Countryside Properties (UK) Limited

Report and financial statements
for the period ended 31 December 2022
Registered number: 00614864

Countryside Properties (UK) Limited

Contents

Countryside Properties (UK) Limited

Directors and advisers

Directors

C Bates
T Lawlor
E Sibley
S Teagle
M Woolliscroft
T Wright

Company Secretary

Vistry Secretary Limited

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Independent auditors

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Countryside Properties (UK) Limited

Strategic report for the period ended 31 December 2022

The Directors present their strategic report for Countryside Properties (UK) Limited ("the Company"), for the 3-month period ended 31 December 2022.

Business review

Countryside Properties (UK) Limited is a market leader in Partnerships, providing high quality, affordable mixed tenure housing across the United Kingdom. Working in close partnership with Local Authorities, Registered Providers and the private rental sector ("PRS"), the business continues to respond to the unmet demand for affordable housing both within the financial period and into future periods.

Key highlights throughout the period include:

- The Combination of Countryside Partnerships PLC (previously the Company's ultimate parent undertaking) and Vistry Group PLC (the "Group") on 11 November 2022, resulting in significant synergies and benefits for the enlarged Group. Full details of the business combination can be found in note 5.13 Business combinations of the Group's Annual Report for the year ended 31 December 2022;
- Total revenue of £212.9m (year to 30 September 2022: £1,259.6m) for the period driven by the completion of 583 units (year to 30 September 2022: 3,621 units);
- Operating loss of £82.8m (restated* year to 30 September 2022: £170.3m) for the period generating an operating loss margin of 38.9% (restated* year to 30 September 2022: 13.5%). The operating loss is driven by £84.8m (restated* year to 30 September 2022: £195.4m) of exceptional expenses as outlined in note 3;
- Loss before taxation of £77.4m (restated* year to 30 September 2022: £174.6m) for the period. The loss before taxation is driven by £86.4m (restated* year to 30 September 2022: £199.5m) of exceptional expenses as outlined in note 3.

The Directors did not recommend the payment of a dividend for the period (year to 30 September 2022: £nil). As at 31 December 2022, the Company has net assets of £182.8m (restated* 30 September 2022: £237.9m).

The Combination:

The Combination of Countryside Partnerships PLC with Vistry Group PLC presented a unique and exciting opportunity and has created one of the country's leading Partnerships business. The Combination has also had other immediate impacts in the period including:

- Changes in the Company's accounting policies to align to the Vistry Group. This has resulted in the retrospective application of these policies and accordingly the accounts have been restated as outlined in note 28;
- Changing the Company's accounting reference date from 30 September to 31 December. The current period in this report and financial statements covers a period of three months to 31 December 2022, whilst the comparative figures cover a period of twelve months to 30 September 2022;
- The reassessment of the Company's development portfolio and whether each site meet the enlarged Group's internal capital allocation hurdles. As a result of this exercise, the Company recognised a one-off impairment charge of £21.7m relating to two sites which management have taken the decision to no longer progress;
- A restructuring announcement to all employees of the Group, including that of the Company. This reorganisation has resulted in, employees being TUPE transferred from the Company to other Group entities, personnel exits and the absorption of other business units from the Group into the Company during 2023.

*Cost of sales, administrative expenses, tax on loss, developments, deferred tax asset and retained earnings have been restated for the prior year. See note 28 for more details.

Market conditions and prospects

We have seen material availability return to pre-pandemic levels in early 2023 as well as a softening in overall build cost inflation, but some risk remains around global macro-economic factors. The Company spends considerable time building relationships with strategic supply chain partners and subcontractors, giving them insight of the order book. The Company has benefited from the Group purchasing agreements which provided the Company some protection against a number of material price increases and the Company expects to see increased benefits in 2023 from the increased scale of the Group.

The market fundamentals of the UK housing sector support the creation of a national, large-scale partnerships business to deliver sustainable, profitable growth. Increasing the delivery of quality affordable homes and home ownership is a key priority for the Government, Homes England, Local Authorities and RPs. The need for affordable housing in the UK remains acute and there is widespread acknowledgement of an increasing demand-supply deficit for quality new homes across all tenures. In conjunction with the wider Vistry Group PLC, the Company is uniquely positioned to significantly increase the delivery of affordable mixed tenure homes in the forthcoming years.

The Company continues to win new work with public and private partners and its order book and pipeline gives us strong visibility of future revenues.

Key Performance Indicators (KPIs)

The Company's outcomes against its KPIs compared to the previous year are set out in the table below:

	From 1 October 2022 to 31 December 2022	From 1 October 2021 to 30 September 2022
Revenue	£212.9m	£1,259.6m
Adjusted operating profit*	£2.0m	£25.1m
Adjusted operating margin*	0.9%	2.0%
Adjusted profit before taxation*	£9.0m	£24.9m
Loss before taxation	£77.4m	£174.6m
Total shareholders' funds*	£182.8m	£237.9m

Balance Sheet

The Company had a net cash** position of £61.5m as at 31 December 2022 (30 September 2022: £239.1m). The decrease in net cash reflects the loss in the period (driven principally by the exceptional expenses incurred in the period) and the net increase in amounts owed to the Company from group undertakings at the balance sheet date.

The Company's net assets have reduced in the period to £182.8m (restated* 30 September 2022: £237.9m) principally due to the accounting loss in the period, driven by the exceptional expenses in the period.

Future developments and strategy

The Directors do not expect any significant changes to the principal activities of the Company in the foreseeable future.

There continues to be excellent prospects for the Company as we continue to see good demand for mixed tenure affordable housing from Local Authorities, Registered Providers and PRS providers which is core to delivering our growth strategy.

*Cost of sales, administrative expenses, tax on loss, developments, deferred tax asset and retained earnings have been restated for the prior year. See note 28 for more details.

**Net cash is defined as total cash and cash equivalents, less bank and other loans.

Future developments and strategy (continued)

The Company continues to support the Government's ambition to deliver a lasting industry solution to fire safety, with the Group signing the Developer Remediation Contract in March 2023.

On 30 August 2023, the Company entered into Business Transfer agreements with Vistry Partnerships Limited, Countryside Properties (Housebuilding) Limited and Countryside Properties (Strategic Land) Limited to acquire the beneficial interest in the assets and liabilities of these fellow subsidiaries of the Group. The assets and liabilities were acquired at book value.

Principal risks and uncertainties

The principal risk and uncertainties are integrated with that of the Group and are not managed separately. These are discussed within the Group's 2022 annual report.

Corporate and environmental policy

The Company, in carrying out its business activities is pursuing its commitment to sustainable development and transparent corporate conduct in ethical and social matters, corporate governance, health and safety and the environment.

Section 172(1) statement

Our key stakeholder groups are our customers, employees, supply chain, local and national government and the communities in which we operate. Throughout the period we conduct a series of planned engagements at a Vistry Group and local level, as well as informal and ad hoc meetings to ensure we are acting in line with our responsibilities under S.172 of the Companies Act 2006.

Stakeholder engagement

The Company and wider Group are committed to operating fairly, with integrity and with respect for the opinions and perspectives of our stakeholders. A summary of our engagements is outlined in the Group's 2022 annual report and accounts on page 28 to 29 and 74 to 82.

The strong communication and tools employed by the Group help ensure that we get regular feedback and input from our stakeholders so that the Company addresses these factors in decision making.

Customers

Key Issues	How we engage	Actions and outcomes
• High quality, safe and energy efficient homes; • Affordable homes and mortgage availability; • Excellent customer service; • Trusted partner	• Face-to-face and digital engagement including via our digital portal; • 'Meet the builder' and detailed home demonstration and inspection meetings; • Customer satisfaction surveys; • Dedicated affordable housing team that liaises with our registered provider partners; • Ongoing commercial dialogue	• A customer service metric is included in our annual bonus scheme to enhance focus on customer service and build quality; • Signed the Building Pledge Safety Letter and the Developer Remediation Contract that formalise our commitments in relation to cladding and fire safety remediation costs

Stakeholder engagement (continued)

People

Key Issues	How we engage	Actions and outcomes
• Pay and rewards; • Development opportunities; • Safe, fair and diverse working environment; • Open communications	• Regular two-way briefings including Executive Director hosted roadshows; • Weekly Vistry Voice podcast hosted by the CEO and members of the executive leadership team ("the ELT"); • Regular employee representative meetings including participation in our People Forum, feedback from which is communicated to the Board and actioned; • Confidential Peakon employee engagement surveys; • Group leadership conference and Vistry Awards; • Our DUG intranet	• Provided temporary cost of living allowances (COL) of up to 3.75% with effect from April 2022. From January 2023 made COL allowance a permanent part of all annual salaries under £60k; • Introduced enhanced rates for business mileage to reflect the increase in energy prices and launched a programme to install electric charging stations at our offices across the UK; • Enhanced our benefits package and the mental health guidance and support we provide; • Launched 'Vistry Learn', our Learning Management System which provides access to both mandatory and discretionary training programmes to all our people; • Enhanced our employee induction programme for all new starters

It is Group policy to give full and fair consideration to the employment needs of disabled persons (and persons who become disabled whilst employed by the Group) to ensure requirements of these persons are adequately covered and to comply with any current legislation with regard to disabled persons. This includes: the full and fair consideration of applications for employment; the provision of training whilst employed, and ongoing opportunities for career development and promotion. The Group's policies are supported by the Group's Dignity at Work policy which prohibits bullying, harassment or victimisation.

We recognise the importance of keeping employees informed of operational, financial, and strategic business matters and do this in a number of ways, including: Vistry Voice, CEO briefings, Vistry Roadshow and Q&A, Vistry Awards, video and animations, employee representatives (each regional business meets regularly with employee representatives), Intranet ('Dug') and People Forum. Employee representatives were involved in collective consultation across the Group to ensure a fair and transparent approach to the Combination.

Countryside Properties (UK) Limited

Strategic report for the period ended 31 December 2022 (continued)

Stakeholder engagement (continued)

Supply chains

Key Issues	How we engage	Actions and outcomes
• Long-term relationships; • Equitable commercial and payment terms; • Modern slavery; • Fair pay	• Regular ELT level engagement with key suppliers; • Undertake account reviews and gather 360 supplier feedback which is shared with Risk Oversight Committee and the Board; • Regular project meetings; • Host product development forums	• Collaborate with suppliers including participating in workshops covering our most important (and shared) challenges; • Supply chain onboarding process ensures that our suppliers and subcontractors confirm compliance to the Modern Slavery Act

Regulators

Key Issues	How we engage	Actions and outcomes
• Effective implementation of legislation and regulations including building safety, biodiversity net gain, Future Homes Standards and New Homes Quality Code; • Trusted partner	• Direct discussions with Government departments; • Engagement with Homes England and local authorities; • HBF engagement; • Participation in Government consultations; • Pre-application engagement with local planning authorities, town and parish councils and local communities	• Delivering homes that meet and exceed the Future Homes Standard requirements for 2025 on certain developments; • Targeting 10% biodiversity net gain on all development sites; • Signed the Building Pledge Safety Letter and the Developer Remediation Contract; • Worked with leaseholders and freeholders to agree terms to remove ground rent doubling clauses across four developments

Homes and Communities

Key Issues	How we engage	Actions and outcomes
• Quantifiable positive social impact; • Increased delivery of affordable homes; • Minimal impact from operations	• Regular engagement and meetings with registered providers of social housing, housing associations and the HBF; • Undertake and participate in public consultations; • Support local community initiatives	• Create social value and piloting a tool to monitor its delivery; • Our Vistry Skills Academies create job opportunities in the communities where we operate; • Embedded our Biodiversity Action Plan into our business management processes; • Committed to increasing the delivery of affordable homes year-on-year; • Support national and local charities

Stakeholder engagement (continued)

Investors

Key Issues	How we engage	Actions and outcomes
• Sustainable returns; • Strategy and delivery; • Effective ESG practices	• Investor meetings and roadshows; • Trading updates and bi-annual results announcements and presentations; • AGM and General Meeting	• Factored investor perspectives into strategic developments during the period including the Group's combination; • with Countryside and the share buyback programme; • Further progressed our sustainability strategy including publication of our Carbon Action Plan in December 2022

On behalf of the Board:

T Wright
Director

02 February 2024

Countryside Properties (UK) Limited

Directors' report for the period ended 31 December 2022

The Directors present their report and audited financial statements for Countryside Properties (UK) Limited ("the Company"), for the 3-month period ended 31 December 2022.

Results and dividends

The loss for the financial period was £55.1m (restated* year to 30 September 2022: £140.3m). The Directors did not recommend the payment of a dividend for the period (year to 30 September 2022: £nil). The Company has net assets of £182.8m (restated* 30 September 2022: £237.9m) at 31 December 2022.

Future developments

Future developments of the Company are covered in the Strategic Report section.

Directors

The present Directors of the Company are set out on page 1, all of whom served throughout the period and up to the date of signing the financial statements with the following exceptions:

C Bates was appointed as a Director of the Company on 21 November 2022.
E Sibley was appointed as a Director of the Company on 29 November 2022.
T Lawlor was appointed as a Director of the Company on 29 November 2022.
S Teagle was appointed as a Director of the Company on 25 August 2023.
P Lyons resigned as a Director of the Company on 31 December 2022.
J Jamieson resigned as a Director of the Company on 31 March 2023.
P Chapman resigned as a Director of the Company on 31 March 2023.

Vistry Secretary Limited was appointed as Company Secretary and G Whitaker resigned as Company Secretary on 29 November 2022.

Qualifying third-party and pension scheme indemnity provisions

The Group maintains appropriate Directors' and Officers' Liability Insurance on behalf of the Directors and Company Secretary. In addition, individual qualifying third-party indemnities are given to the Directors and Company Secretary which comply with the provisions of Section 234 of the Companies Act 2006 and were in force throughout the period and up to the date of signing the Report.

Financial risk management

The Company seeks to manage its capital in such a manner that the Company safeguards its ability to continue as a going concern and to fund its future development. In continuing as a going concern, it seeks to provide returns over the housing market cycle as well as enabling repayment of its liabilities as a trading business. In the course of its business, the Company is exposed to interest rate risk, credit risk and liquidity risk.

The Company's capital comprises its shareholders' equity, added together with its net borrowings, or less its net cash, stated before issue costs.

Whilst the blended cost of capital is a factor in the Company's decision making in assessing the right blend of shareholders' equity and debt financing, the Company has typically preferred to operate within a framework that features relatively low gearing or cash in hand. This is because the Company recognises that housebuilding can be cyclical, and higher levels of gearing can create profound liquidity risks. The Company would seek to manage its capital base through control over expenditure, maintenance of adequate banking facilities, control over dividend payments and in the longer term through adjustments to its capital structure.

*Cost of sales, administrative expenses, tax on loss, developments, deferred tax asset and retained earnings have been restated for the prior year. See note 28 for more details.

Financial risk management (continued)

An important part of capital management for the Company is its financial instruments, which the Group manages on behalf of the Company, and which is comprised of cash, bank and other loans and overdrafts. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company also utilises financial assets and liabilities such as trade payables or receivables that arise directly from operations.

The use of these carries risk: interest rate risk, credit risk and liquidity risk. Given that the Company trades exclusively in the UK, there is no material currency risk.

Interest rate risk

Exposure to interest rate risk arises in the normal course of the Company's business. Interest rate risk would arise from movement in borrowings, overdrafts and amounts owed to related parties. Borrowings issued at variable rates would expose the Company to interest rate risk. Throughout the period, the Group's policy has been that no trading in financial instruments shall be undertaken. Interest rate risk and exposure to change in interest rates is not considered to be a significant risk to the Company.

Credit risk

The Company's exposure to credit risk is limited by the fact that the Company generally receives cash at the point of legal completion of its sales of private houses or land. There are certain categories of revenue where this is not the case: for instance, affordable housing. For affordable housing, the Company collects cash at regular intervals in line with build progress in order to minimise its credit risk. The carrying value of trade and other receivables equates to the Company's exposure to credit risk.

In managing risk, the Company assesses the credit risk of its counterparties before entering into a transaction. This assessment is based upon management knowledge, experience, and where possible independent assurance. In the event that land is disposed of the Company seeks to mitigate any credit risk by retaining a charge over the asset disposed of, so that in the event of default, the Company is able to seek to recover its outstanding asset.

Liquidity risk

The Company has access to the Group's banking facilities which are considered to be adequate in terms of flexibility and liquidity for its medium term cashflow needs, thus mitigating its liquidity risk.

Going Concern

The financial statements have been prepared on a going concern basis, which assumes that for the foreseeable future the Company will be able to meet its liabilities as they fall due.

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Vistry Group PLC. The Directors have received confirmation that Vistry Group PLC intends to support the Company for at least one year after these financial statements are signed.

Stakeholder engagement

A summary of the Company's Stakeholder engagement is outlined in the Strategic Report on pages 4 to 7.

Streamlined Energy and Carbon Reporting (SECR)

A summary of our SECR is outlined in the Vistry Group PLC 2022 annual report and accounts on page 47.

Statement of private company governance arrangements

The Board confirms that from 11 November 2022 to 31 December 2022 and as at the date of this report, we have applied the same corporate governance principles as Vistry Group PLC. These are disclosed on pages 72 to 73 of the Vistry Group PLC 2022 Annual report and accounts. Prior to the acquisition by Vistry Group PLC, for the period 1 October 2022 to 10 November 2022, the Board confirms we applied the same corporate governance principles as set out in the Countryside Partnerships Limited Annual report and accounts to 30 September 2022.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the report and the financial statements in accordance with applicable law and regulation.

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

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- 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;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

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.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Subsequent to the year ended 30 September 2022, Deloitte LLP resigned and PricewaterhouseCoopers LLP were appointed as external independent auditors of the Company.

On behalf of the Board:

T Wright
Director

02 February 2024

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

Report on the audit of the financial statements

Opinion

In our opinion, Countryside Properties (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the period from 1 October 2022 to 31 December 2022;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Income statement and the Statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the reasonableness of the inputs and underlying assumptions within the base case going concern model prepared by management;
- performing a comparison of the forecasts within the base case going concern model to Board approved budgets and, where applicable, the forecasts used elsewhere in the Group, such as asset impairment assessments;
- comparing the prior year forecasts against current year actual performance to assess management's ability to prepare accurate forecasts;
- assessing the severe but plausible downside scenarios which have been used to sensitise the base case model, including consideration of the underlying assumptions within each of these forecasts (such as reduced demand or a fall in house prices);
- obtaining and reperforming management's analysis of both liquidity and covenant compliance to ensure there is sufficient liquidity and no forecast covenant breaches over the course of the going concern period, including within the downside scenario prepared;
- agreeing the committed facilities in place to the underlying agreements and ensuring that these were appropriately reflected within the liquidity and covenant analysis; and

- reviewing the disclosures relating to going concern, with these considered to be consistent with the assessment prepared by management and the procedures we performed.

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.

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to to health and safety regulation (including the requirements of The Health and Safety at Work etc Act 1974), NHBC standards and other building regulations (including fire and building safety legislation),, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and the UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias within accounting estimates, in particular the potential manipulation of the margin to be recognised on a particular site or contract. Audit procedures performed by the engagement team included:

- Inquiries with management, internal audit and the legal team, including in respect of known or suspected instances of non-compliance with laws and regulation and fraud, and review of board minutes and internal audit reports - in particular, we performed detailed procedures in respect of the provisioning for cladding and building safety;
- Evaluation and testing of the operating effectiveness of management's key controls around the forecasting of costs and margin estimation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular those that involve the assessment of future events, which are inherently uncertain – the key estimates determined in this respect are those relating to the forecasting of costs and margin estimation and the expected outflows in respect of cladding and building safety; and
- Identifying and testing journal entries, in particular testing a sample of journal entries posted with unusual account combinations, such as those with unusual or unexpected journal postings to the income statement.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Richard French (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
02 February 2024

Countryside Properties (UK) Limited

Income statement for the period ended 31 December 2022

	Note	**From 1 October 2022 to 31 December 2022 £m**	From 1 October 2021 to 30 September 2022 £m
Revenue	2	**212.9**	1,259.6
Cost of sales* (including exceptional items)		**(269.9)**	(1,278.5)
Gross loss		**(57.0)**	(18.9)
Adjusted gross profit		**4.5**	158.2
Exceptional cost of sales	3	**(61.5)**	(177.1)
Gross loss		**(57.0)**	(18.9)
Administrative expenses* (including exceptional items)		**(50.0)**	(127.2)
Reversal of impairment loss/(net impairment loss)		**24.2**	(24.2)
Operating loss	4	**(82.8)**	(170.3)
Adjusted operating profit		**2.0**	25.1
Exceptional expenses	3	**(84.8)**	(195.4)
Operating loss	4	**(82.8)**	(170.3)
Distribution from joint ventures		**8.7**	8.1
Loss before interest and taxation		**(74.1)**	(162.2)
Finance income	6	**0.4**	1.1
Finance costs including exceptional expenses	6	**(3.7)**	(13.5)
Net finance costs	6	**(3.3)**	(12.4)
Loss before taxation		**(77.4)**	(174.6)
Adjusted profit before taxation		**9.0**	24.9
Exceptional expenses	3	**(86.4)**	(199.5)
Loss before taxation		**(77.4)**	(174.6)
Tax on loss*	7	**22.3**	34.3
Loss for the financial period/year		**(55.1)**	(140.3)

*Cost of sales, administrative expenses and tax on loss have been restated for the prior year. See note 28 for more details.

There are no recognised gains and losses other than those shown in the income statement above and therefore no separate statement of other comprehensive income has been presented.

All results are derived from continuing operations.

The notes on pages 19 to 46 are an integral part of these financial statements.

Countryside Properties (UK) Limited

Balance Sheet as at 31 December 2022

	Note	**31 December 2022 £m**	30 September 2022 £m
Assets			
Non-current assets			
Intangible assets	10	**1.2**	1.4
Property, plant and equipment	11	**11.2**	11.7
Right-of-use assets	12	**54.5**	33.5
Investments in subsidiaries	13	**1.7**	1.7
Investments in joint ventures	14	**0.4**	0.4
Total non-current assets		**69.0**	48.7
Current assets			
Developments*	15	**670.3**	649.9
Trade and other receivables	16	**619.1**	460.7
Cash and cash equivalents	17	**61.5**	241.6
Current tax asset	18	**1.0**	–
Deferred tax asset*	22	**65.7**	45.7
Total current assets		**1,417.6**	1,397.9
Total assets		**1,486.6**	1,446.6
Liabilities			
Current liabilities			
Bank and other loans	19	–	(2.5)
Trade and other payables	20	**(870.7)**	(814.3)
Provisions for liabilities	21	**(62.5)**	(55.1)
Lease liabilities	12	**(5.1)**	(6.4)
Current tax liability	18	–	(1.1)
Total current liabilities		**(938.3)**	(879.4)
Non-current liabilities			
Trade and other payables	20	**(155.8)**	(144.0)
Provisions for liabilities	21	**(155.6)**	(130.5)
Lease liabilities	12	**(54.1)**	(54.8)
Total non-current liabilities		**(365.5)**	(329.3)
Total liabilities		**(1,303.8)**	(1,208.7)
Net assets		**182.8**	237.9
Equity			
Called up share capital	23	–	–
Retained earnings*		**182.8**	237.9
Total equity		**182.8**	237.9

*Developments, deferred tax asset and retained earnings have been restated for the prior year. See note 28 for more details.

The notes on pages 19 to 46 are an integral part of these financial statements. The financial statements on pages 16 to 46 were approved by the Board of Directors on 02 February 2024 and signed on its behalf by:

T Wright
Director
Registered number: 00614864

Countryside Properties (UK) Limited

Statement of changes in equity for the period ended 31 December 2022

	Note	Called up share capital £m	Retained earnings £m	Total equity £m
As at 1 October 2021 as previously reported		–	427.4	427.4
Impact of prior year restatement	28	–	(48.2)	(48.2)
As at 1 October 2021 as restated		–	379.2	379.2
Restated* loss for the financial year		–	(140.3)	(140.3)
Total comprehensive expense for the year		**–**	**(140.3)**	**(140.3)**
Transactions with owners in their capacity as owners:				
Movement in deferred tax recognised in equity	22	–	(1.0)	(1.0)
Total transactions with owners, recognised directly in equity		**–**	**(1.0)**	**(1.0)**
As at 30 September 2022		**–**	**237.9**	**237.9**
As at 1 October 2022		–	237.9	237.9
Loss for the financial period		–	(55.1)	(55.1)
Total comprehensive expense for the period		**–**	**(55.1)**	**(55.1)**
As at 31 December 2022		**–**	**182.8**	**182.8**

*Cost of sales, administrative expenses and tax on loss have been restated for the prior year. See note 28 for more details.

Further comments on the above statement line items are in the notes to the financial statements.

1. Accounting policies

General information
Countryside Properties (UK) Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of its registered office is Countryside House, The Drive, Brentwood, Essex, CM13 3AT. Refer to note 27 for details of the immediate and ultimate parent undertaking. The principal activity of the Company is set out on page 2.

The financial statements are measured and presented in pounds sterling as that is the currency of the primary economic environment in which the Company operates. The amounts stated are denominated in millions (£m).

Basis of preparation
The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The financial statements are prepared on the historical cost basis.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 38 of IAS 1, 'Presentation of financial statements' - comparative information in respect of:
    - Paragraph 79(a)(iv) of IAS 1 'Share capital and reserves';
    - Paragraph 73(c) of IAS 16 'Property, plant and equipment';
    - Paragraph 118(e) of IAS 38 'Intangible assets'; and
- The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10(d), 10 (1), 16, 38, 40, 111, and 134-136;
    - 40A-D – requirements for a third balance sheet.
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors'.
- Paragraph 17 of IAS 24, 'Related party transactions' in respect of key management compensation.
- The requirements of IAS 24, 'Related party transactions' to disclose related party transactions entered into between two or more members of a group.
- Paragraph 110 and paragraphs 113(a),114,115,118,119(a) to (c), 120 to 127 and 129 of IFRS 15.

Basis of consolidation
These separate financial statements contain information about Countryside Properties (UK) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent, Vistry Group PLC, a listed company incorporated and domiciled in England and Wales.

1. Accounting policies (continued)

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Impact of standards and interpretations effective for the first time

No new accounting standards and interpretations mandatory for 31 December 2022 have had an impact on the Company's current period financial statements. These standards are not expected to impact the future periods and no changes have been made to the accounting policies.

Going Concern

The financial statements have been prepared on a going concern basis, which assumes that for the foreseeable future the Company will be able to meet its liabilities as they fall due.

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Vistry Group PLC. The Directors have received confirmation that Vistry Group PLC intends to support the Company for at least one year after these financial statements are signed.

Critical accounting judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

No individual judgements have been made that have a significant impact on the financial statements, other than those involving estimates, which are outlined below:

1. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Margin recognition

The gross margin from private and affordable revenue generated on each of the Company's individual sites within the period is recognised based on the latest forecast for the gross margin expected to be generated over the remaining life of that site. The forecast gross margins are based on current prevailing pricing or contracted rates and pricing where applicable. The remaining life gross margin is calculated using forecasts for current selling prices and all land, build, infrastructure and overhead costs associated with that site. Where the actual contracted costs are available, these are used in the calculation. There is inherent uncertainty and sensitivity to external forces (predominantly house prices, material and labour costs) in these forecasts, which are reviewed regularly throughout the period by management.

Management have performed a sensitivity analysis to assess the impact of a 5.0ppts decline in forecasted gross margins across all developments; this would have reduced gross profit by £10.6m through increased cost of sales, with a corresponding reduction to inventories and therefore net assets of the same value. This would equate to a 3.9ppts increase in cost of sales, or a 5.0ppts decrease in revenue, which is considered reasonably possible in light of recent market conditions.

The Company has robust internal controls to review future revenue and cost estimates.

Other estimates

The financial statements include other areas of accounting estimates. While these areas do not meet the definition under IAS 1 of significant accounting estimates, the recognition and measurement of certain material assets and liabilities are based on assumptions and are subject to longer term uncertainties. The other key accounting estimates are:

Fire safety cladding

Management have reviewed all current legal and constructive obligations with regards remedial work to rectify legacy fire safety issues. Where known obligations exist, these have been evaluated for the likely cost to complete and an appropriate provision has been created. Currently proposed legislative and regulatory changes create significant uncertainty around the extent of remediation required for legacy buildings, the liability for such remediation and the time period to be considered. This implies inherent uncertainty as to the precise future obligations of the Company in respect of legacy fire safety issues.

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 highly likely that there will be further revisions to these estimates as government legislation and regulation in this area evolves. Management have completed extensive work to identify properties requiring remediation and considers the buildings identified and the value of works provided for reflect management's best view of where remedial action is needed. See note 21 and 26 for more detail.

1. Accounting policies (continued)

Change in accounting policy

Following the acquisition of the Company by Vistry Group PLC on 11 November 2022, the Company has reassessed its accounting policies to ensure they are aligned with the Group.

The Company has identified two key accounting policy alignments as detailed below:

- The Company capitalises external costs within inventories from the point at which it judges it to be probable that the site will provide future economic benefits. Under the Company's previous accounting policy, this was considered to be when there was a greater than 50% probability of planning consent being granted. The policy has now been aligned to the Group policy which is more specific in its definition of probable as being when a site has a resolution to grant outline planning consent.

- The scope of personnel costs that the Company will capitalise to site work in progress has been reduced in order to align with the Group.

The entity is required to adjust the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts disclosed for each prior period presented as if the new accounting policy had always applied. As such, retained earnings brought forward at 1 October 2021 and result for the year ended 30 September 2022 have been restated in order to reflect the accounting policy alignments. This has meant the following balances for the year ended 30 September 2022 have been restated: retained earnings, developments, cost of sales, administrative expenses and tax on loss. See note 28 for further details.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the periods presented, unless stated otherwise.

Revenue

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 in respect of the sale of residential properties is recognised at the fair value of the consideration received or receivable, net of value added tax and discounts, on legal completion. In certain instances, property may be accepted in part consideration for a sale of a residential property.

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

Contract revenue for affordable housing and PRS contracts is recognised over time, by reference to the stage of completion of contract activity at the balance sheet date. This is normally measured by surveys of work performed to date.

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.

1. Accounting policies (continued)

Revenue (continued)

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

The application of the above policies requires estimates to be made in respect of the total expected costs to complete for each site. The Company has in place established internal control processes to ensure that the evaluation of costs and revenues is based upon appropriate estimates.

Where the Company provides design, construction, and mobilisation activities on a development across multiple units simultaneously, this is considered to represent one performance obligation. Where these services are provided across multiple development sites, each site is typically considered to represent a distinct performance obligation.

Revenue from Group members

The Company provides development 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 and goods are delivered.

Other revenue

Revenue relating to fees earned from the joint ventures in which the Company owns an interest are recognised on the accruals basis as and when the service is provided in the income statement under other operating income.

Exceptional expenses

Exceptional items are those which, in the opinion of the Board, are material by size and irregular in nature and therefore require separate disclosure within the income statement in order to assist the users of the financial statements in understanding the underlying business performance of the Company.

Finance income

Finance income relates to interest income earned on loans made to joint ventures.

Finance income is recognised as accrued in line with contractual rates of interest on interest bearing balances and capitalised to the balance receivables on the balance sheet until payment is received.

Finance costs

Finance costs are included in the measurement of borrowings at their amortised cost to the extent that they are not settled in the period in which they arise.

Finance costs predominantly relate to interest charges on external borrowings, lease liabilities and deferred land creditors. 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.

The Company is required to capitalise borrowing costs directly attributable to the construction and production of a qualifying asset, as part of the costs of that asset. Developments which are produced in large quantities on a repetitive basis over a short period of time are not qualifying assets. The Company does not generally produce qualifying assets.

Taxation

Tax comprises the sum of the tax currently payable or receivable and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

1. Accounting policies (continued)

Taxation (continued)
The tax currently payable or receivable is based on taxable profit or loss for the period and any adjustment to tax payable or receivable in respect of previous years. Taxable profit or loss differs from net profit or loss as reported in the income statement because it excludes items or income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability or asset for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that 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 non-tax deductible goodwill, from the initial recognition of assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit, and from differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to reserves, in which case the deferred tax is also dealt with in reserves.

Intangible assets
Intangible fixed assets are recorded at cost or acquisition fair value, less accumulated amortisation.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets where IAS 38: "Intangible Assets" criteria are satisfied. Capitalised development costs are initially recorded within assets under construction and are then transferred to IT software and amortised from the point at which the asset is ready for use. IT software is amortised on a straight-line basis over a period of 3 – 5 years.

All amortisation is recorded within the administrative expenses line of the income statement.

Property, plant and equipment
Plant, property, and equipment (PPE) is recorded at prime cost less accumulated depreciation and impairment. The sub-categories of PPE are depreciated as follows:

- Fixtures and fittings on a 10% straight line basis;
- Plant and equipment on a 20% to 25% straight line basis.

1. Accounting policies (continued)

Leases
The Company leases various offices, site cabins, cars and show homes. Rental contracts are typically made for fixed periods of 1-4 years but may be for longer or include extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis, lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a fixed annual rate increase

The lease payments are discounted using the Company's incremental borrowing rate, being 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.

Right-of-use assets are measured at cost compromising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

Investments
Investments in subsidiary undertakings and joint ventures are stated at cost plus incidental expenses less any provision for impairment. Investments in subsidiary undertakings and joint ventures are reviewed on at least an annual basis or impairment, or when there are indicators of impairment.

Developments
Developments are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads, not including any general administrative overheads, that have been incurred in bringing the developments to their present location and condition. Net realisable value represents the estimated net selling price less estimated total costs of completion of the finished units.

Land held for development, including land in the course of development until legal completion of the sale of the asset, is initially recorded at cost along with any expected overage. An overage is the amount a landowner may be entitled to receive when completing the sale of a piece of land, provided specific conditions stipulated in the contract are met. Where, through deferred purchase credit terms, cost differs from the nominal amount which will actually be paid in settling the deferred purchase terms liability, an adjustment is made to the cost of the land, the difference being charged as a finance expense.

1. Accounting policies (continued)

Developments (continued)
Options in respect of land are held at the lower of their net realisable value and cost and are reviewed for impairment at each reporting date.

Should planning permission be granted and the option be exercised, the option's carrying value is included within the cost of land purchased.

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

Part exchange properties are held at the lower of cost and net realisable value and include a carrying value provision to cover the costs of management and resale.

Ground rents are held at an estimate of cost based on a multiple of ground rent income, with a corresponding credit created against cost of sales, in the year in which the ground rent first becomes payable by the leasehold purchaser.

Trade and other receivables
Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The Company applies the IFRS 9: "Financial Instruments" simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the age of the outstanding amounts.

The contract assets relate to unbilled work in progress on contracts and have a historically low level of default, similar to the Company's low default levels on trade receivables.

Other receivables include amounts receivable from the Government in relation to the Help to Buy scheme.

Intercompany receivables are stated at their nominal value including accrued interest.

Trade and other payables
Trade payables on normal terms are not interest bearing and are stated at their nominal value. Intercompany payables are stated at their nominal value including accrued interest.

Trade payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value which will be paid in settling the deferred purchase terms liability is recognised over the period of the credit term and charged to finance costs using the effective interest rate method.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

1. Accounting policies (continued)

Bank and other loans

Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of direct issue costs, and subsequently at amortised cost. Finance charges are accounted for on an accrual basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Provisions for liabilities

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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 financial statements.

Financial instruments

Fair values

There is no material difference between the carrying value of financial instruments shown in the balance sheet and their fair value.

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

Land purchased on extended payment terms

When land is purchased on extended payment terms, the Company initially records it at its fair value with a land creditor recorded for any outstanding monies based on this fair value assessment. Fair value is determined as the outstanding element of the price paid for the land discounted to present day. The difference between the nominal value and the initial fair value is amortised over the period of the extended credit term and charged to finance costs using the 'effective interest' rate method, increasing the value of the land creditor such that at the date of maturity the land creditor equals the payment required.

Bank and other loans

Fair value is calculated by comparing the current contracted rates of interest to currently available market rates for a similar term debt and credit risk.

1. Accounting policies (continued)

Estimation of fair values (continued)

Trade and other receivables / payables

Other than land creditors, the nominal value of trade receivables and payables is deemed to reflect the fair value. This is due to the fact that transactions which give rise to these trade receivables and payables arise in the normal course of trade with industry standard payment terms.

2. Revenue

	From 1 October 2022 to 31 December 2022 £m	From 1 October 2021 to 30 September 2022 £m
Revenue by type		
Private housing	**83.0**	571.2
Affordable housing	**43.1**	235.1
PRS	**29.9**	172.8
Revenue from other Group members	**53.9**	201.9
Other	**3.0**	78.6
	212.9	1,259.6

Revenue from other Group members of £53.9m (1 October 2021 to 30 September 2022: £201.9m) reflects the value of Housebuilding and administrative services supplied to Countryside Properties (Housebuilding) Limited and Countryside Properties (Strategic Land) Limited.

All of the Company's revenues are derived in the United Kingdom.

Disaggregation of revenue

The revenue disaggregation below represents the Company's underlying revenue.

Timing of revenue recognition	**From 1 October 2022 to 31 December 2022 £m**	From 1 October 2021 to 30 September 2022 £m
Over time	**73.0**	407.9
At a point in time	**139.9**	851.7

2. Revenue (continued)

The Company's total revenue recognised in relation to contract liabilities is shown in the table below and is included within affordable housing and delivery revenue.

At 31 December 2022 the aggregate amount of the transaction price allocated to unsatisfied performance obligations on contracts was £1,204.4m (30 September 2022: £1,157.6m), of which approximately £600.2m is expected to be recognised as revenue during 2023 (30 September 2022: £621.7m recognised as revenue between 1 October 2022 and 30 September 2023).

Assets and liabilities related to contracts with customers

The Company has recognised the following assets and liabilities relating to its existing contracts with customers.

	31 December 2022 £m	30 September 2022 £m
Contract assets	**79.8**	83.7
Contract liabilities	**(20.3)**	(18.7)
	59.5	65.0

Contract assets are represented by amounts recoverable on contracts in the above table. Amounts recoverable on contracts arise where the revenue recognised on a long-term contract exceeds the value of stage payments that have been invoiced on that contract. Contract liabilities are represented by payments on account where stage payments exceed revenue recognised on long term contracts. Materially all of the payments on account as at 30 September 2022 have been recognised as revenue in the current period.

Significant changes in contract assets and liabilities

There have been no significant changes in the period.

3. Exceptional expenses

	From 1 October 2022 to 31 December 2022 £m	From 1 October 2021 to 30 September 2022 £m
Cost of sales relating to legacy property fire safety	**20.3**	133.0
Cost of sales relating to the acquisition by Vistry Group PLC	**2.4**	–
Cost of sales relating to accounting policy changes	**–**	10.8
Cost of sales relating to closed sites and write-down of developments	**38.8**	27.0
Cost of sales relating to closure and restructuring costs	**–**	6.3
Administrative expenses relating to closure and restructuring costs	**–**	4.6
Administrative expenses relating to the acquisition by Vistry Group PLC	**23.3**	3.5
Administrative expenses relating to accounting policy changes	**–**	10.2
Interest on fire safety provision	**1.6**	4.1
	86.4	199.5

3. Exceptional expenses (continued)

Legacy property fire safety:

Exceptional expenses relating to legacy property fire safety result from ongoing investigations into properties developed where remediation works may be required. The amount of the provision reflects our best estimate to carry out these remediation works (note 21).

Accounting policy changes:

The Company has made the following accounting policy changes:

- The Company capitalises external costs within inventories from the point at which it judges it to be probable that the site will provide future economic benefits. Under the Company's previous accounting policy, this was considered to be when there was a greater than 50% probability of planning consent being granted. The policy has now been aligned to the Group policy which is more specific in its definition of probable as being when a site has a resolution to grant outline planning consent.

- The scope of personnel costs that the Company will capitalise to site work in progress has been reduced in order to align with the Group.

Closed sites and write-down of developments:

During the financial period, all sites were reviewed based on a market participants perspective. Following that review, management identified a number of sites held within Countryside Properties (UK) Limited that were deemed not to meet internal capital allocation criteria on the basis of cost estimates and the working capital commitment required to make the projects viable. Management have therefore taken the decision to no longer progress with the sites. As a result of this decision, the Company recognised a one-off impairment charge of £21.7m relating to two sites which management have taken the decision to no longer progress, plus an additional £17.1m for the write-down of other developments.

Acquisition by Vistry Group PLC:

During the current period and prior financial year, up until acquisition by the Vistry Group on 11 November 2022, the Company incurred significant legal and advisory fees. Post-acquisition, the Company incurred further costs relating to the integration of the Company within the enlarged Group.

4. Operating loss

	From 1 October 2022 to 31 December 2022 £m	From 1 October 2021 to 30 September 2022 £m
Depreciation of tangible fixed assets	**0.5**	2.3
Amortisation of intangible fixed assets	**0.2**	0.8
Depreciation of right-of-use assets	**1.5**	8.0
Staff costs	**39.7**	164.9
(Net reversal of impairment)/impairment of right-of-use assets	**(22.2)**	24.2

The amount of developments recognised in cost of sales for the period ended 31 December 2022 is £257.8m (restated* 1 October 2021 to 30 September 2022: £1,225.0m).

*Cost of sales have been restated for the prior year. See note 28 for more details.

5. Services provided by the Company's auditors

During the period, the Company obtained the following services from the Company's auditors at costs as detailed below:

	From 1 October 2022 to 31 December 2022 £m	From 1 October 2021 to 30 September 2022 £m
Fees payable to the Company's auditors for the audit of the financial statements:		
Payable to PricewaterhouseCoopers LLP	**0.1**	–
Payable to Deloitte LLP	**–**	0.3

Fees charged by the auditors and their associates during the period in respect of non-audit work and other services was £nil (1 October 2021 to 30 September 2022: £nil).

During the period, the Company also incurred audit fees on behalf of other Group Companies totalling £nil (1 October 2021 to 30 September 2022: £0.1m).

6. Finance income and finance costs

	From 1 October 2022 to 31 December 2022 £m	From 1 October 2021 to 30 September 2022 £m
Finance income		
Interest income earned on loans made to joint ventures	**0.4**	1.1
Total finance income	**0.4**	1.1

	From 1 October 2022 to 31 December 2022 £m	From 1 October 2021 to 30 September 2022 £m
Finance costs		
Amounts payable on bank loans and overdrafts	**–**	(0.1)
Imputed interest on deferred terms land payables	**(1.8)**	(6.1)
Lease liabilities interest	**(0.3)**	(3.1)
Exceptional interest on fire safety provision	**(1.6)**	(4.1)
Other finance cost	**–**	(0.1)
Total finance costs	**(3.7)**	(13.5)

6. Finance income and finance costs (continued)

	From 1 October 2022 to 31 December 2022 £m	From 1 October 2021 to 30 September 2022 £m
Net finance cost	**(3.3)**	(12.4)

7. Tax on loss

	From 1 October 2022 to 31 December 2022 £m	From 1 October 2021 to 30 September 2022 £m
Current tax for the period/year	**–**	–
Adjustments in respect of prior periods/years	**(1.0)**	0.1
Group relief receivable	**(1.3)**	(10.4)
Total current tax	**(2.3)**	(10.3)
Deferred tax charge from reversal of timing differences	**(15.9)**	(23.1)
Deferred tax adjustments in respect of prior periods	**(1.6)**	–
Effect of changes in tax rates	**(2.5)**	(0.9)
Tax on loss*	**(22.3)**	(34.3)

*Tax on loss has been restated for the prior year. See note 28 for more details.

Tax assessed for the period is lower (1 October 2021 to 30 September 2022: lower) than the standard rate of corporation tax in the United Kingdom at 19% (1 October 2021 to 30 September 2022: 19%).

With effect from 1 April 2023 the corporation tax rate increased to 25% and this rate has been enacted at the reporting date.

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.

7. Tax on loss (continued)

Reconciliation of effective tax rate

The differences are explained below:

	From 1 October 2022 to 31 December 2022 £m	From 1 October 2021 to 30 September 2022 £m
Loss before taxation*	**(77.4)**	(174.6)
Loss before taxation multiplied by the standard rate of tax in the UK of 19% (1 October 2021 to 30 September 2022: 19%)	**(14.7)**	(33.2)
Effects of:		
Non-deductible expenses	**4.7**	5.7
Other timing differences	**0.3**	1.3
Effect of change in tax rate - deferred tax	**(5.9)**	(6.1)
Transfer pricing adjustments	**–**	(0.4)
Joint venture tax	**–**	1.0
Adjustments to tax charge in respect of previous periods	**(1.0)**	0.1
Adjustments to tax charge in respect of previous periods - deferred tax	**(1.6)**	–
Deferred tax charged directly to equity	**–**	(1.0)
Income from joint ventures not subject to tax	**(1.7)**	(1.5)
Residential Property Developer Tax	**(2.4)**	–
Additional deduction for land remediation expenditure	**–**	(0.2)
Tax credit for the period/year*	**(22.3)**	(34.3)

*Cost of sales, administrative expenses and tax on loss have been restated for the prior year. See note 28 for more details.

8. Remuneration of Directors

For the period 1 October 2022 to 10 November 2022 prior to the acquisition by Vistry Group PLC, Directors' services were provided to the Company's former Group (Countryside Properties PLC) as a whole and they therefore did not receive any emoluments in respect of services to this Company specifically.

From 11 November 2022, the Directors of Countryside Properties (UK) Limited provided services to the Vistry Group PLC as a whole and therefore they do not receive any emoluments in respect of services to this Company specifically.

It is not possible to appropriately allocate the remuneration of Directors between the entities they provide services to and as such the proportion of Directors' remuneration allocable to Countryside Properties (UK) Limited cannot be reliably estimated.

9. Staff numbers and costs

The average monthly number of employees was:

	From 1 October 2022 to 31 December 2022 Number	From 1 October 2021 to 30 September 2022 Number
Staff numbers		
Average staff numbers	**2,001**	2,073
	2,001	2,073

The average number of employees above includes 181 employees (1 October 2021 to 30 September 2022: 187 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 period totalled £1.4m (1 October 2021 to 30 September 2022: £7.5m) and are therefore excluded from the Company's employment costs disclosed below.

	From 1 October 2022 to 31 December 2022 £m	From 1 October 2021 to 30 September 2022 £m
Staff costs		
Wages and salaries	**30.7**	137.1
Social security costs	**4.5**	16.2
Other Pension costs	**2.7**	9.7
Performance related incentives	**1.8**	1.9
	39.7	164.9

The Company recognised £1.8m (1 October 2021 to 30 September 2022: £1.9m) of employee costs, excluding accrued National Insurance contributions, relating to share-based payment transactions during the financial period for save as you earn (SAYE), long term incentive (LTIP) and deferred bonus plans. Of these, £nil (1 October 2021 to 30 September 2022: £nil) were cash settled.

The deferred tax recognised directly in equity in relation to the above share-based payment transactions was £nil (1 October 2021 to 30 September 2022: charge of £1.0m). Refer to note 22.

10. Intangible assets

	Software £m
Cost	
As at 1 October 2022	4.0
As at 31 December 2022	**4.0**
Accumulated amortisation and impairment	
As at 1 October 2022	2.6
Amortisation charge for the period	0.2
As at 31 December 2022	**2.8**
Net book value	
As at 31 December 2022	**1.2**
As at 30 September 2022	1.4

11. Property, plant and equipment

	Plant and equipment £m	Fixtures and fittings £m	Total £m
Cost			
As at 1 October 2022	4.3	14.5	18.8
As at 31 December 2022	**4.3**	**14.5**	**18.8**
Accumulated depreciation			
As at 1 October 2022	3.0	4.1	7.1
Charge for the period	0.1	0.4	0.5
As at 31 December 2022	**3.1**	**4.5**	**7.6**
Net book value			
As at 31 December 2022	**1.2**	**10.0**	**11.2**
As at 30 September 2022	1.3	10.4	11.7

12. Leases

The amounts recognised in the Company balance sheet were:

	Office properties £m	Other £m	Total £m
Right-of-use assets costs			
As at 1 October 2022	65.0	10.9	75.9
Disposals	(0.3)	–	(0.3)
As at 31 December 2022	**64.7**	**10.9**	**75.6**
Accumulated depreciation and (reversal of impairment)/impairment			
As at 1 October 2022	36.8	5.6	42.4
Charge for the period	0.7	0.8	1.5
Reversal of impairment	(24.2)	–	(24.2)
Impairment	2.0	–	2.0
Disposals	(0.6)	–	(0.6)
As at 31 December 2022	**14.7**	**6.4**	**21.1**
Net book value			
As at 31 December 2022	**50.0**	**4.5**	**54.5**
As at 30 September 2022	28.2	5.3	33.5

Lease liabilities

	31 December 2022 £m	30 September 2022 £m
Current	**5.1**	6.4
Non-current	**54.1**	54.8
Total lease liabilities	**59.2**	61.2

The amounts recognised in the Company income statement were:

	1 October 2022 to 31 December 2022 £m	1 October 2021 to 30 September 2022 £m
Depreciation of right-of-use assets	**1.5**	8.0
Interest expense	**0.3**	3.1
Expense relating to short-term leases	–	0.4

The total cash outflow for leases in the period ended 31 December 2022 was £1.4m (1 October 2021 to 30 September 2022: £9.2m).

Extension and termination options are included in a number of leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

13. Investments in subsidiaries

Period ended 31 December 2022	Capital investment in subsidiary undertakings £m	Total £m
Cost		
As at 1 October 2022	83.2	83.2
As at 31 December 2022	**83.2**	**83.2**
Aggregate impairment		
As at 1 October 2022	81.5	81.5
As at 31 December 2022	**81.5**	**81.5**
Net book value		
As at 31 December 2022	**1.7**	**1.7**

Year ended 30 September 2022	Capital investment in subsidiary undertakings £m	Total £m
Cost		
As at 1 October 2021	83.2	83.2
As at 30 September 2022	**83.2**	**83.2**
Aggregate impairment		
As at 1 October 2021	81.5	81.5
As at 30 September 2022	**81.5**	**81.5**
Net book value		
As at 30 September 2022	**1.7**	**1.7**

The carrying value of investments of £1.7m (30 September 2022: £1.7m) entirely relates to the Company's investment in Berrywood Estates Limited which has been reviewed and the Directors are satisfied that there is no impairment (1 October 2021 to 30 September 2022: £nil).

The Company holds 100% of the ordinary £1 shares in its subsidiaries, unless otherwise stated. All subsidiary companies were incorporated in England and Wales.

13. Investments in subsidiaries (continued)

The subsidiary undertakings of the Company are:

Direct	Proportion of capital held
Berrywood Estates Limited	100%
Brenthall Park (One) Limited	100%
Countryside 26 Limited	100%
Countryside 28 Limited	100%
Countryside Developments Limited	100%
Countryside Properties (Commercial) Limited	100%
Countryside Properties (In Partnership) Limited	100%
Countryside Properties (Joint Ventures) Limited	100%
Countryside Properties (London & Thames Gateway) Limited	100%
Countryside Properties (Northern) Limited	100%
Countryside Properties (Salford Quays) Limited	100%
Countryside Properties (Southern) Limited	100%
Countryside Properties (Special Projects) Limited	100%
Countryside Properties (Uberior) Limited	100%
Countryside Properties (WGL) Limited	100%
Countryside Residential Limited	100%
Countryside Residential (South Thames) Limited	100%
Countryside Residential (South West) Limited	100%
*Countryside Sigma Limited	74.9%
Countryside Thirteen Limited	100%
Countryside Timber Frame Limited	100%
Countryside (UK) Limited	100%
Skyline 120 Management Limited	100%
Skyline 120 Nexus Management Limited	100%
Urban Hive Hackney Management Limited	100%

*Countryside Sigma Limited is jointly held 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.

The registered address of all of the above related undertakings is Countryside House, The Drive, Brentwood, Essex, England CM13 3AT.

14. Investments in joint ventures

	£m
Cost and net book value	
As at 1 October 2022	0.4
As at 31 December 2022	**0.4**

	£m
Cost and net book value	
As at 1 October 2021	0.4
As at 30 September 2022	**0.4**

The closing net book value of £0.4m (30 September 2022: £0.4m) relates to the Company's interest in a joint venture with Countryside Properties (Booth Street 2) Limited and has been equity accounted for in line with treatment by the Group.

14. Investments in joint ventures (continued)

At 31 December 2022 the Company held interests in the following joint ventures which are incorporated in England and Wales.

Direct	Principal activity	Ownership interest in ordinary shares %
Acton Gardens LLP	Development	50%
Bracknell Forest Cambium Partnership LLP	Development	50%
Brenthall Park Limited	Non-trading	50%
Bromley Regeneration (Pike Close) LLP	Development	50%
Bromley Regeneration (Calverley Close) LLP	Development	50%
Cambridge Road (RBK) LLP	Development	50%
Camden Development Partnership LLP	Development	50%
C.C.B. (Stevenage) Limited*	Non-trading	33%
Clapham Park (Metropolitan Countryside) LLP	Development	50%
Countryside L&Q (North East Chelmsford) LLP	Development	50%
Countryside Places for People (Cowley Hill) LLP	Development	50%
Countryside Places for People (Lower Herne) LLP	Development	50%
Countryside Properties (Accordia) Limited**	Non-trading	50%
Countryside Properties (Booth Street 2) Limited	Non-trading	39%
Countryside Properties (Merton Abbey Mills) Limited	Non-trading	50%
Countryside Maritime Limited	Development	50%
Countryside Sovereign Swindon LLP	Development	50%
Develop Warwickshire LLP	Development	50%

The registered address of all the above joint venture undertakings is Countryside House, The Drive, Brentwood, Essex, CM13 3AT with the exception of any noted below.

*The registered address is Croudace House, Tupwood Lane, Caterham, Surrey CR3 6XQ.
**The entity went into Members' Voluntary Liquidation on 10 November 2023.

15. Developments

	31 December 2022 £m	30 September 2022 £m
Work in progress - housing*	**283.8**	253.4
Land held for development	**386.5**	396.5
	670.3	649.9

* The 30 September 2022 balance has been restated, please see note 28 for more details.

During the period, the Company recognised a net charge of provisions relating to inventories of £38.8m (1 October 2022 to 30 September 2022: £25.0m)

16. Trade and other receivables

	31 December 2022 £m	30 September 2022 £m
Trade receivables	**33.4**	84.2
Amounts due from group undertakings	**385.7**	172.2
Amounts recoverable on construction contracts	**31.3**	36.0
Amounts due from joint ventures and joint operations	**80.1**	77.3
Other receivables	**–**	2.8
Group relief debtor	**0.4**	–
Recoverable Value-added Tax	**3.2**	–
Amounts recoverable on contracts	**79.8**	83.7
Prepayments and accrued income	**5.2**	4.5
	619.1	460.7

Amounts owed by Group undertakings are non-interest bearing balances, unsecured, and are repayable on demand.

The carrying value of amounts due from Group undertakings represents the Company's maximum risk.

Amounts due from Group undertakings are shown net of their expected credit loss allowance of £68.0m (30 September 2022: £66.0m).

Amounts recoverable on contracts includes £54.0m (30 September 2022: £54.5m) due from fellow group undertakings. These balances were reviewed for impairment and a provision of £4.1m (30 September 2022: nil) was recognised.

	31 December 2022 £m	30 September 2022 £m
Amounts falling due in more than one year:		
Amounts recoverable on construction contracts	**19.1**	17.2
	19.1	17.2

17. Cash and cash equivalents

	31 December 2022 £m	30 September 2022 £m
Cash and cash equivalents	**61.5**	241.6
	61.5	241.6

Cash and cash equivalents comprises bank balances.

18. Current tax asset/(liability)

	31 December 2022 £m	30 September 2022 £m
Corporation tax receivable/(payable)	**1.0**	(1.1)
	1.0	(1.1)

19. Bank and other loans

	31 December 2022 £m	30 September 2022 £m
Current		
Other loans (unsecured at amortised cost)	–	2.5
	–	2.5

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. During the period, this loan was repaid in full.

20. Trade and other payables

	31 December 2022 £m	30 September 2022 £m
Amounts falling due in less than one year:		
Development land payables	**22.8**	46.8
Trade payables	**65.7**	67.7
Amounts owed to group undertakings	**603.5**	485.6
Amounts owed to joint ventures and joint operations	**20.4**	35.2
Other taxation and social security	**12.5**	6.2
Other creditors	**9.8**	14.9
Accruals and deferred income	**115.7**	139.2
Contract liabilities	**20.3**	18.7
	870.7	814.3

Included within amounts owed to group undertakings is a £135.0m intercompany loan (30 September 2022: £nil) which bears interest at 1.9% above the Bank of England's base rate. This loan is unsecured and repayable on demand.

All other amounts owed to Group undertakings are non-interest bearing unsecured, and repayable on demand.

Development land payables are secured against the Company's developments and are non-interest bearing.

	31 December 2022 £m	30 September 2022 £m
Amounts falling due in more than one year:		
Development land payables	**155.8**	144.0
	155.8	144.0

Development land payables are secured against the Company's developments, and are non-interest bearing.

21. Provisions for liabilities

	Legacy properties fire safety £m	Ground rent assistance scheme £m	Other £m	Total £m
As at 1 October 2022	171.1	1.3	13.2	185.6
Charged to income statement	20.3	–	15.8	36.1
Unwind of discount	1.6	–	–	1.6
Amounts utilised	(2.7)	(0.2)	(2.3)	(5.2)
As at 31 December 2022	**190.3**	**1.1**	**26.7**	**218.1**

Of the total provisions, £62.5m are expected to be utilised within the next year (30 September 2022: £55.1m).

On 13 March 2023, the Group became a signatory to the Developer Remediation Contract which they were committed to signing at the year end, and as such this has been treated a post-balance sheet adjusting event for the Company. This contract clarifies the extent of the obligations of the Group regarding fire safety remedial works.

During the period, the Company increased the value of the provision held to cover project management costs and expected remediation costs for multi-occupancy buildings by £20.3m. This incremental provision reflects liabilities resulting the Group being committed to signing the Developer Remediation Contract at the period end date.

At 31 December 2022, the Company now holds a net £190.3m provision for future obligations on remedial works. The provision has been calculated in line with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets and management expects the majority of this provision to be utilised over the next 6-8 years.

The provision has been recorded net of VAT. HMRC are expected to issue their guidance on the VAT position of these costs early in 2024.

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 prior 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 prior year.

Other provisions

Following the Group's acquisition of Countryside Partnerships PLC, an accounting policy alignment review was performed. As a result of this, a provision of £12.1m was recognised for expected customer care costs during warranty periods, previously these were included within site margins. The remaining other provisions balance relates to close-out, restructuring and property related costs, such as dilapidation provisions, and expected legal obligations.

22. Deferred tax asset

Deferred income tax is calculated in full on temporary differences using the enacted rates that are expected to apply to the period in which each asset or liability is expected to unwind.

Deferred income tax assets and liabilities are offset when there is a legal enforceable right to offset current income tax assets against current income tax liabilities. The net deferred tax position at 31 December 2022 and 30 September 2022 was:

	31 December 2022 £m	30 September 2022 £m
Deferred tax asset*	**65.7**	45.7

The movement in the period/year in the net deferred tax account is shown below:

	31 December 2022 £m	30 September 2022 £m
As at 1 October	**45.7**	22.7
Income statement:		
Deferred tax credit	**20.0**	24.0
Charge direct to equity	**–**	(1.0)
As at 31 December/30 September*	**65.7**	45.7

* The 30 September 2022 balance has been restated, please see note 28 for more details.

Deferred income tax assets have been recognised in respect of all the losses and other temporary differences because it is probable that these will be recovered.

Factors affecting future tax charge

With effect from 1 April 2023 the corporation tax rate increased to 25% and this rate has been enacted at the reporting date. 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.

23. Called up share capital

	Number of shares authorised	**Share capital £m**
Allotted, called up and fully paid		
Ordinary shares of 25p each	4	–
As at 31 December 2022 and 30 September 2022	4	–

24. Related party transactions

The Company has taken advantage of the exemptions within FRS 101 not to disclose transactions and balances with Vistry Group PLC and its wholly owned subsidiaries, on the grounds that the Company itself is a wholly owned subsidiary of Vistry Group PLC, for which the consolidated financial statements are publicly available.

Mr Greg Fitzgerald, appointed Group Chief Executive, is non-executive Chairman of Ardent Hire Solutions ("Ardent"). The Company hires forklift trucks from Ardent.

The total net value of transactions with related parties were as follows:

	1 October 2022 to 31 December 2022 £m	1 October 2021 to 30 September 2022 £m
Expenses paid to Ardent	**0.6**	–

The balance of expenses payable to Ardent at 31 December 2022 was £60,645 (30 September 2022: £nil) and no income was receivable (30 September 2022: £nil).

There have been no other related party transactions in the financial year which have materially affected the financial performance or position of the Company, and which have not been disclosed.

Total trading transactions during the period with joint ventures and joint operations totalled £3.2m (1 October 2021 to 30 September 2022: £14.7m). Amounts due by joint ventures and joint operations at the end of the period to 31 December 2022 was £80.1m (30 September 2022: £77.3m). Amounts due from joint ventures and joint operations at the end of the period to 31 December 2022 was £20.4m (30 September 2022: £35.2m).

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.

During the period, two of the Group's employees (30 September 2022: three employees) had 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 £72,000 (30 September 2022: less than £80,000).

25. Guarantees and contingent liabilities

Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The Directors make proper provision in the financial statements when they believe a liability exists. Whilst the outcome of disputes and arbitration is never certain, the Directors believe that the resolution of all existing actions will not have a material adverse effect of the Company's financial position.

26. Post balance sheet events

On 13 March 2023 the Group became a signatory to the Developer Remediation Contract which they were committed to signing at the period end, and as such this has been treated as an adjusting post-balance sheet event in the Company. This contract clarifies the extent of the obligations of the Group regarding fire safety remedial works. Management assessed the quantum of the commitments for the Company and a further £20.3m has been provided in relation to the Developer Remediation Contract at 31 December 2022.

Future activity of Bardon factory

Upon acquisition, the 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 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 Group.

The reopening of the Bardon factory has been treated as an adjusting post balance sheet event and therefore the £24.2m impairment made to the right-of-use asset in the year ended 30 September 2022 has been reversed.

Employee and Business Transfer agreements

On 31 March 2023, the employees of the Company were TUPE transferred, from the Company to other Group entities within the Vistry Group PLC.

On 30 August 2023, the Company entered into Business Transfer agreements with Vistry Partnerships Limited, Countryside Properties (Housebuilding) Limited and Countryside Properties (Strategic Land) Limited to acquire the beneficial interest in the assets and liabilities of these fellow subsidiaries of the Group. The assets and liabilities were acquired at book value.

27. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Countryside Properties (Housebuilding) Limited which is registered in England and Wales. The Company's ultimate parent undertaking up until 11 November 2022 was Countryside Partnerships Limited (formerly named Countryside Partnerships PLC and Countryside Properties PLC), which is registered in England and Wales. Copies of the Countryside Partnerships Limited consolidated financial statements can be obtained from the Company Secretary at Countryside House, The Drive, Brentwood, Essex, CM13 3AT. Following the acquisition of Countryside Partnerships PLC on 11 November 2022, the ultimate parent undertaking and controlling party is Vistry Group PLC which is registered in England and Wales. The smallest and largest company to consolidate these financial statements is Vistry Group PLC. The consolidated financial statements of the Company and Vistry Group PLC are available to the public and may be obtained from the Company Secretary at 11 Tower View, Kings Hill, West Malling, United Kingdom, ME19 4UY.

28. Prior year restatement

The financial results and position of the Company have been restated for the prior year (1 October 2021 to 30 September 2022) following the acquisition of the Company by Vistry Group PLC on 11 November 2022.

The prior year restatement is in accordance with IAS 8 relating to changes in accounting policies.

The Company has made the following accounting policy changes:

- The Company capitalises external costs within inventories from the point at which it judges it to be probable that the site will provide future economic benefits. Under the Company's previous accounting policy, this was considered to be when there was a greater than 50% probability of planning consent being granted. The policy has now been aligned to the Group policy which is more specific in its definition of probable as being when a site has a resolution to grant outline planning consent.

- The scope of personnel costs that the Company will capitalise to site work in progress has been reduced in order to align with the Group.

These adjustments have resulted in a:

- £48.2m reduction in the opening retained earnings as at 1 October 2021

- Cumulative £21.0m increase to cost of sales and administrative expenses for the year to 30 September 2022

- £6.1m increase to the tax on loss for the year to 30 September 2022

- Cumulative £1.1m increase to cost of sales and administrative expenses in the period from 1 October 2022 to 10 November 2022.

The above has had the following impact on the comparative balance sheet and income statement:

Balance sheet	Restated 30 September 2022 £m	Increase/ decrease £m	30 September 2022 as previously stated £m
Developments	649.9	(88.8)	738.7
Deferred tax asset	45.7	25.7	20.0
Total assets	**1,446.6**	**(63.1)**	**1,509.7**
Retained earnings	(237.9)	63.1	(301.0)
Equity	**(237.9)**	**63.1**	**(301.0)**

Income statement	Restated 1 October 2021 to 30 September 2022 £m	Increase £m	1 October 2021 to 30 September 2022 as previously stated £m
Cost of sales	(1,278.5)	(10.8)	(1,267.7)
Administrative expenses	(127.2)	(10.2)	(117.0)
Loss before taxation	**(174.6)**	**(21.0)**	**(153.6)**
Tax on loss	34.3	6.1	28.2
Loss for the financial year	**(140.3)**	**(14.9)**	**(125.4)**