to a range of sensitisation including severe but plausible scenarios together with the likely effectiveness of mitigating actions. The forecasts continue to demonstrate that Vistry is able to provide financial support to the Group and the Company for a period of at least 12 months from the date at which these financial statements have been approved and authorised for issue.

The Directors of the Company are of the view, at the time of approving the financial statements, that there is a reasonable expectation the Company will be able to remain in existence for a period of at least 12 months from the date of approval of these financial statements.

COUNTRYSIDE PROPERTIES (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Financial risk management

The Directors' opinion on Financial Risk Management has been included in the Strategic Report.

Employees

Equal opportunities

The Company is committed to employment policies which follow best practice based on equal opportunities for all employees, irrespective of gender, race, nationality, colour, disability, marital status, sexual orientation, age or religion. All decisions relating to employment practices are objective, free from bias and based upon work criteria and individual merit. The Company's policy is to offer appropriate training and career development to disabled persons that are, as far as possible, identical to other employees and in line with best practice. In the event of a member of staff becoming disabled, the Company makes every effort to continue employment, arrange appropriate retraining and offer opportunities for promotion.

Employee engagement

During the year, there has been an extensive programme of engagement with employees, including as part of the process for the development of the Company's values. We encourage employee involvement in the Company; a common awareness of the financial and economic factors affecting the Company on the part of all employees plays a major role in maintaining the Company's customer-focused approach. Please also refer to the 'Employees' section of the Strategic Report on page 3.

Suppliers, Customers and Others

How the Directors' engage with suppliers, customers and others has been included within the Strategic Report on pages 2 to 4.

Future developments

The Directors' opinion on the future outlook and prospects of the Company has been included in the Strategic Report.

Post balance sheet events

A summary of post balance sheet events can be found within note 27.

Independent auditors

On 17 May 2022, Deloitte LLP were appointed as the Company's external auditor for the financial period commencing 1 October 2021.

Following the acquisition of the Countryside Partnerships Group by Vistry Group PLC, it is the Directors' intention that PricewaterhouseCoopers LLP will be appointed as the Company's external auditor for financial periods commencing from 1 October 2022, and therefore these financial statements for the year ended 30 September 2022 are the first and last that will be audited by Deloitte LLP.

Energy and carbon reporting

The Company is exempt from energy and carbon reporting requirements because this can be found in the Countryside Partnerships Limited accounts.

COUNTRYSIDE PROPERTIES (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 "Reduced Disclosure Framework").

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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 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 inappropriate to presume that the company will continue in business.

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

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

Directors' confirmations

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

- so far as the Director is aware, there is no relevant audit information of which the 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.

The Directors' report including the Statement of Directors' responsibilities was approved by the Board of Directors and is signed by the order of the Board:



T D Wright

Director

30 August 2023

COUNTRYSIDE PROPERTIES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNTRYSIDE PROPERTIES (UK) LIMITED

Independent auditor's report to the members of Countryside Properties (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Countryside Properties (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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.

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 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.

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

Other information

The 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 our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

COUNTRYSIDE PROPERTIES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF COUNTRYSIDE PROPERTIES (UK) LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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.

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 auditor's report.

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, pensions legislation, tax legislation and Building Safety Regulations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the environmental regulations and health and safety law.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements. As a result of this discussion, we identified the greatest potential for fraud in the following area: margin estimation, and our specific procedures performed to address it are described below:

- Assessed the design and implementation of key relevant controls relating to margin estimation;
- Analysed margins on a site-by-site basis to identify material movements in site margins, loss-making sites and sites that present other characteristics of heightened fraud or error risk;
- With the assistance from our internal real estate experts, for a sample of sites, attended the cost-to-complete management meeting to enhance our understanding of the sites and enable us to challenge the assumptions being made relating to costs to complete and forecast revenue;
- On a sample of sites, made enquiries with management to support their estimates associated with the costs to complete the development and the revenue to come. For a sample of these inputs we obtained external supporting evidence to verify amounts; and
- Evaluated key inputs to the margin calculation, including the current and forecast sales price assumptions and the impact of house price and build cost inflation and recalculate the margin to be recognised. These have been assessed in the context of current and forecast changes in the macro-economic environment.

COUNTRYSIDE PROPERTIES (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



Rob Knight FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 August 2023

COUNTRYSIDE PROPERTIES (UK) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £'m	2021 £'m
Revenue	4	1,259.6	1,251.1
Cost of sales		(1,267.7)	(1,085.5)
Gross (loss)/profit		(8.1)	165.6
Administrative expenses		(141.2)	(104.6)
Operating (loss)/profit	5	(149.3)	61.0
Dividend income		8.1	177.1
Impairment of investments in subsidiary undertakings		-	(38.4)
(Loss)/profit before interest and taxation		(141.2)	199.7
Interest receivable and similar income	8	1.1	0.5
Interest payable and similar expenses	9	(13.5)	(11.4)
(Loss)/profit before taxation		(153.6)	188.8
Tax on profit or loss	10	28.2	(19.2)
(Loss)/profit for the financial year		(125.4)	169.6

Revenue and operating profits arose from the Company's continuing operations.

There were no items of other comprehensive income in the year and therefore no separate statement of comprehensive income is required.

COUNTRYSIDE PROPERTIES (UK) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	Note	2022 £'m	2021 £'m
Fixed assets			
Intangible assets	11	1.4	2.0
Property, plant and equipment	12	11.7	12.7
Right of use assets	13	33.5	70.1
Investments in joint ventures and associate	14	0.4	0.4
Investments in subsidiaries	14	1.7	1.7
Deferred tax	18	20.0	-
Trade and other receivables	19	17.2	12.9
		<u>85.9</u>	<u>99.8</u>
Current assets			
Inventories	17	738.7	705.8
Deferred tax	18	-	3.1
Trade and other receivables	19	443.5	283.9
Current tax receivables		-	3.9
Cash and cash equivalents		241.6	29.0
		<u>1,423.8</u>	<u>1,025.7</u>
Creditors: amounts falling due within one year			
Borrowings	20	(2.5)	-
Trade and other payables	21	(814.3)	(454.6)
Current income tax liabilities		(1.1)	-
Lease liabilities	13	(6.4)	(8.0)
Provisions	22	(55.1)	(53.0)
		<u>(879.4)</u>	<u>(515.6)</u>
Creditors: amounts falling due after more than one year			
Borrowings	20	-	(2.4)
Trade and other payables	21	(144.0)	(115.2)
Lease liabilities	13	(54.8)	(63.9)
Provisions	22	(130.5)	(1.0)
		<u>(329.3)</u>	<u>(182.5)</u>
Net assets		<u>301.0</u>	<u>427.4</u>

COUNTRYSIDE PROPERTIES (UK) LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2022

		2022 £'m	2021 £'m
Equity			
Called up share capital	23	-	-
Share premium account	23	-	-
Retained earnings		301.0	427.4
		<u>301.0</u>	<u>427.4</u>
Total shareholders' funds		<u>301.0</u>	<u>427.4</u>

The notes on pages 18 to 51 form an integral part of these financial statements.

The financial statements on pages 14 to 51 were approved by the Board of Directors on 30 August 2023 and were signed on its behalf by:



T D Wright
Director

Company Registration No. 00614864

COUNTRYSIDE PROPERTIES (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	Called up share capital £'m	Share premium account £'m	Retained earnings £'m	Total Shareholder's Funds £'m
Balance at 1 October 2020		20.3	89.0	378.3	487.6
Profit for the financial year		-	-	169.6	169.6
Total comprehensive income for the year		-	-	169.6	169.6
Interim distribution in specie		-	-	(230.7)	(230.7)
Capital reduction	23	(20.3)	(89.0)	109.3	-
Deferred tax recognised in equity	18	-	-	0.9	0.9
Balance at 30 September 2021		-	-	427.4	427.4
Loss for the financial year		-	-	(125.4)	(125.4)
Total comprehensive expense for the year		-	-	(125.4)	(125.4)
Deferred tax recognised in equity	18	-	-	(1.0)	(1.0)
Balance at 30 September 2022		-	-	301.0	301.0

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

General information

Countryside Properties (UK) Limited (the 'Company') is a Housebuilding business focused on the development of new homes and communities and estate regeneration through partnerships with landowners and registered providers. A number of its projects are mixed-use and incorporate commercial property as well as mixed-tenure housing and appropriate supporting community and recreational facilities. Its development activities are carried out both on its own as well as through joint ventures.

The Company is a private company limited by shares and is incorporated and domiciled in England, the United Kingdom. The address of its registered office is Countryside House, The Drive, Brentwood, Essex, CM13 3AT.

Summary of significant accounting policies

The principal accounting policies are outlined below and have been applied consistently in the years presented, with the exception of new accounting standards adopted in the year as detailed in Note 2.

1.1 Basis of preparation

The financial statements of Countryside Properties (UK) Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) as issued by the Financial Reporting Council and those parts of the Companies Act 2006 applicable to companies reporting under FRS 101. The financial statements are prepared under the historical cost convention.

The preparation of Financial Statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 3.

The Company's ultimate parent undertaking up until the 11 November 2022 was Countryside Partnerships PLC (formerly named Countryside Properties PLC and now named Countryside Partnerships Limited), which is registered in England and Wales. From the 11 November 2022, the ultimate parent undertaking and controlling party is Vistry Group PLC, which is registered in England and Wales. The Company is an indirectly held, wholly owned subsidiary of Vistry Group PLC. It is included in the consolidated Financial Statements of Countryside Partnerships Limited which are publicly available. Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated Financial Statements.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- IFRS 7, 'Financial Instruments Disclosures';
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows)
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
- IAS 7, 'Statement of cash flows';
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (continued)

1.1 Basis of preparation (continued)

- Paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' relating to new IFRS standards which have been issued but which are not yet effective;
- Paragraphs 130 (f)(ii) – (iii), 134(d)-(f) and 135(c)-(e) of IAS 36 'Impairment of assets' relating to fair value measurements as applied to impairment assessments;
- Paragraphs 110, 113(a), 114 to 118, 119(a)-(c), 120 to 127 and 129 of IFRS 15 'Revenue from contracts with customers';
- Paragraphs 45(b) and 46 to 52 of IFRS 2 'Share based payments'; and
- Paragraphs 52, 89 to 90 and 91 to 93 of IFRS 16 'Leases'.

1.2 Going concern

As a result of the acquisition by Vistry Group PLC, all of the Group's pre-existing facilities were fully repaid and the Group and its subsidiaries became reliant on the financial support of the wider Vistry Group. The Directors of the Group have confirmed with the Directors of Vistry, as the ultimate controlling party, that Vistry will continue to provide the necessary financial support to the Group and its subsidiaries for a period of at least 12 months from the date of approval of these financial statements.

Vistry Group PLC is now the ultimate parent of the combined Vistry and Countryside Partnerships Group (the "Enlarged Group"). The Enlarged Group has a strong balance sheet supported by available banking facilities in excess of £1bn to support working capital requirements. Enlarged Group forecasts have been prepared based on combined operational plans. The forecasts were subject to a range of sensitisation including severe but plausible scenarios together with the likely effectiveness of mitigating actions. The forecasts continue to demonstrate that Vistry is able to provide financial support to the Group for a period of at least 12 months from the date at which these financial statements have been approved and authorised for issue.

The Directors of the Company are of the view, at the time of approving the financial statements, that there is a reasonable expectation the Company will be able to remain in existence for a period of at least 12 months from the date of approval of these financial statements.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (continued)

1.3 Revenue

Revenue comprises the fair value of the consideration received or receivable, net of applicable Value-Added Tax, stamp duty land tax, rebates and discounts.

The Company operates a range of legal and contractual structures which are tailored according to the land structure and parties to the contract. Recognition of revenue reflects the underlying nature of these contracts, as described below in more detail by category.

Mixed Tenure Sites

- *Private housing revenue*

Revenue is recognised on the sale of private housing at a point in time on legal completion, as this is when the customer obtains control of the property, and the Company has fulfilled its performance obligations. Revenue is recognised at the fair value of the consideration received.

Cash incentives are considered to be a discount from the purchase price offered to the acquirer and are therefore accounted for as a reduction to revenue.

Cash is received by the Company on legal completion and there is no variable or financing component to the consideration received. Where customers use the Government's Help to Buy scheme, the Company typically receives the cash from Homes England within two weeks of legal completion.

- *Affordable housing and private rental sector ("PRS") revenue*

For mixed tenure developments, the Affordable and PRS contract revenues is estimated using an output measure based upon surveyor-certified valuations of work performed at the balance sheet date.

Where there is a disposal of land to the customer under the contract, revenue for this disposal is recognised in line with the accounting policy for land sales below.

As the build progresses, customer-controlled assets are created, with the design tailored to the specification of the customer. The Company has an enforceable right to be paid for the work completed to date and invoices are issued and paid over the life of the development. Variations in contract work and claims are included to the extent that it is highly probable that there will not be a significant reversal when the value of such payments is finalised.

Where progress towards the satisfaction of performance obligations cannot be reasonably determined, revenue is recognised over time as the work is performed, to the extent that costs have been incurred and are expected to be recoverable, and contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in the statement of comprehensive income within cost of sales.

Partner delivery

Partner delivery relates to sites where the development is solely for the delivery of affordable and PRS units. Partner delivery revenue is recognised over time, using an input measure based upon costs plus expected margin as a percentage of expected total contract costs. In each accounting period, the revenue and margin recorded reflect the latest year end estimates of cumulative progress.

For all contracts, costs are expensed in the income statement as incurred

In the prior year, partner delivery was recognised using an output measure based upon surveyor-certified valuations of work performed. The impact of the change in policy if applied to the prior financial year was not material and therefore no prior year information has been restated.

Intercompany revenue

As a result of the Group reorganisation during the prior year, the Company provides Housebuilding and administrative services to two fellow Group companies, Countryside Properties (Housebuilding) Limited and Countryside Properties (Strategic Land) Limited. Revenue is recognised at a point in time as services are rendered.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (continued)

Other revenue – land sales

In prior years, revenue for land sales was recognised on unconditional exchange of contracts. During the year, the Directors have re-assessed the point at which control transfers to the customer and has changed the Company's policy to recognise revenue on legal completion. The impact of the change in policy if applied to the prior financial year would not be material and therefore no prior year information has been restated. Revenue is measured as the fair value of consideration received or receivable.

Where there are residual obligations in the land sale contract that are not satisfied at the balance sheet date, an element of the transaction price is deferred into future periods. If the stand-alone selling price of the residual obligations is not directly observable, the transaction price is derived by calculating a value for the land element of the contract and deducting this from the total transaction price. The remainder is allocated to the residual obligations. Revenue is recognised on the residual obligations at a point in time when the performance obligations have been satisfied.

Cash is either received on completion or on deferred settlement terms. Where land is sold on deferred settlement terms the revenue and associated receivable are discounted to their fair value. The discount to fair value is amortised over the period to the settlement date and credited to finance income using the effective interest rate method. Changes in estimates of the final amount due are recognised in revenue in the statement of comprehensive income.

Other revenue – commercial sales

Revenue is typically recognised in the statement of comprehensive income at a point in time on unconditional exchange of contracts as this is the point at which the Company is considered to have satisfied its performance obligations. Cash is received on legal completion and, in most cases, there is no variable or financing component to the consideration received.

In some cases, where longer-term performance obligations are present, for example in design and build contracts, revenue is recognised over time as described above in "Affordable housing and private rented sector ("PRS") revenue". Revenue is measured as the fair value of consideration received or receivable.

Other revenue – project management services

Revenue earned for the provision of project management services, typically to the Group's joint ventures and associates, is recognised on an accruals basis in line with the underlying contract.

Other revenue – part exchange

In certain instances, property may be accepted as part consideration in the sale of a Countryside property. The fair value of the part exchange property is established by independent surveyors and reduced for costs to sell. The sale of the Countryside property is recorded in line with the accounting policy for private housing described above, with the value of revenue recognised reflecting the total of cash proceeds and the fair value of the part exchange property received by the Company. The part exchange property is recognised within inventories until sold.

The subsequent sale of the part exchange property is treated as a separate transaction with revenue recognised in line with the treatment of private housing described above.

Other revenue – freehold reversions

Revenue is recognised on freehold reversion sales on unconditional exchange.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (continued)

1.4 Cost of Sales

The Company determines the value of inventories charged to cost of sales as follows:

Mixed Tenure Sites

For mixed tenure developments, the group recognises costs of sale based upon revenue recognised, from both private and Affordable/private rental sector ("PRS") income streams, less the expected margin. The margin is determined on a monthly basis, looking prospectively at expected revenue and costs remaining over the life of the site or a phase of a site. In making this estimate, no cumulative adjustment is made to the estimated cost of sales.

Partner delivery

For Partner delivery developments which solely consist of Affordable housing and PRS delivery, cost of sales are expensed immediately in the income statement as incurred. In the prior year, partner delivery cost of sales were recognised based on expected margin with reference to the output based measure of completion described in the revenue policy. The impact of the change in policy if applied to the prior financial year was not material and therefore no prior year information has been restated.

1.5 Dividend income

Dividend income from investments is recognised when the Company's right to receive payment has been established.

1.6 Finance income and expense

The finance costs and income associated with the time value of money on discounted payables and receivables are recognised within finance costs and income as the discount unwinds over the life of the relevant item.

Finance income is recognised in profit or loss using the effective interest rate method.

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at constant rate on the carrying amount.

1.7 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any applicable impairment losses.

Depreciation is charged at rates to write off the cost of the asset (to its residual value) on a straight-line basis over the estimated useful life of the asset. The applicable annual rates are:

Fixtures and fittings	10%
Plant and equipment	20% to 25%

The Company does not own any land or buildings considered to be non-trade related.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

1.8 Intangible assets

Computer software which generates an economic benefit of greater than one year and that is controlled by the Company is recognised as an intangible asset and carried at cost less accumulated amortisation. Computer software costs that are recognised as assets are amortised on a straight-line basis over their economic useful life of four or five years. These assets are reviewed for impairment at such time as there is a change in circumstances by which the carrying value may no longer be recoverable. Amortisation is recognised within administrative expenses.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (continued)

1.9 Investments

Investments in subsidiaries, joint ventures and associates are recorded at cost in the statement of financial position. They are tested for impairment when there is objective evidence of impairment and any impairment losses are recognised in the period in which they occur.

1.10 Inventories

Inventories are held at the lower of cost or net realisable value. Cost consists of land, land option costs, materials, applicable direct labour and those overheads incurred to bring the inventories to their present location and condition, less the value of inventories charged to cost of sales. Refer to note 1.4 for the Company's cost of sales accounting policy. Net realisable value represents the estimated selling price comprising all elements of a development, including private, affordable and PRS sales as well as any other sources of income that will result from the development, less all estimated costs to sell, including sales and marketing costs.

Purchased land options are initially stated at cost and are regularly assessed to determine if there has been a change in circumstances that would indicate a diminution in value and likely impairment, such as a refusal of planning permission. Any impairments are recognised immediately in the statement of comprehensive income. Upon exercise, the carrying value of the option at that point in time is included within the value of inventory for the relevant site.

Land inventory is recognised when the Company obtains control of the land, which is considered to be on unconditional exchange of contracts. Where land is purchased on deferred payment terms, the liability is discounted to fair value with the land recognised at the discounted value in inventories. The liability is included within trade and other payables.

Pre-contract expenditure is capitalised into inventories where it is probable that a contract will be signed or otherwise is recognised as an expense within costs of sales in the statement of comprehensive income.

Where appropriate, impairment provisions are recognised against inventories to reduce them to their net realisable value.

1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Company with maturities of three months or less.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (continued)

1.12 Financial assets

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial assets are derecognised only when the contractual rights to the cash flows from the financial assets expire or when the Company is no longer considered to have control over the assets.

The Company's financial assets comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position. Trade and other receivables are classified as financial assets at amortised cost. Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for impairment. The Company applies the simplified approach under IFRS 9 to measure expected credit losses ("ECL") associated with trade and other receivables. The carrying value of the receivable is reduced at each reporting date for any increase in the lifetime ECL, with an impairment loss recognised in the statement of comprehensive income. If collection is expected in one year or less, receivables are classified as current assets. If not, they are classified as non-current assets.

Where land is sold on deferred payment terms, the revenue and associated receivable are discounted to their fair value. The discount to fair value is amortised over the period to the settlement date and credited to finance income using the effective interest rate method. Changes in estimates of the final amount due are recognised in revenue in the statement of comprehensive income.

1.13 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of each contractual agreement.

Trade and other payables

Trade and other payables on normal terms are not interest bearing and are stated initially at their fair value and subsequently at amortised cost. They are classified as current liabilities unless payment is due more than 12 months from the reporting date, in which case they are classified as non-current liabilities.

Where land is purchased on deferred payment terms, the land and associated liability are discounted to their fair value. The discount to fair value is amortised over the period of the credit term and charged to finance costs using the effective interest rate method.

Trade and other payables include overage payable where the Company is committed to make contractual payments to land vendors related to the performance of the development in the future. Overage payable is estimated based on expected future cash flows in relation to relevant developments and, where payment will take place in more than one year, is discounted.

Changes in estimates of the final payment value of deferred land payments and overage payable are capitalised into inventories and, in due course, to cost of sales in the statement of comprehensive income. If there is a change to the timing of payments, the present value of the revised payments is recalculated with any change to the liability recognised within finance costs.

Deposits received from customers relating to sales of new properties are classified within current trade payables.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are presented in share premium as a deduction from the proceeds received.

COUNTRYSIDE PROPERTIES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (continued)

1.14 Taxation

Income tax comprises current and deferred tax.

Current taxation

The current tax payable is based on taxable profit for the year which differs from accounting profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and those items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax rates used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the substantively enacted tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the Income Statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the Company intends to settle the balances on a net basis.

1.15 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated. Where the effect of the time value of money is material, the provision is discounted at the pre-tax discount rate that reflects the risks specific to the liability.

1.16 Share-based payments

Countryside Partnerships Limited provides benefits to employees of the Company in the form of equity-settled share-based awards, whereby employees render services in exchange for rights over shares in the ultimate parent.

The fair value of the employee services rendered is determined by reference to the fair value of the shares awarded or options granted, excluding the impact of any non-market vesting conditions. All share options are valued using an option-pricing model (Black Scholes or Monte Carlo). This fair value is charged to the statement of comprehensive income over the vesting period of the share-based awards.

Further details in respect of the underlying Group schemes can be found in the Countryside Partnerships Limited consolidated financial statements.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies (continued)

1.17 Leases

Lease liabilities are initially recognised at the present value of future lease payments. Future lease payments are included in the lease liability where they are fixed in value, or variable based on an index or a rate. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the condition that triggers the payment occurs. To calculate the present value of future lease payments, the payments are discounted at the Company's incremental borrowing rate, which is the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Subsequently, lease liabilities increase to reflect the unwind of discount and reduce by the value of payments made to lessors. Lease liabilities are remeasured where the Company's assessment of the expected lease term changes or there is a modification to the lease terms. The unwind of the discount on lease liabilities is recorded in finance costs in the statement of comprehensive income. Cash outflows relating to lease interest are presented within net cash flows from operating activities in the statement of cash flows.

Right of use assets are initially measured at cost, comprising the initial value of the lease liabilities adjusted for rental payments made at or prior to the start of the lease term, initial direct costs, lease incentives and restoration costs.

Subsequently, right of use assets are measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right of use assets are depreciated over the shorter of the asset's estimated useful life and the lease term on a straight-line basis. Depreciation is recorded in either cost of sales or administrative expenses in the statement of comprehensive income depending on the nature of the asset.

The Company applies the recognition exemptions for short-term and low value asset leases. The rental expense for these leases is recognised on a straight-line basis in the statement of comprehensive income. The rental expense is recorded in either cost of sales or administrative expenses depending on the nature

1.18 Common control transactions

The Company has elected to recognise common control business combinations at the book value of the transferor entity.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2 Adoption of new and revised standards and changes in accounting policies

New and amended standards adopted by the Company

During the financial year ended 30 September 2022, the Company adopted the following standards and amendments issued by the International Accounting Standards Board ("IASB"):

- Definition of a Business – Amendments to IFRS 3 "Business Combinations";
- Definition of Material – Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";
- Interest Rate Benchmark Reform – Phase 1 – Amendments to IFRS 9, IAS 39 and IFRS 7; and
- Covid-19 Related Rent Concessions – Amendment to IFRS 16 "Leases".

The adoption of these amendments did not have a material impact on the Company's financial statements.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

3 Critical accounting estimates and judgements

The preparation of the Company's financial statements under Financial Reporting Standard 101 ("FRS 101") requires the Directors to make estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income, expenses and related disclosures.

In the process of applying the Company's accounting policies, the Directors have made no individual judgements that have a significant impact on the financial statements, apart from those involving estimates which are described below.

Key sources of estimation uncertainty

Estimates and underlying assumptions affecting the financial statements are based on historical experience and other relevant factors and are reviewed on an ongoing basis. This approach forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information. Such changes are recognised in the year in which the estimate is revised.

The key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities are described below.

Estimation of site profitability

In order to determine the profit or loss that the Company recognises on its developments and construction contracts in a specific period, the Company allocates the total cost of each development or construction contract between the proportion completing in the period and the proportion completing in future periods. The assessment of the total costs to be incurred requires a degree of estimation.

Actual costs may differ to forecasts for several reasons such as site delays, unforeseen costs, change orders and uncontracted cost inflation and the Company is also exposed to various market fluctuations. The long-term nature of the Company's activities adds further complexity as forecasts are required for the duration of developments or construction contracts.

The current macro-economic climate and recent global events including the war in Ukraine and the longer term impact of the Covid-19 pandemic increases this estimation uncertainty due to the potential impact on house prices, materials, labour costs and construction timelines. Company management has established internal controls to review and ensure the appropriateness of estimates made on an individual development or contract basis.

The Directors note that a change in estimated margins on several sites (due, for example, to changes in estimates of cost inflation or a material reduction in house prices in the private market) could materially alter future profitability.

As an illustration, if the Directors were to reduce the forecast margins of all developments by 500bps, the gross profit recognised in the year would have reduced by £63.0m with a reduction to net assets of the same value. Likewise, an increase in margins of 500bps across all sites in 2022 would have increased gross profit and net assets by the same value.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

3 Critical accounting estimates and judgements (continued)

Remediation costs for multi-occupancy buildings

During the year, the Company increased the value of the provision held to cover expected remediation costs for multi-occupancy buildings by a further £133.0m, bringing the total unutilised provision as at the reporting date to £171.1m. This was in response to changes in government legislation during the year and the Group becoming a signatory to the Building Safety Repairs pledge. Estimates have also been refined as a result of further progress in the detailed review and assessment exercise that was commenced in the prior year.

The Directors have made estimates as to the extent of the remedial works required and the associated costs, using currently available information including third-party quotations where possible. The quantification of the cost of these remedial works is inherently complex and depends on a number of factors including the number of buildings potentially requiring remediation; the extent of remedial works required; the size of the buildings; the timeframe over which the remediation will take place; the associated costs of investigation, materials and labour; the potential cost of managing disruption to residents; and the impact of inflation over the next five years. It is also possible that there will be further revisions these estimates as government legislation and regulation in this area evolves.

As an illustration the following reasonably possible movements in key estimates used to calculate the provision would have the associated impact on the provision: A 10% increase in estimated cost per linear metre on Pledge buildings would result in a £7.1m increase to the provision; a 100bps increase in the discount rate would result in a £6.2m decrease in the provision, and a 100bps increase in the inflation rate would result in a £4.5m increase to the provision.

The Enlarged Group became signatories to the Developer Remediation Contract in March 2023. The signing of this contract has crystallised further liabilities in relation to remediation costs for multi-occupancy buildings as set out in notes 22, 24 and 27.

4 Revenue

An analysis of the Company's revenue by category:

	2022	2021
	£'m	£'m
Private housing	571.2	681.6
Affordable	235.1	286.0
PRS	172.8	130.9
Revenue from other Group members	201.9	92.5
Other	78.6	60.1
	<u>1,259.6</u>	<u>1,251.1</u>

Revenue from other Group members of £201.9m (2021: £92.5m) reflects the value of Housebuilding and administrative services supplied to Countryside Properties (Housebuilding) Limited and Countryside Properties (Strategic Land) Limited following the Group reorganisation carried out during the prior year.

All of the Company's revenues are derived in the United Kingdom and from its Housebuilding and related development activities.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

5 (Loss)/profit before tax	2022 £'m	2021 £'m
Operating (loss)/profit for the financial year is stated after charging:		
Depreciation of property, plant and equipment	2.3	1.8
Depreciation of right of use assets	8.0	5.9
Amortisation of intangible assets	0.8	1.7
Cost of inventories recognised as an expense	1,214.2	1,048.8
Staff costs	164.9	144.1
Remediation costs for multi-occupancy buildings	133.0	26.0
Net provisions for impairment of inventories	25.0	0.5
Bardon factory impairment	24.2	-
Costs relating to the sale of the Countryside Group	3.5	-
Loss on derecognition of software intangibles	-	3.8

Key items include:

Remediation costs for multi-occupancy buildings

During the year a charge of £133.0m (2021: £26.0m) has been recognised in relation to remediation costs for multi-occupancy buildings. Refer to Note 22 for further detail.

Write down of inventories

In March 2022, the Directors approved a change in strategy at one site in the North division due to a significant increase in the upfront working capital requirements for the site and the deterioration in the forecast margin and ROCE, which had been identified since the acquisition was approved by the Board in 2018. An impairment charge of £22.0m has been recognised in the year to reduce the carrying amount of the land to its net realisable value. Other provisions totalling £3.0m have been recognised against inventory based on management's assessment of recoverable amount as at the year-end.

Bardon factory impairment

In April 2022, the Countryside Board announced that excess capacity had been identified within the Group's manufacturing division and that they would be actively assessing options to address this over the second half of the financial year. In July 2022, the Board announced that it had taken the decision to close the Group's modular panel factory in Bardon, which the Company holds on behalf of the Group under a long leasehold arrangement with an external party. As a result, an impairment charge of £24.2m has been recognised within administrative expenses during the year to reduce the recoverable amount of the Bardon Factory right of use asset to nil.

Costs relating to the sale of the Countryside Group

On 5 September 2022 the Board announced its recommendation to Countryside shareholders that they accept an offer by Vistry Group PLC to purchase the entire share capital of Countryside Partnerships PLC and combine the two businesses. The Group has incurred significant legal and advisory fees over the second half of the year in evaluating the Vistry proposal and in supporting the extensive due diligence exercise that was carried out over the summer before recommending acceptance of the offer to shareholders. In addition to the above, the Group had also incurred costs to evaluate two previous purchase offers from existing shareholders, prior to receiving the approach by Vistry. These costs total £3.5m and relate to work that had been completed by the balance sheet date, where the Group's obligation is not contingent on the transaction completing.

It should be noted that significant further fees that were contingent on the transaction completing on 11 November 2022 are not provided for in the figure above. Shareholder approval was achieved on 1 November 2022, at which point the Group accrued for these costs, which crystallised at £11.8m upon completion of the transaction on 11 November. These costs have therefore been disclosed as contingent liabilities as at 30 September 2022. Refer to Note 24 for further detail.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

6 Auditors' remuneration

Audit fees for the audit of these financial statements were £0.3m (2021: £0.3m).

During the year, the Company also incurred audit fees on behalf of other Group Companies totalling £0.1m (2021: £0.1m).

No non-audit fees were paid to the auditors of the ultimate parent company and its subsidiaries during their respective periods in office, in either the current or the prior year.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

7 Employees

The average monthly number of employees was:

	2022	2021
	Number	Number
Housebuilding and development activities	1,833.0	1,826.0
Head Office	240.0	219.0
	<u>2,073.0</u>	<u>2,045.0</u>

The average number of employees above includes 187 employees (2021: 170 employees) who are contracted to the Company but whose employment costs are recharged to other Group companies. The relevant employment costs that were recharged during the year totalled £7.5m (2021: £8.1m) and are therefore excluded from the Company's employment costs disclosed below.

Employment costs	2022	2021
	£'m	£'m
Wages and salaries	137.1	120.7
Social security costs	16.2	14.2
Other pension costs	9.7	7.5
Performance related incentives	1.9	1.7
	<u>164.9</u>	<u>144.1</u>

The Company recognised £1.9m (2021: £1.9m) of employee costs, excluding accrued National Insurance contributions, relating to share-based payment transactions during the financial year for save as you earn (SAYE), long term incentive (LTIP) and deferred bonus plans. Of these, £Nil (2021: £Nil) were cash settled.

The deferred tax recognised directly in equity in relation to the above share-based payment transactions was a charge of £1.0m (2021: credit of £0.9m). Refer to note 18.

Directors' services are provided to the Group as a whole and therefore they do not receive any emoluments in respect of services to this Company specifically.

8 Interest receivable and similar income

	2022	2021
	£'m	£'m
Unwind of discount relating to land sales on deferred settlement terms	-	0.5
Other	1.1	-
	<u>1.1</u>	<u>0.5</u>

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

9 Interest payable and similar expenses

	2022 £'m	2021 £'m
Amortisation of debt finance costs	0.1	0.1
Unwind of discount relating to:		
Land purchases on deferred payment terms	10.2	9.1
Lease liabilities	3.1	2.2
Other	0.1	-
	<u>13.5</u>	<u>11.4</u>

10 Tax on profit or loss

	2022 £'m	2021 £'m
Current tax		
Current year charge	-	12.6
Adjustments in respect of prior periods	0.1	(0.1)
Group relief (receivable)/payable	(10.4)	7.2
	<u>(10.3)</u>	<u>19.7</u>
Deferred tax		
Origination and reversal of temporary differences	(17.9)	(0.5)
	<u>(17.9)</u>	<u>(0.5)</u>
Total tax (credit)/charge	<u>(28.2)</u>	<u>19.2</u>

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

10 Tax on profit or loss (continued)

Tax assessed for the year is higher (2021: lower) than the standard rate of corporation tax in the United Kingdom at 19.0% (2021: 19.0%).

The Finance Act 2021 introduced legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. Deferred tax has been measured using the enacted rates that are expected to apply to the period in which each asset or liability is expected to unwind.

	2022 £'m	2021 £'m
(Loss)/profit before taxation	(153.6)	188.8
(Loss)/profit before taxation multiplied by standard rate of UK corporation tax of 19.0% (2021: 19.0%)	(29.2)	35.9
Taxation impact of factors affecting tax charge:		
Expenses not deductible	5.7	8.9
Income not taxable	-	(32.2)
Adjustments in respect of prior periods	0.1	(0.1)
Other short term timing differences	1.3	(1.4)
Joint venture tax	1.0	1.5
Effect of changes in tax rates	(4.0)	(0.1)
Deferred tax (charged)/credited directly to equity	(1.0)	0.9
Income from joint venture not subject to tax	(1.5)	(1.6)
Transfer pricing adjustments	(0.4)	7.7
Additional deduction for land remediation expenditure	(0.2)	(0.3)
Total adjustments	1.0	(16.7)
Tax (credit)/charge for the year	(28.2)	19.2

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

11 Intangible assets

	Software £'m
Cost	
At 1 October 2021	7.0
Additions	0.2
Disposals and de-recognition	(3.2)
	<u>4.0</u>
At 30 September 2022	
Accumulated amortisation	
At 1 October 2021	5.0
Charge for the year	0.8
Disposals and de-recognition	(3.2)
	<u>2.6</u>
At 30 September 2022	
Net book value	
At 30 September 2022	<u>1.4</u>
At 30 September 2021	<u>2.0</u>

12 Property, plant and equipment

	Plant and equipment £'m	Fixtures and fittings £'m	Total £'m
Cost			
At 1 October 2021	3.8	13.7	17.5
Additions	0.6	0.8	1.4
Disposals	(0.1)	-	(0.1)
	<u>4.3</u>	<u>14.5</u>	<u>18.8</u>
At 30 September 2022			
Accumulated depreciation			
At 1 October 2021	2.2	2.6	4.8
Charge for the year	0.8	1.5	2.3
	<u>3.0</u>	<u>4.1</u>	<u>7.1</u>
At 30 September 2022			
Net book value			
At 30 September 2022	<u>1.3</u>	<u>10.4</u>	<u>11.7</u>
At 30 September 2021	<u>1.6</u>	<u>11.1</u>	<u>12.7</u>

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

13 Right of use assets & Leases

The Company's leases consist primarily of buildings (offices, factories and show homes). The Company also leases other assets such as company cars and IT equipment, presented within "Other" below.

Right of use assets

	Buildings £'m	Other £'m	Total £'m
Cost			
At 1 October 2021	72.7	8.8	81.5
Additions	0.2	2.8	3.0
Remeasurements	(7.3)	-	(7.3)
Disposals	(0.6)	(0.7)	(1.3)
	<u>65.0</u>	<u>10.9</u>	<u>75.9</u>
At 30 September 2022	65.0	10.9	75.9
Accumulated depreciation and impairment			
At 1 October 2021	8.1	3.3	11.4
Charge for the year	5.0	3.0	8.0
Impairment	24.2	-	24.2
Disposals	(0.5)	(0.7)	(1.2)
	<u>36.8</u>	<u>5.6</u>	<u>42.4</u>
At 30 September 2022	36.8	5.6	42.4
Net book value			
At 30 September 2022	<u>28.2</u>	<u>5.3</u>	<u>33.5</u>
At 30 September 2021	<u>64.6</u>	<u>5.5</u>	<u>70.1</u>

Lease Liabilities

	2022 £'m	2021 £'m
Current	6.4	8.0
Non-current	54.8	63.9
	<u>61.2</u>	<u>71.9</u>

The total cash outflow relating to lease liabilities for the year ended 30 September 2022 was £9.2m (2021: £10.1m).

Amounts recognised in statement of comprehensive income

	2022 £'m	2021 £'m
Depreciation of right of use assets	8.0	5.9
Finance costs – unwind of discount	3.1	2.2
Expenses relating to short-term leases	0.4	0.1
Expenses relating to leases of low value assets	-	0.4
	<u>11.5</u>	<u>8.6</u>

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

14 Investments in subsidiaries, joint ventures and associate

	Joint ventures and associate £'m	Subsidiaries £'m	Total £'m
Cost			
At 1 October 2021	0.4	83.2	83.6
Additions	-	-	-
Disposals	-	-	-
	<u>0.4</u>	<u>83.2</u>	<u>83.6</u>
At 30 September 2022	0.4	83.2	83.6
Impairment			
At 1 October 2021	-	(81.5)	(81.5)
Charge for the year	-	-	-
Disposals	-	-	-
	<u>-</u>	<u>(81.5)</u>	<u>(81.5)</u>
At 30 September 2022	-	(81.5)	(81.5)
Net book value			
At 30 September 2022	<u>0.4</u>	<u>1.7</u>	<u>2.1</u>
At 30 September 2021	<u>0.4</u>	<u>1.7</u>	<u>2.1</u>

In the prior year the Group reorganisation resulted in dividends being issued to the Company by a number of its subsidiaries. The Company assessed the recoverable amount of its investment in the subsidiaries that declared a dividend by comparing their net assets after distribution against the carrying value of the investment. The Company recognised an impairment charge where the cost of investment was not supported by the net assets of subsidiaries after the distribution. The impairment charge of £38.4m primarily related to Millgate (UK) Holdings Limited (£26.7m), Countryside Four Limited (£7.3m) and Countryside Properties (Uberior) Limited (£3.7m).

The Group reorganisation also resulted in a number of the Company's investments being transferred to a fellow Group company, Countryside Properties (Housebuilding) Limited. These transfers were being accounted for as common control transactions and the investments were transferred at consideration equal to the book value in the transferor entity.

The Directors believe that the carrying value of the remaining investments are supported by their underlying assets and future cashflows.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

15 Subsidiary undertakings

Details of the Company's subsidiary undertakings at 30 September 2022, all of which are incorporated and domiciled in the United Kingdom, are as follows:

	Country of incorporation	Voting rights & ordinary shares held	Principal Activity
Direct			
Berrywood Estates Limited	UK	100.0%	Non-trading
Brenthall Park (One) Limited	UK	100.0%	Non-trading
Countryside 26 Limited	UK	100.0%	Development
Countryside 28 Limited	UK	100.0%	Development
Countryside Developments Limited	UK	100.0%	Non-trading
Countryside Properties (Commercial) Limited	UK	100.0%	Non-trading
Countryside Properties (In Partnership) Limited	UK	100.0%	Non-trading
Countryside Properties (Joint Ventures) Limited	UK	100.0%	Holding Company
Countryside Properties (London & Thames Gateway) Limited	UK	100.0%	Non-trading
Countryside Properties (Northern) Limited	UK	100.0%	Non-trading
Countryside Properties (Salford Quays) Limited	UK	100.0%	Non-trading
Countryside Properties (Southern) Limited	UK	100.0%	Non-trading
Countryside Properties (Special Projects) Limited	UK	100.0%	Non-trading
Countryside Properties (Uberior) Limited	UK	100.0%	Development
Countryside Properties (WGL) Limited	UK	100.0%	Holding Company
Countryside Residential Limited	UK	100.0%	Non-trading
Countryside Residential (South Thames) Limited	UK	100.0%	Non-trading
Countryside Residential (South West) Limited	UK	100.0%	Non-trading
*Countryside Sigma Limited	UK	74.9%	Development
Countryside Thirteen Limited	UK	100.0%	Non-trading
Countryside Timber Frame Limited	UK	100.0%	Manufacturing
Countryside (UK) Limited	UK	100.0%	Non-trading
Skyline 120 Management Limited	UK	100.0%	Estate Management
Skyline 120 Nexus Management Limited	UK	100.0%	Estate Management
Urban Hive Hackney Management Limited	UK	100.0%	Estate Management

*Countryside Sigma Limited is a joint operation between Countryside Properties (UK) Limited and Liverpool Inpartnership 2007 Limited. Countryside Properties (UK) Limited is the majority shareholder owning 74.9% of the shares, with each share carrying equal voting rights.

	Country of incorporation	Voting rights & ordinary shares held	Principal Activity
Indirect			
Allium Park Management Company Limited	UK	100.0%	Non-trading
Alma Estate (Enfield) Management Company Limited	UK	100.0%	Estate Management
Ashmere Resident Management Company Limited	UK	100.0%	Estate Management
Ashmere Resident (2) Management Company Limited	UK	100.0%	Estate Management
Barnwood Place (Smarden) Management Company Limited	UK	100.0%	Estate Management
Beaulieu Park E (Chelmsford) Management Limited	UK	100.0%	Estate Management
Beaulieu Park M&N (Chelmsford) Management Limited	UK	100.0%	Estate Management
Beaulieu Park O&P (Chelmsford) Management Company Limited	UK	100.0%	Estate Management

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

15 Subsidiary undertakings

Indirect (continued)	Country of incorporation	Voting rights & Principal Activity ordinary shares held	
Charlton Gardens Residents Management Company Limited UK	UK	100.0%	Estate Management
Chatham Maritime Sector 15 Resident Management Company Limited	UK	100.0%	Estate Management
Countryside Properties Residential (ABC) Limited	UK	100.0%	Estate Management
Countryside Properties Residential (Chelmsford) Limited	UK	100.0%	Estate Management
Countryside Properties Residential (Dartford) Limited	UK	100.0%	Estate Management
Countryside Properties (WHL) Limited	UK	100.0%	Holding Company
Countryside Properties (WPL) Limited	UK	100.0%	Development
Countryside Seven Limited	UK	100.0%	Non-trading
Dracan Village Residents Management Company Limited	UK	100.0%	Non-trading
Fresh Wharf Residents Management Company Limited	UK	100.0%	Estate Management
Harold Wood Management Limited	UK	100.0%	Estate Management
Houghton Regis Parcel 8 Residents Management Company Limited	UK	100.0%	Estate Management
Mandeville Place (Radwinter) Management Limited	UK	100.0%	Estate Management
Marlowe Road Management Company Limited	UK	100.0%	Estate Management
Millfields (Hall Green) Management Company Limited	UK	100.0%	Estate Management
Moat Farm Management Company Limited	UK	100.0%	Estate Management
Mulberry Green Management Company Limited	UK	100.0%	Estate Management
New Avenue (Cockfosters) Management Company Limited	UK	100.0%	Estate Management
North West Quartet Estate Management Company Limited	UK	100.0%	Estate Management
Oakhurst Residents Management Company Limited	UK	100.0%	Estate Management
Regency Grange Residents Management Company Limited	UK	100.0%	Estate Management
Rosewood (Maidstone) Management Company Limited	UK	100.0%	Estate Management
Saint Cloud Way Management Company Limited	UK	100.0%	Estate Management
Tattenhoe Park Residents Management Company Limited	UK	100.0%	Estate Management
The Burrows (Paddock Wood) Management Limited	UK	100.0%	Estate Management
The Paddocks Tye Green Management Company Limited	UK	100.0%	Estate Management
Westleigh Construction Limited	UK	100.0%	Non-trading
Westleigh LNT Limited	UK	100.0%	Non-trading
Westleigh Homes Limited	UK	100.0%	Non-trading
York Road (Maidenhead) Management Limited	UK	100.0%	Estate Management

Registered Address

The address of the registered office of all of the Company's subsidiaries is Countryside House, The Drive, Brentwood, Essex, England CM13 3AT.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

16 Joint ventures

Details of the Company's joint ventures at 30 September 2022 are as follows:

	Country of incorporation	Voting rights & Principal Activity shares held	
Direct			
Acton Gardens LLP	UK	50.0%	Development
Bracknell Forest Cambium Partnership LLP	UK	50.0%	Development
Brenthall Park Limited	UK	50.0%	Non-trading
Bromley Regeneration (Pike Close) LLP	UK	50.0%	Development
Bromley Regeneration (Calverley Close) LLP	UK	50.0%	Development
Cambridge Road (RBK) LLP	UK	50.0%	Development
Camden Development Partnership LLP	UK	50.0%	Development
¹ C.C.B. (Stevenage) Limited	UK	33.3%	Non-trading
Clapham Park (Metropolitan Countryside) LLP	UK	50.0%	Development
Countryside L&Q (North East Chelmsford) LLP	UK	50.0%	Development
Countryside Places for People (Lower Herne) LLP	UK	50.0%	Development
Countryside Properties (Accordia) Limited	UK	50.0%	Non-trading
Countryside Properties (Booth Street 2) Limited	UK	39.0%	Non-trading
Countryside Properties (Merton Abbey Mills) Limited	UK	50.0%	Non-trading
Countryside Maritime Limited	UK	50.0%	Development
Countryside Sovereign Swindon LLP	UK	50.0%	Development
Indirect			
Brenthall Park (Commercial) Limited	UK	50.0%	Non-trading
Brenthall Park (Infrastructure) Limited	UK	50.0%	Non-trading
Brenthall Park (Three) Limited	UK	50.0%	Non-trading
Countryside Annington (Mill Hill) Limited	UK	50.0%	Development
Countryside Clarion (Eastern Quarry) LLP	UK	50.0%	Development
Countryside Neptune LLP	UK	50.0%	Non-trading
Mann Island Estate Limited	UK	50.0%	Estate Management
Marrco 25 Limited	UK	50.0%	Non-trading
Westleigh Cherry Bank LLP	UK	50.0%	Non-trading

¹ C.C.B. (Stevenage) Limited has the registered address of Croudace House, Tupwood Lane, Caterham, Surrey CR3 6XQ.

All joint ventures hold the registered address of Countryside House, The Drive, Brentwood, Essex CM13 3AT, except where noted otherwise.

No joint venture was committed to the purchase of any property, plant and equipment or software intangible assets as at 30 September 2022 (2021: £Nil).

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

17 Inventories	2022 £'m	2021 £'m
Completed properties unsold or awaiting sale	30.5	37.8
Development land and work in progress	<u>708.2</u>	<u>668.0</u>
	<u>738.7</u>	<u>705.8</u>

The Company recognised a net charge of provisions relating to inventories of £25.0m (2021: £0.5m) during the year.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

18 Deferred tax

The following are the major deferred tax assets recognised by the Company and movements thereon during the current and prior reporting periods.

	Share based payments	Other temporary differences	Total
	£'m	£'m	£'m
Deferred tax asset at 1 October 2020	0.8	0.9	1.7
Deferred tax movements in prior year			
Credit to statement of comprehensive income	0.4	0.1	0.5
Credit direct to equity	0.9	-	0.9
	<hr/>	<hr/>	<hr/>
Deferred tax asset at 30 September 2021	2.1	1.0	3.1
Deferred tax movements in current year			
(Charge)/Credit to statement of comprehensive income	(0.9)	18.8	17.9
Charge direct to equity	(1.0)	-	(1.0)
	<hr/>	<hr/>	<hr/>
Deferred tax asset at 30 September 2022	0.2	19.8	20.0

COUNTRYSIDE PROPERTIES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022

19 Trade and other receivables

	2022	2021
	£'m	£'m
Amounts falling due within one year:		
Trade and other receivables	84.2	43.5
Amounts recoverable on construction contracts	18.8	39.0
Other taxation and social security	-	10.6
Amounts due from Group undertakings	172.2	104.1
Amounts due from joint ventures	77.3	14.0
Prepayments and accrued income	88.2	72.7
Other receivables	2.8	-
	<u>443.5</u>	<u>283.9</u>
Amounts falling due in more than one year:		
Amounts recoverable on construction contracts	17.2	12.9
	<u>17.2</u>	<u>12.9</u>

The Directors are of the opinion that there are no significant concentrations of credit risk. The fair value of the financial assets included in trade and other receivables is not considered to be materially different from their carrying value.

Prepayments and accrued income includes £83.7m (2021: £69.1m, 2020: £28.6m) of contract assets relating to uninvoiced amounts where revenue has been recognised in the income statement.

Amounts due from Group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

20 Borrowings

	2022 £'m	2021 £'m
Unsecured borrowings at amortised cost		
Other loans	2.5	2.4

Analysis of borrowings

During the 2018 financial year, the Beam Park development (a joint arrangement with L&Q New Homes Limited) received an interest free loan of £5.0m for the purpose of remediation works. Subsequent to the balance sheet date, this loan was repaid in full in November 2022. The carrying value of the loan is equal to the fair value, and was recognised initially at fair value and subsequently carried at amortised cost.

Borrowings are classified in line with the settlement dates that the amounts are expected to be settled, these are disclosed as follows:

	2022 £'m	2021 £'m
Current liabilities	2.5	-
Non-current liabilities	-	2.4

21 Trade and other payables

	2022 £'m	2021 £'m
Amounts falling due within one year:		
Trade payables	114.5	122.9
Amounts due to Group undertakings	485.6	203.1
Amounts due to joint ventures	35.2	0.4
Accruals and deferred income	157.9	119.7
Other taxation and social security	6.2	4.9
Other payables	14.9	3.6
	<u>814.3</u>	<u>454.6</u>
Amounts falling due after more than one year:		
Trade payables	<u>144.0</u>	<u>115.2</u>

Of the amounts falling due after more than one year £7.2m falls due after more than five years after the balance sheet date. These amounts are due upon completion of the plots they relate to.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

21 Trade and other payables (continued)

Trade and other payables principally comprise amounts outstanding for trade purchases and land acquired on deferred terms. The Directors consider that the carrying amount of trade payables approximates to their fair value.

The carrying amount of deferred land payments and overage payable represents the discounted payment obligations. At 30 September 2022, the liabilities had been discounted by £13.1m (2021: £9.9m), reflecting the time value of money.

Land acquired on deferred payment terms is discounted using an interest rate of 4.0% for transactions entered into from 1 October 2021, 3.4% for transactions entered into between 1 April 2017 and 30 September 2021, and 6.0% for transactions prior to this date. Discount rates are regularly reviewed to ensure that the most appropriate rate is applied at the inception of new developments.

Accruals and deferred income include £18.7m (2021: £12.0m, 2020: £21.4m) of contract liabilities, where the value of payments made by customers exceeds the revenue recognised in the statement of comprehensive income. The Company recognised revenue of £3.2m during the year relating to the contract liabilities of £3.9m as at 30 September 2021.

Amounts due to Group undertakings are unsecured, non-interest bearing, have no fixed date of repayment and are repayable on demand.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

22 Provisions

Analysis of provisions

Provisions are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2022 £'m	2021 £'m
Current liabilities	55.1	53.0
Non-current liabilities	130.5	1.0
	<u>185.6</u>	<u>54.0</u>

	Remediation costs for multi- occupancy buildings £'m	Ground rent assistance scheme £'m	Other £'m	Total 2022 £'m	Total 2021 £'m
At 1 October	39.7	13.4	0.9	54.0	26.1
Charged in the year	133.0	-	18.1	151.1	30.0
Release of provision	-	-	(0.1)	(0.1)	(0.2)
Unwind of discount	4.1	-	-	4.1	-
Utilisation of provision	(5.7)	(12.1)	(5.7)	(23.5)	(1.9)
At 30 September	<u>171.1</u>	<u>1.3</u>	<u>13.2</u>	<u>185.6</u>	<u>54.0</u>

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

22 Provisions (continued)

Further detail on provisions held by the Company as at the balance sheet date is provided below:

Remediation costs for multi-occupancy buildings

As disclosed previously, the Company recognised a provision of £26.0m in the prior year reflecting the estimated costs to remediate buildings where works were required to enable an EWS1 certificate to be issued.

On 6 April 2022, Countryside signed the Government's proposed Fire Safety Pledge ("the Pledge"), entailing certain voluntary commitments, beyond its legal obligations. In March 2023, Vistry Group, which acquired Countryside in November 2022 (see note 27), signed the Government's Housing and Developer Remediation Contract ("the Contract") which formalised the commitments given previously by Countryside when they became signatories to the Pledge.

The Directors have reviewed the latest relevant information that is currently available on Countryside buildings built in the last 30 years and note that an overall provision of approximately £174.0m is expected to be required for potential remediation works as a result of these commitments, including £30.7m relating to 34 buildings which are registered by the BSF. In addition to this, the Company has provided for the cost of the dedicated building remediation division that was set up during the year to deliver these works. This standalone management and delivery team is solely focused on these remediations and represents a purely incremental cost to the Company that is expected to total approximately £19.5m over the life of the project.

Further to this, during the period the British Standards Institution has issued Publicly Available Specification ("PAS") 9980:2022, which replaces previous guidance with the intention of encouraging a more proportionate response to dealing with critical fire safety issues. The Directors note that it is not yet possible to anticipate how this new guidance will work in practice and what impact it will have on the scope and cost of the remediation works, and therefore its effect on the provision recognised.

The estimation of the provision for remediation costs for multi-occupancy buildings is a key area of estimation uncertainty (Note 3). The quantification of the cost of these remedial works is inherently complex and depends on a number of factors including the number of buildings potentially requiring remediation; the extent of remedial works required; the size of the buildings; the timeframe over which the remediation will take place; the associated costs of investigation, materials and labour; and the potential cost of managing disruption to residents. It is also highly likely that there will be further revisions to these estimates as Government legislation and regulation in this area evolves.

During the period, a total charge of £133.0m (2021: £26.0m) has been recognised for remediation costs within cost of sales in the consolidated statement of comprehensive income. The cumulative charge of £174.0m relates to 155 buildings that may require remediation and reflects gross costs of £197.4m net of discount of £23.3m to reflect the present value of future cash outflows.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

22 Provisions (continued)

Ground Rent Assistance Scheme

Following the Competition and Markets Authority's ("CMA's") review into the sale of leasehold properties, on 15 September 2021 Countryside announced that it had agreed voluntary undertakings with the CMA to seek the removal of all 10-year and 15-year doubling clauses from leases where the ground rent is not for the ultimate benefit of a local authority or registered provider of social housing, at no cost to leaseholders. During the year, the Group reached agreements with the majority of freehold owners, with the freehold owners accepting the Group's offer of compensation. Total cash payments of £12.1m were made during the year, with the remainder expected to be utilised within the next 12 months.

Other provisions

During the year the Group recognised provisions in respect of close-out and restructuring costs for the South Midlands region and the Bardonia factory, as well as for the close-out of legacy Westleigh sites. Utilisation to date principally relates to employee termination payments.

The remaining provisions and movements during the year relate to legal provisions and amounts in respect of expected dilapidations on office buildings which are leased by the Company.

23 Share capital and share premium	2022 £'m	2021 £'m
Ordinary share capital: Authorised, issued and fully paid		
4 (2021: 4) Ordinary shares of 25p each	-	-
	<hr/>	<hr/>
 Share premium	 -	 -
	<hr/>	<hr/>

During the prior year, the Directors approved a reduction of capital to reduce the Company's share capital to £1 and share premium account to £Nil.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

24 Contingent liabilities

The Company is subject to various claims, audits and investigations that have arisen in the ordinary course of business. These matters include but are not limited to employment and commercial matters. The outcome of all these matters is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Company and after consultation with external lawyers, the Directors believe that the ultimate resolution of these matters, individually and in aggregate, will not have a material adverse impact on the Group's financial condition. Where necessary, applicable costs are included within the cost to complete estimates for individual developments or are otherwise accrued in the statement of financial position.

Remediation costs for multiple occupancy buildings

A further provision of £133.0m has been recognised during the year in relation to remediation costs for multi-occupancy buildings (refer to Note 22). The provision is based on currently available information and reflects the Directors' best estimate of gross cash outflows for the Group. The quantification of the cost of these remedial works is inherently complex and depends on a number of factors, including the size of the building, the cost of investigation and replacement materials and associated labour and the potential cost of managing the disruption to residents, all of which may increase over time with inflation.

As detailed in Note 22, on 6 April 2022, Countryside signed the Government's proposed Fire Safety Pledge ("the Pledge"), entailing certain voluntary commitments, beyond its legal obligations. In March 2023, Vistry Group, which acquired Countryside in November 2022 (see note 27), signed the Government's Housing and Developer Remediation Contract ("the Contract") which formalised the commitments given previously by Countryside when they became signatories to the Pledge, as well as extending the scope of certain elements of the remediation required and introducing new areas. The impact of these extensions and new elements are non-adjusting post balance sheet events which have led to an increase in the portion of the provision relating to Countryside Properties (UK) Limited by £20.7m which have been recorded during 2023 (see note 27).

The Directors also note that as Government legislation, regulation and guidance further evolves in this area this may result in additional liabilities for the Group that cannot currently be reliably estimated. The updated Building Safety Bill, which obtained Royal Assent on 28 April 2022, has also extended the limitation period to bring a claim under the Defective Premises Act from 6 years to 15 years prospectively, and 30 years retrospectively. There may also be changes concerning the use of materials currently undergoing fire safety tests instructed by product manufacturers. If such materials are no longer considered safe, this could result in an increase in the number of buildings requiring remediation works as well as an increase in the estimated cost to remediate the buildings currently provided for. We may however expect further Government intervention if such circumstances arise.

In respect of the remediation costs noted above, the Directors believe that Countryside may be able to recover some of these costs via insurance or, in the case of defective workmanship, from subcontractors or other third parties. However, any such recoveries are not deemed to be virtually certain and therefore no contingent assets have been recognised.

Costs relating to the sale of the Countryside Group

On 11 November 2022, the entire share capital of Countryside Partnerships PLC was purchased by Vistry Group PLC and the two business were combined. The Countryside Group was liable for legal and advisory fees that were contingent on the transaction completing, the value of which were in part determined by the Vistry share price as at the completion date. These costs were accrued by the Company on behalf of the Group at the point that shareholder approval for the merger was achieved on 1 November 2022 and crystallised at £11.8m upon completion of the transaction on 11 November 2022. As such, they have been disclosed as contingent liabilities as at 30 September 2022.

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

25 Related party transactions

As at the reporting date, three of the Group's employees (2021: two employees) have a close family member on the Executive Committee. These individuals were recruited through the normal interview process and are employed at salaries commensurate with their experience and roles. The combined annual salary and benefits of these three individuals is less than £80,000 (2021: two individuals, less than £60,000).

Other transactions with related parties

During the year the Company earned fees from transactions with related parties:

	Sale of goods	Sale of goods
	2022	2021
	£'m	£'m
Associate	-	0.2
Joint ventures	14.7	16.5
	<u>14.7</u>	<u>16.7</u>

	Net advanced/(repaid) during the year		Net Balances outstanding at the year end	
	2022	2021	2022	2021
	£'m	£'m	£'m	£'m
Joint ventures	28.2	(10.7)	42.1	13.9
	<u>28.2</u>	<u>(10.7)</u>	<u>42.1</u>	<u>13.9</u>

Sales of services to related parties were made on normal commercial terms. No purchases were made by the Company from its joint ventures or associate. The amounts outstanding bear no interest and will be settled in cash on demand.

26 Capital commitments

As at 30 September 2022, the Company was not committed to the purchase of any capital assets (2021: £Nil).

COUNTRYSIDE PROPERTIES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

27 Events after the reporting date

Sale of the Countryside Group

On 11 November 2022, Vistry Group PLC acquired the entire issued and to be issued share capital of the Company's then ultimate parent undertaking, Countryside Partnerships PLC (formerly named Countryside Properties PLC and now named Countryside Partnerships Limited). From 11 November 2022, the ultimate parent undertaking and controlling party has been Vistry Group PLC.

Remediation costs for multi-occupancy buildings

In March 2023, Vistry Group signed the Government's Housing and Developer Remediation Contract ("the Contract") which formalised the commitments previously given by Countryside in April 2022, when they became signatories to the Government's Fire Safety Pledge ("the Pledge") and introduced certain extensions and new areas within the scope of the Contract. As this was signed after the year-end date this represents a non-adjusting post balance sheet event. Further detail on the related provisions and contingent liabilities in respect of these commitments is provided in Notes 22 and 24 respectively.

Future activity of Bardon factory

Upon acquisition, the Enlarged Group announced that it would continue to review the strategic options associated with the Bardon factory. The review has now been completed and the decision has been taken by the enlarged Group to reopen the factory on 11 July 2023. The Directors are investigating the feasibility to utilise the capacity of the Bardon factory from the date of reopening for the wider benefit of the enlarged Group.

As the date of acquisition and the date of reopening the Bardon factory are both after the year-end date these have been treated as non-adjusting post balance sheet events.

Fair Value assessment by Vistry Group

As part of the Enlarged Group's acquisition accounting, all former Countryside sites were reviewed and fair valued based on the market participants perspective. This exercise, which remains preliminary until 10 November 2023, resulted in a write-down of £22.2m to inventories for the Enlarged Group. Included in that position is one particular site held within Countryside Properties UK Limited that Management of the Enlarged Group have deemed not to meet internal capital allocation criteria on the basis of cost estimates and the working capital commitment required to make the project viable. Management has therefore taken the decision to no longer progress with the site.

This decision is a non-adjusting post balance sheet event, accordingly no adjustment has been made to the carrying amount of this site as at 30 September 2022. As a result of this decision, the Company will record a charge during 2023 of £15.0m.

28 Ultimate parent undertaking

The Company's immediate parent company is Countryside Properties (Housebuilding) Limited.

The Company's ultimate parent undertaking up until 11 November 2022 was Countryside Partnerships PLC (formerly named Countryside Properties PLC and now named Countryside Partnerships Limited), which is registered in England and Wales. From the 11 November 2022, the ultimate parent undertaking and controlling party has been Vistry Group PLC, which is registered in England and Wales.

The smallest and largest group to consolidate these financial statements for the year ended 30 September 2022 is Countryside Partnerships Limited. Financial statements for Countryside Partnerships Limited for the period are available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.