HARDWICKE
INVESTMENTS

HARDWICKE INVESTMENTS LIMITED

GROUP REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2022

Registered Number: 06454113

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Directors

Colin Enticknap, FRICS, FCIOB
Group Chairman

Rick Willmott, FCIOB
Group Chief Executive

Graham Dundas, FCMA
Chief Financial Officer

Hugh Raven, BA Hons
General Counsel

Christopher Sheridan, FCIB, MSI
Non-Executive Director

Juliette Stacey, ACA
Non-Executive Director

Secretary

Wendy McWilliams, LLB, ACIS

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SG6 4ET

Auditor

Grant Thornton UK LLP
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103 Colmore Row
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	2022	2021
	£000	£000
Turnover	**1,281,498**	1,230,097
(Loss)/profit before exceptional item, interest, tax, goodwill amortisation and share of joint ventures and associates	**(4,361)**	21,982
Ordinary dividends (see note 12)	**3,066**	4,894
Ordinary dividends per share (see note 12)	**30.0p**	48.0p
Net current assets	**58,687**	76,540
Shareholders' funds	**32,241**	57,496
Cash and bank balances	**131,024**	130,038

GROUP CHAIRMAN'S STATEMENT

Hardwicke Investments Limited ('Hardwicke') is the ultimate parent company for the Willmott Dixon family of companies ('Group'). Hardwicke does not trade under its own name; Group operations are undertaken through Willmott Dixon Holdings Limited ('Willmott Dixon'), Be Living Holdings Limited ('Be Living') and Wimpole Equity Holdings Limited ('Wimpole'), which collectively operate as the main trading parents and amongst whom shareholders' business interests are distributed as follows:

- Willmott Dixon retains full ownership of the Group's core contracting interests intended to be held for the long term;
- Be Living holds the Group's residential development interests, held either directly or through strategic joint venture interests in Be EcoWorld Investment Company Limited and EcoWorld London Development Company Limited (together the 'EcoWorld JVs' or 'JVs'); and
- Wimpole holds Fortem Solutions Limited ('Fortem'), the Group's property asset management business, with the intention of growing that interest over the longer term.

Hardwicke's investments in Willmott Dixon, Be Living and Wimpole are held both directly and through Walsworth Limited, an intermediate parent company.

Willmott Dixon

Trading conditions remained extraordinarily difficult throughout the year, the rapid and sustained surge in inflation - initiated by lingering effects of Brexit and Covid but amplified by the ongoing war in Ukraine and associated disruption to energy markets - having had particular impact, translating into a number of potential contracts being postponed or cancelled, and a number of expensive supply chain failures.

Despite deferred and cancelled contracts aggregating more than £100 million in the last quarter alone, losses associated with supply chain insolvencies reaching a substantial £6.7 million, and energy costs exceeding usual budgets by over £4.0 million, the business still closed the year with a solid forward order book of over £1.0 billion, and having made a positive profit contribution before tax, amortisation of goodwill and exceptional items.

With underlying operational performance still strong, and prudent steps taken to realign the business structure and reduce overhead cost to improve competitiveness and better insulate against adverse economic headwinds, Willmott Dixon should be well positioned to deliver materially improved performance during 2024.

A provision was introduced in 2021 to reflect the expected net cost of cladding remedial works to a large mixed-use project completed almost ten years ago (the 'Exceptional Item'), to be funded initially at Willmott Dixon's expense ahead of subsequently pursuing full recovery from the culpable supply chain and professional indemnity insurers. A decision was taken during the year to adjust the net loss associated with the Exceptional Item by a further £7.5 million to omit still expected but not yet 'virtually certain' insurance recoveries.

The Willmott Dixon Report and Accounts for the year ended 31 December 2022 deals more fully with the company's trading performance and future prospects; interested parties are therefore referred specifically to the various reports within that document.

Be Living

Most of the Group's residential development interests are held through its 30% interest in the EcoWorld JVs, with EcoWorld International Berhad ('EcoWorld') taking the leading role as majority shareholder but subject to defined Key Decision Items requiring the agreement of both parties under the terms of comprehensive shareholders' agreements. The financial year-end of the JVs is 31 October to coincide with that of EcoWorld's wider group. As a result, Be Living's results for the year consolidate only its proportional entitlement for the twelve months to 31 October 2022; the entitlement for the last two months of the year will fall into 2023 figures. Because Hardwicke's 2022 interim statement was published in November, just after the end of the EcoWorld JV's reporting period, relevant parts of the report contained within that interim statement are necessarily echoed here.

Having previously operated profitably since its inception in 2018 - despite both Brexit and Covid induced challenges to the London residential market - the JVs have struggled to continue that trend through what has been a particularly difficult trading period. Ongoing volatility in sales prices and heightened supply chain inflation each played their part, but the greatest impact stemmed from unexpected delays to the build to rent ('BtR') phases of the substantial Kew Bridge scheme, where protracted negotiations surrounding multi-party legal agreements and securing related consents, involving the pension fund purchaser of the leasehold, Network Rail and the football club freeholder, unexpectedly deferred practical completion for many weeks.

With those complex issues at last resolved and the BtR units handed over, the priority for that scheme is now to sell down the remaining 15% of open market sale ('OMS') units on the Capital Court phase, and to optimise planning consents for the remaining phases of the linked Duffy and Griffin Park sites.

Optimisation and viability are similarly topical themes in relation to the substantial Woking site, where post-Grenfell regulatory pressure may necessitate duplicating staircase cores and lift shafts in the taller buildings; to do so would involve refining and amending the current consent secured on appeal, albeit this time it would most likely be with planning officer support. That said, with scheme viability already under intense pressure in the face of spiralling construction costs and declining sales values, it may be prudent to instead adopt a more flexible holding strategy until market conditions improve.

Sales at the latest phase of the Oxbow joint-venture with Poplar HARCA at East India Dock are well advanced with only 8 of the units remaining available. The masterplan application for expanded phases 4, 5 and 6 at Aberfeldy has, however, hit an unexpected hurdle with planning refused for highly political reasons despite having full local authority officer support. Whilst the GLC are considering calling in the application, which would be welcome, this has served to illustrate once again, the immense and indeed growing difficulties faced when seeking to negotiate a way through the UK planning process. That same disappointment has been experienced in relation to the Tulse Hill site, where early local authority support for our intended scheme has evaporated in the face of intense local objections. In this instance, pragmatism may rule the day, in which case the JV may choose to limit investing further risk capital and step back from the scheme.

Elsewhere, the second much smaller phase of the OMS scheme at Millbrook is now on site, as is the scheme to be developed under the Lampton 360 joint venture with Hounslow Borough Council, known as New Road Triangle, where all units have already been pre-sold. Options for developing the site in Barking, acquired some time ago from Tesco Stores where it formed an extended car park, are still being considered.

With the EcoWorld JVs having now been actively leading and progressing the originally intended portfolio - in some instances through development, in others through evolving planning strategy and, where necessary, through scheme withdrawal - the Board has reflected on whether to support and further invest in the potential expansion of JV activity through the pursuit and purchase of additional sites. Influenced by a wish to remain primarily focussed on the Group's core contracting interests, and to retain high levels of liquidity consistent with the working capital demands that imposes, the Board has instead decided its development commitments will remain limited to those JV schemes originally contemplated, subject of course to agreed viability preconditions being met. As a result, the Group's participation in the EcoWorld JVs is now planned to reduce over time, and eventually result in its investment being fully repatriated.

Outside of the EcoWorld JVs, Be Living continues to explore options for assembling a substantial and viable development on the brownfield site at Bromley, where it already owns small parcels of land and has an exclusivity agreement in place with Network Rail which owns adjacent land.

Wimpole

Fortem has similarly found 2022 something of a challenge but, in its case, much of the work has involved change and been through choice. Under Mike Hart's executive control and dynamic leadership, the team has successfully implemented a range of business improvement initiatives, including the realignment of management roles and responsibilities supported by new incentive schemes, the introduction of simpler but more robust controls and processes, the establishment of an internal recruitment function, and the trialling of a more comprehensive customer help-desk service.

Just as importantly, the business has additionally succeeded in securing six new contract awards - for Nottingham Community Housing Association, for Town & Country Housing Kent, for Lincolnshire Housing Partnership, for Kirklees Council, and for Places for People - as a result of which they entered 2023 with almost all of their budgeted turnover already secured. As usual, the team has been simultaneously seeking to enhance productivity levels and improve recoverable income across a number of branches; having achieved good results at Stonewater the focus has now turned to Lambeth where efforts continue to secure improved terms that better reflect the operating conditions being faced.

More disappointing has been the need to address some complex cladding related issues on the completed Oxford Towers project which, in financial terms, has disguised much of the good work otherwise being done. Whilst the team has been able to take some comfort from evolving discussions with supply chain partners, which presently suggests they will be responding diligently in dealing with legitimate problems, it has still been necessary to include a £2.5 million provision until contributions to remedial costs are fully agreed.

Group financial results

Because the Group holds a minority interest in the EcoWorld JVs, residential development turnover delivered through the JVs does not feature in our Group's published turnover figure. Profit and loss derived from the JVs naturally does feature but is designated as Share of Results of Joint Ventures.

Group turnover for the period was up 4.2% against the 2022 comparable at £1,281.5 million (2021: £1,230.1 million). Both Willmott Dixon and Fortem showed marginal growth on last year, which was encouraging given that each faced strong headwinds. As last year, Be Living accounted for a nominal balance, that predominantly coming from the sale of their residual interest in a long-completed joint venture development.

Turning to profit, and looking first at results ahead of the Exceptional Item, the consolidated result before tax and goodwill amortisation - which the Board believes best represents underlying trading performance - showed a loss of £8.7 million (2021: £24.4 million profit). Most was attributable to the EcoWorld joint venture where costs flowing from the deferred handovers of the BtR phases at Kew Bridge proved higher than expected, with the Fortem provision for cladding repairs at Oxford Towers essentially accounting for the balance. After goodwill amortisation of £8.5 million and a further £7.5 million provision for expected but not yet 'virtually certain' insurance recoveries in relation to the Exceptional Item, profit after tax unfortunately fell to a loss of £21.1 million (2021: £3.5 million profit).

Whilst results over the last three years have been hugely disappointing, they should be viewed in the context of the material provisions included and expensed in respect of legacy remedial works, predominantly relating to cladding and fire protection issues that have flowed from government's post Grenfell re-evaluation and re-interpretation of the Building Regulations, and more recently through their Building Safety Act ('BSA'). In most instances, the Group has legal recourse for recovery of its own losses from the designers, supply chain partners and professional indemnity insurers involved but, rather counter-intuitively, whilst strict accounting rules require immediate financial provision for potential rectification costs and associated customer claims, those cannot be balanced against expected third-party recoveries until those claims become 'virtually certain' - which essentially requires them to be settled.

In aggregate terms, £80.4 million of provisions have needed to be included and expensed in relation to these legacy issues over the three year period. The Group is naturally expecting to recover a substantial proportion of that figure as strong claims for financial recoveries are incrementally settled. A capable team is focussed exclusively upon doing just that, with a number of legal actions already running and being planned.

Dividends

The Board continues to apply a prudent dividend policy, an important feature of which has been to historically accumulate an unused reserve capable of allowing modest payments to continue through occasional periods of underperformance.

Accordingly, and because underlying performance is considered to be profitable when adjusted for what are believed to be non-recurring issues, the Board is able to recommend a final dividend of 6p per share. Alongside dividends amounting in total to 24p per share already paid in relation to 2022, this will mean the total dividend paid and recommended for the year will be 30p per share (2021: 48p per share).

The situation will naturally be kept under continual review, particularly with uncertain trading conditions expected to remain through the remainder of 2023, and the Board will not hesitate in suspending future dividends where it believes it would be sensibly necessary to do so.

Balance sheet

The Group's consolidated balance sheet as of 31 December 2022 reflected a further increase in cash at bank and in hand, which reached £131.0 million (2021: £130.0 million). Net current assets fell back slightly, but still sat at a respectable £58.7 million (2021: £76.6 million).

Whilst the Group has had no need to access its Revolving Credit Facility at any point during the year, it had the comfort of seeing that facility remain at £50 million in aggregate throughout the year.

Future prospects

Having manoeuvred the Group through the consecutive but unpredicted challenges posed by Brexit, Covid, evolving fire safety legislation and the Building Safety Act, the war in Ukraine, disruption to energy markets, rampant inflation and rising interest rates, the Board is naturally reluctant to second-guess what the future might hold. That said, it believes the steps taken over the last twelve months to further reinforce business planning around the overarching theme of *'safety, sustainability, prudence, flexibility and leanness'* have improved shorter-term resilience yet retained the ability to respond to unfolding opportunity.

In particular, both Willmott Dixon and Fortem have more prudent business models with operating costs balanced against the lower end of 2023 turnover expectations, and with most of that activity already secured or going through pre-construction, each has a realistic prospect of delivering welcome growth. There are early signs that inflation may have peaked, and softening residential OMS demand may translate into an easing of labour markets. Similarly, Be Living's decision to step back from further development activity beyond limited residual commitments under the EcoWorld JV, and even then only if and when viability targets are met, will insulate against further sales risk at a time when land values will inevitably come under some pressure.

And, whilst it will require patient determination, the legal actions already running or being planned to secure financial contributions from those ultimately responsible for the legacy issues that have had such an impact on recent results, are expected to eventually bear fruit.

Against that backcloth, the Board remains content with its overarching strategy and confident that the Group will be well placed for the future.

COLIN ENTICKNAP
Group Chairman

GROUP CHIEF EXECUTIVE'S REPORT

The Group Chairman's Statement has outlined the structure of Hardwicke and the 2022 financial performance of the Group.

The Group Chief Executive's Report within the Report and Accounts of Willmott Dixon is intended to provide a more detailed picture of the Group's contracting activities and performance through the year and interested parties are therefore encouraged to review that document in full. This report is therefore confined to providing a higher-level overview of contracting performance, alongside the performance and prospects of Hardwicke's other trading interests.

Willmott Dixon
Turnover £1,147m (2021: £1,102m)

The Group Chairman's Statement has already laid out the challenges that Willmott Dixon faced during 2022, with double digit inflation, rising interest rates and availability of resources adding to the on-going effects of the global pandemic and Brexit.

Despite these continuing economic uncertainties, there is an undoubted requirement for social infrastructure projects and in sectors, such as housing, an ever swelling and pent-up need for homes across every tenure type.

Alongside Public Housing, the Education, Blue Light facilities and Leisure sectors continue to provide opportunities for scale and early customer engagement. This consistency and valued repeat customer relationships, accessed through procurement frameworks has seen Willmott Dixon's secured orderbook already approaching £1bn for 2023, with encouraging signs of further growth for 2024.

In approaching the first anniversary of being reappointed to the Scape framework, Willmott Dixon was also delighted to be appointed to the Procurement Hub framework in 2022, to be reappointed on both the Southern Construction Framework and that of Pagabo and immensely proud of its place on the NHS P23 framework in an alliance with Mace.

Other notable successes in 2022 included:

- Being declared the UK's 'Best Big Company to work for' and 'Best Company to Work For in the Construction & Engineering sector' at the 2022 Best Companies Awards.
- Being one of the first companies to be recognised by the newly re-branded King's Awards for Enterprise, in the category of Promoting Opportunity.
- The proportion of women at Willmott Dixon increasing to over 30%, compared to just 12.5% of the UK's wider construction industry workforce.
- Delivering 608 community-related programmes, with 8,681 people positively impacted as a result.
- Recording a £668m social return on investment on live projects last year, with £2.6m spent with 91 social enterprises.
- Becoming an official supporter of The Lighthouse Club, the industry charity providing emotional, physical and financial support to the construction community.

Be Living
Turnover £1m (2021: £2m)

Be Living holds the Group's residential development interests, primarily through the Joint Ventures with Eco World ('the JVs'), where Be Living retains a 30% interest.

The challenges presented by high build cost inflation, supressed open market sales prices, soaring interest rates and unexpected delays on the significant build to rent scheme at Kew saw the Group consolidating £7.0m in its share of JV losses for the year (2021: £1.2m profit), mitigated by £2.8m (2021: £2.4m) of interest receivable on loans to the JVs.

As described in the Group Chairman's statement, the Group's participation in the JVs is now planned to scale back over time, with JV loans repaid as existing schemes are completed.

Fortem
Turnover £133m (2021: £125m)

Fortem provides specialist property solutions for public and private sector customers tailored to keeping homes and buildings running smoothly. Expert teams deliver a range of internal and external repairs and maintenance 24/7 as well as high quality voids, planned installation works and decarbonisation services.

Fortem's reputation for excellence in operational delivery was further enhanced in continuing to provide an outstanding service to customers and their tenants through the restrictions presented by the Covid pandemic. This has helped Fortem to secure six new contracts during 2022 and, alongside a range of business improvement initiatives now embedded, presents a real opportunity for Fortem to continue its trajectory of growth and increase its contribution to the Group in 2023 and beyond.

Summary

Within the current economic and political climate, our industry will remain a complex and challenging sector in which to operate. We are yet to experience and understand the real procedural impact of the Building Safety Regulator's department, but 2023 should give initial visibility and interaction.

Despite this, and as ever, we face the future in the knowledge that our values, culture and ultimately the dedication and commitment of our brilliant people to our company, our shareholders, and indeed to our wider society, will provide us with a strong and reliable platform for ongoing success.

RICK WILLMOTT
Group Chief Executive

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group are outlined in the Group Chairman's Statement and the Group Chief Executive's Report, namely:

- High levels of inflation, interest rates and energy costs.
- The availability of capital budgets to customers.
- Changes in legislation following the Grenfell Tower tragedy.
- The effect of the Ukraine crisis on the economy and supply chains.
- The timing and quantum of recoveries against cladding related provisions.
- The availability of material and labour resources.
- The increased potential for corporate failures in the supply chain.
- A declining appetite for exposure to the construction sector from lenders, credit providers and insurers.

In addition, the Group is exposed to the 'business as usual' risks associated with its core operations:

- The operational delivery of large, complex projects in an industry characterised by low margins.
- Changes in the outlook for the UK economy and the impact on customer demand and supply chain costs.
- The credit risk associated with completing works ahead of being paid.
- The availability of sufficient skilled people.
- Competition in securing contracts and frameworks.
- The inflation risk associated with delivering fixed price contracts.
- The health and safety of our people in challenging operating environments.
- Unheralded changes in legislation or government policy.
- The impact of a material reduction in workload (in light of relatively high fixed operating costs).

The Board believes that these risks and uncertainties are appropriately managed and mitigated by the Group's strategies, procedures and commercial arrangements, through regular monitoring and by employing and continuously training people with the appropriate skills, qualifications, commitment and passion in their roles.

COMPANIES ACT 2006 s172 AND STAKEHOLDER ENGAGEMENT

Companies Act 2006 s172

The directors consider, both individually and collectively, that in the decisions taken during the financial year they have satisfied the requirements of s172(1) of the Companies Act 2006 in acting in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members, as a whole, and in doing so having regard to the stakeholders and matters outlined in s172(1).

Long term strategy and vision

The board meets regularly and is responsible for establishing the headline strategies and long-term vision of the Group and ensuring these are communicated and aligned across the business.

The headline strategies of the Group are to achieve sector leading results year on year and to be the sector leader in sustainable development, by empowering executive teams through a portfolio of substantial contracting and related businesses, each committed to achieving:

- High satisfaction levels and customer loyalty
- A solid and visible platform of profitable work with positive cashflows
- Sector leading levels of competitiveness
- Efficient, cost effective and reliable supply chains
- Continuous improvement in procurement practices and use of natural resources
- Simple, effective, well understood and consistently applied control systems
- The overriding aspiration to attract, develop, retain and promote the best people

The board also routinely reviews and approves the long-term strategic plans and annual budgets of all Group subsidiaries, regional offices and central services.

The additional focus areas for the board during 2022 were:

- The management of inflation risk
- Supporting people through the cost of living crisis
- Improving efficiency and productivity
- The Building Safety Act 2022
- Progress against the Group's Sustainability Strategy, Now or Never
- Simplifying processes and procedures
- Diversity and succession planning
- The availability of materials and labour resources
- Reviewing the structure and number of regional offices
- Increasing the use of Modern Methods of Construction
- Managing legacy residential recladding schemes and recovery of costs from third parties
- Managing customer and supply chain insolvency risk

During the year the board appointed Grant Thornton as new auditors to the company following a thorough review process, considered the structure, scope and cost of support services provided centrally to local company offices and implemented a new internal policy on supply chain financial due diligence.

The board also approved new treasury policies, the acceleration of standard payment terms to small companies in accordance with the prompt payment code and reviewed the Group's PESTLE and risks and opportunities schedules.

In setting the long-term strategies and vision for the business and taking decisions during the financial year, the board has regard for the key stakeholder groups and matters outlined below.

Employees

The Group's strategy is to attract, retain, develop and promote the best people. The board believes that providing people with a 'career of a lifetime' helps to ensure that behaviours are aligned with strategic objectives, an outstanding service is provided to customers, and the unique culture and reputation of the company is maintained.

Regular employee engagement comes from a number of different channels including:

- An annual confidential and independently coordinated 'all people' survey
- An annual people review with all managing directors and functional heads
- Regular e-mails and newsletters
- Social media and instant messaging channels
- Company intranet news and blogs
- Regional office and site visits
- Conferences and video messages
- A whistleblowing policy facilitating any concerns to be raised anonymously
- Working groups on strategic topics such as diversity and wellbeing

Employee engagement led to the introduction of the following during 2022:

- Cost of living support payments and early payment of incentives
- Changes in vehicle policies to further support the transition to an electric fleet
- Creating the 'Willmott Dixon University' for the coordination of all training and development
- A new Women in Leadership programme
- A new benefit enabling people to buy additional annual leave
- The creation of a personal sustainability fund to support home energy saving improvements
- Free and confidential health checks
- Improving network connectivity on project sites
- Menopause plans and support for people and their partners
- A new mobile application and helpline to support wellbeing

Key performance indicators and other relevant statistics:

- People engagement score of 98% (2021: 98%)
- People empowerment score of 95% (2021: 93%)
- Ranked 1st place in Best Companies Big Company to Work For list
- 31.2% (2021: 29.1%) of our people are women
- 110 (2021: 101) management trainees employed

Customers

The company recognises that engagement through listening, understanding and responding to customers is critical to long-term success.

The directors engage with customers and framework providers regularly through:

- Regular meetings
- Workshops before, during and after each project
- Dedicated account management
- Customer interviews
- Site visits
- Conferences
- Digital and social media channels

The feedback from customer engagement helps to inform the long-term divisional strategies, budgets and business plans regularly considered and approved by the board. This includes, but is not limited to, the way in which teams communicate, collaborate and drive quality on projects, investment appraisal, research and development, resourcing and the way in which operational, regional and national teams are structured.

During the year, engagement was focused on delivering to customer budgets in a high inflationary environment, access to capital budgets, decarbonisation of existing buildings, improving the sustainability performance of buildings and increasing the use of whole-life costing and energy performance monitoring.

Key performance indicators and other relevant statistics:

- Net promoter score of 90% (2021: 85%)

Supply chain partners

The company's success and reputation are inextricably linked to its relationship with supply chain partners. Accordingly, the company seeks to maintain and develop strong, open, collaborative and positive relationships with partners across the supply chain. To help ensure this, the company aims to deliver over 80% of supply chain spend with those partners with whom it has a long-term strategic relationship.

Engagement with supply chain partners takes many forms across the Group including:

- Annual surveys
- Supply chain conferences
- Regular meetings with dedicated relationship managers
- Project workshops and trade forums
- 'Better together' academies and 'lunch and learn' sessions
- Participation in working groups and shared workspaces

This engagement helps to inform improvements in process and procedures, changes to the way in which the company communicates, collaborates and interacts with supply chain partners and updates of standard group contracts, policies and long-term business plans approved by the board.

The board recognises the significance of cashflow and fair and prompt payment to supply chain partners and sets policies, procedures and contract terms accordingly. The company is regularly ranked as one of the best payers in BuildUK's league for prompt payment.

During the year, the board considered and actively engaged with supply chain partners on:

- The role they play in the Group's Sustainable Development Policy, Now or Never
- Increasing productivity
- Simplifying processes and procedures
- Increasing use of standardised products and modern methods of construction
- Introducing digital orders and contract approvals
- Evolving legislation and building regulations
- Maintaining and improving payment terms and performance
- How the company can support their digital and technological growth
- Use of trade credit insurance

Key Performance Indicators and other relevant statistics:

- Average time to pay invoices of 28 days (2021: 28 days) days
- 98% (2021: 98%) of invoices were paid within 60 days

Shareholders

As a privately owned business with a relatively small group of longstanding, individually known ultimate shareholders, the board has a keen interest in understanding ultimate shareholder' views and objectives and in considering and where feasible reflecting those when developing its long-term strategic plans.

Ultimate shareholder engagement is promoted via both the Group Chairman and Group Chief Executive as follows:

- Feedback and analysis communicated through annual and interim reports
- Supplementary information provided through discrete correspondence
- Interactive dialogue welcomed through the Annual General Meeting
- Open feedback invited through adhoc surveys and questionnaires.

During the year, shareholders were kept informed of the Group's performance via correspondence from the Group Chairman.

The board firmly believes in aligning ultimate shareholder and management interests by offering senior executives and regional directors the opportunity to become ultimate shareholders via the Group's performance related share incentive schemes.

Communities and environment

Through the Now or Never strategy and its strategic themes of Building Lives, Brilliant Buildings and Better Planet, the Group aims to be the leader in sustainable development and is committed to leaving a positive legacy in the communities in which it operates.

A Sustainability Committee is chaired by the Group Chief Executive and meets regularly to review and implement the Group's sustainable development strategy, monitor progress against targets and ensure that best practice is shared across the Group.

This, including key performance indicators are explored in detail in the Report and Accounts of Willmott Dixon.

Other stakeholders

Other major stakeholder groups include the company's insurers, bankers, surety providers, advisors, auditors, regulators and HMRC.

With all these stakeholder groups, the directors maintain regular, open and collaborative dialogue which they believe is essential to fostering strong relationships and ensuring that all parties are kept informed and listened to.

During the year, insurers, banks and surety providers were provided with regular company updates and invited to meetings to receive updates on current performance, forecasts and objectives.

The Group's bankers have, in particular, been engaged regularly during the year to ensure they have remained well informed of the Group's performance and workload through the challenging macro-economic environment and of the latest position regarding liabilities arising from legacy residential recladding schemes and associated recovery actions.

Regular dialogue is maintained with HMRC through a dedicated Customer Compliance Manager.

Business conduct

The strategic plans considered by the board are designed to ensure that the Group maintains the highest standards of business conduct.

The approval of changes to the strategies and policies considered most significant in maintaining the highest standards of business conduct are matters reserved for the board.

By Order of the Board:

Wendy McWilliams
Secretary

27 April 2023

The Directors present their annual report and the audited financial statements for the year ended 31 December 2022.

Results

The Group loss for the year, before taxation, exceptional item and goodwill amortisation amounted to £8,748,000 (2021: £24,375,000 profit). The exceptional item charged in the year amounted to £7,500,000 (2021: £10,771,000) and goodwill amortisation to £8,489,000 (2021: £8,489,000). The loss for the year before taxation was £24,737,000 (2021: profit of £5,115,000). The tax credit in respect of this result, including tax on the share of results of Joint Ventures, is £3,596,000 (2021: £1,617,000 charge).

Dividends

A third interim dividend of 24.0 pence per share was paid on 25 February 2022 in relation to 2021. No final dividend was paid for 2021.

Two interim dividends were paid during the year of 12.0 pence per share on 26 August 2022 and 6.0 pence per share on 25 November 2022 in relation to 2022. A third interim dividend of 6.0 pence per share was paid on 24 February 2023. The Directors now recommend the payment of a final dividend of 6.0 pence per share to be paid on 26 May 2023, making total dividends in relation to 2022 30.0 pence per share (2021: 48.0 pence).

Directors and their interests

The current Directors are listed on page 1. The Directors' interests in the share capital of the Company are disclosed in note 29.

The following change in directors occurred since 1 January 2022:

	Appointed
Juliette Stacey	1 March 2023

Employees

The Group believes that the most successful companies are those with engaged and empowered people. At the 2022 Best Companies awards, we came first on the Best Big Company to Work For list, with Rick Willmott named as 'Best Leader' in a Best Companies Special Award. Another focus is to have a workplace that is inclusive and diverse, attracting the very best talent from all parts of society. This strategy is evidenced by being listed in The Times Top 50 Employers for Women, for the third year in a row, and being the highest placed UK contractor in the FT's Europe-wide Diversity Leaders list for 2022. We continue to lead as main supporter for Construction News 'Inspiring Women in Construction' campaign to attract more women into the construction sector, and are a founding partner of Estates Gazette's Future Leaders programme.

It is the policy of the Group to employ the most suitably qualified persons regardless of age, religion, gender, sexual orientation or ethnic origin or any other grounds not related to a person's ability to work safely and effectively for the Group.

The Group encourages the employment and career development of disabled persons and the continued employment of employees who may be injured or disabled in the course of their employment.

The Group recognises the importance of ensuring that relevant business information is provided to employees. This is achieved through the regular operation of a communications programme. The Group operates a number of performance related pay schemes for its people.

The Group has put in place third party indemnity provisions for all Directors.

Streamlined Energy & Carbon Reporting

The Group recognises the impact climate change has on the environment and society. Both Willmott Dixon Holdings Limited (Willmott Dixon) and Wimpole Equity Holdings Limited (Fortem) are committed to measuring and managing the carbon emissions associated with their business operations and their carbon footprints are independently audited and verified annually by Bureau Veritas.

Willmott Dixon	**2022**	**2021**
Scope 1: Site and office gas, site diesel, site HVO (tCO_2e)	734	1,895
Scope 1: Business and commute travel from company cars (tCO_2e)	401	481
Scope 2: Emissions from purchased electricity* (tCO_2e)	1,984	1,998
Scope 3 (Category 6): Business travel from grey fleet (tCO_2e)	1,685	1,609
Scope 3 (Category 7): Employee commuting including teleworking (tCO_2e)	347	370
Scope 3: Transmission and distribution losses (tCO_2e)	135	105
Total emissions (tCO_2e)	5,287	6,459
Emissions intensity (tCO_2e/£m)	4.61	5.86
Total UK energy consumption (kWh)	28,837,821	31,106,428

* Location based methodology which includes customer procured energy used on our sites

Fortem	**2022**	**2021**
Scope 1: Site and office gas, site diesel (tCO_2e)	66	55*
Scope 1: Business and commute travel from company cars (tCO_2e)	2,859	2,609
Scope 2: Emissions from purchased electricity** (tCO_2e)	52	55
Scope 3 (Category 6): Business travel from grey fleet (tCO_2e)	237	232
Scope 3 (Category 7): Employee commuting (tCO_2e)	41	32
Scope 3: Transmission and distribution losses (tCO_2e)	5	not quantified
Total emissions (tCO_2e)	3,260	2,983
Emissions intensity (tCO_2e/£m)	24.55	23.84
Total UK energy consumption (kWh)	14,062,210	13,083,247

*Site diesel use is excluded for Fortem for 2021 because the 2021 methodology did not capture accurate data. Data is included for 2022.
**Location based methodology

The reported figures for Willmott Dixon and Fortem reflect the position for the Group, with no material emissions attributable to Be Living.

Methodology

An operational control approach is adopted to carbon emission calculations, whereby anything directly paid for is included within scope 1 and 2, as well as for selected scope 3 emissions. This is on the basis that these emissions are directly influenced and controlled by the Group. In accordance with the Streamlined Energy and Carbon Reporting (SECR) Regulations, the scope 2 footprint also includes activities on site where energy is consumed but not directly paid for (e.g. customer-supplied electricity).

Hardwicke Investments Limited Carbon and Energy Reporting

Scope 1: Site and office gas, site diesel, site hydrotreated vegetable oil (HVO)
Scope 1: Business and commute travel from company cars
Scope 2: Emissions from purchased electricity (location-based method)
Scope 3: Business and commute travel from grey fleet
Scope 3: Working from home equipment and heating*
Scope 3: Train travel
Scope 3: Transmission and distribution losses

*Willmott Dixon only

The Group calculates its carbon footprint using international standards (the Greenhouse Gas protocol and ISO14064) and categorises its Greenhouse Gas emissions as scope 1, 2 and 3 as described in the WBCSD/WRI Greenhouse Gas Protocol Reporting standard (revised edition, March 2004).

Emissions have been calculated as tonnes of carbon dioxide equivalent (tCO_2e) using conversion factors listed in the Defra Greenhouse Gas Conversion Factors for Company Reporting for the relevant year. All Scope 2 emissions have been calculated using the location-based methodology.

The Group's carbon and energy data is externally audited by Bureau Veritas.

Energy efficiency measures taken

In 2022, the Group continued to promote our salary sacrifice scheme (launched in 2021) to support our people to access low-carbon lease-cars. The scheme is currently capped at $120gCO_2/km$ so only efficient cars are included and it highly incentivises electric vehicles.

The Report and Accounts of Willmott Dixon for the year ended 31 December 2022 provide more detail on the energy efficiency measures taken; interested parties are therefore referred specifically to the reports within that document.

Full information on all of Willmott Dixon's sustainability achievements can be found on our website in our 2022 Now or Never Review of sustainability.

Taxation policy

The Group believes that it has a duty to shareholders to seek to minimise its tax burden, but to do so in a manner which is consistent with its commercial objectives and meets its legal obligations and ethical standards.

While effort is made to maximise the tax efficiency of business transactions, including taking advantage of available tax incentives and exemptions, the Group has regard for the intention of the legislation concerned rather than just the wording itself.

The Group is committed to building open relationships with tax authorities and to following a policy of full disclosure in order to effect the timely settlement of its tax affairs and to remove uncertainty in its business transactions. Where appropriate, the Group enters into collaborative consultation with its Customer Relationship Management team appointed by the tax authorities.

The Group monitors and reviews this policy on a regular basis to ensure that it remains appropriate for the changing environment within which the Group operates.

Research and development

The Group has a continuous program of research and development into innovative construction methods and techniques, focusing on areas such as enhanced safety, project delivery, the development and integration of new materials and working techniques and energy efficiency.

Financial instruments and risk management

The Group is exposed to a number of financial risks in the normal course of business.

Credit risk arises from trade debtors and amounts recoverable on contracts. Policies are established by the Board to ensure that appropriate due diligence is completed, and approval obtained ahead of entering into new contracts with customers. Systems, procedures and policies ensure regular monitoring is in place and dedicated credit control teams operate in each trading subsidiary. The Group does not have high levels of exposure concentrated with any one customer and all turnover comes from the United Kingdom. The nature of its contracts means that the price risk to which the Group is subjected is minimal.

Inflation risk comes from entering into long term, fixed price contracts and reliance on the performance of supply chain partners. This is mitigated through early and regular engagement with supply chain partners, completing financial due diligence ahead of orders being placed, regular monitoring and by making cost provisions where necessary. Direct contracts with overseas suppliers are uncommon but, when relevant, Group standards require contracts to be made in the home currency wherever possible and that foreign exchange risk is hedged with forward foreign exchange contracts otherwise.

The Group currently has no debt but has a policy of hedging interest rate risks with forward contracts should any material loans be drawn on a variable rate of interest.

The Directors regularly review cash flows, working capital forecasts and banking covenant headroom, including sensitivities on business performance and the timing of receipts to ensure that it has adequate resources to manage the liquidity risk to which it is exposed. Directors regularly monitor the bonding facilities available to the Group to ensure that significant headroom is maintained against forecast requirements.

Disclosure of information to the auditor

So far as each of the Directors is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is 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 auditor is aware of that information.

Disclosures included in the Strategic Report

The Company has elected to include information on future developments, the Groups business relationships with suppliers, customers and others, as per schedule 7 of the "Large and Medium sized Companies and Groups (Accounts and Reports) Regulation 2008" in the Strategic Report, as the directors consider those matters to be of strategic importance to the Company.

By Order of the Board:

Wendy McWilliams
Secretary

27 April 2023

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year.

In preparing these financial statements the Directors are required to:

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

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

Opinion

We have audited the financial statements Hardwicke Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise consolidated statement of profit and loss and other comprehensive income, the consolidated and company balance sheet, the consolidated and company statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:
- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We understood how the group and parent company are complying with those legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent company and determined that the most significant are those that relate to the reporting frameworks (Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Companies Act 2006) and the relevant tax compliance regulations.

- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices.

- We assessed the susceptibility of the group's and parent company's financial statements to material misstatement, including how fraud might occur by meeting with management from different parts of the business to understand where it is considered there was a susceptibility of fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the programs and controls that the group and parent company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programs and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.

- Our audit procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of management. In addition, we completed audit procedures to conclude on the compliance of disclosures in the Annual Report and accounts with applicable financial reporting requirements.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the client operates
  - understanding of the legal and regulatory requirements specific to the group and parent company including:
    - the provisions of the applicable legislation
    - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules
    - the applicable statutory provisions

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the group's and parent company's operations, including the nature of its revenue sources and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the applicable statutory provisions

- the group's and parent company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the group's and parent company's compliance with regulatory requirements and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

Use of our report

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

Grant Thornton UK LLP

Rebecca Eagle (*Senior statutory auditor*)
For and on behalf of Grant Thornton UK LLP, statutory auditor
17th Floor, 103 Colmore Row, Birmingham, B3 3AG

27 April 2023
Grant Thornton UK LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Year Ended 31 December 2022

		2022				2021			
		Before *Goodwill* Amortisation and Exceptional Item	**Exceptional Item (Note 8)**	**Goodwill Amortisation**	**Total**	Before *Goodwill* Amortisation and Exceptional Item	Exceptional Item (Note 8)	Goodwill Amortisation	Total
	Notes	**£000**	**£000**	**£000**	**£000**	£000	£000	£000	£000
Turnover	3	**1,281,498**	-	-	**1,281,498**	1,230,097	-	-	1,230,097
Cost of sales		**(1,183,435)**	**(7,500)**	-	**(1,190,935)**	(1,105,349)	(10,771)	-	(1,116,120)
Gross profit/(loss)		**98,063**	**(7,500)**	-	**90,563**	124,748	(10,771)	-	113,977
Administrative expenses		**(102,424)**	-	**(8,489)**	**(110,913)**	(102,855)	-	(8,489)	(111,344)
Other operating income	4	-	-	-	-	89	-	-	89
		(4,361)	**(7,500)**	**(8,489)**	**(20,350)**	21,982	(10,771)	(8,489)	2,722
Share of results of joint ventures and associates	15	**(7,045)**	-	-	**(7,045)**	1,230	-	-	1,230
Operating (loss)/profit		**(11,406)**	**(7,500)**	**(8,489)**	**(27,395)**	23,212	(10,771)	(8,489)	3,952
Interest payable and similar charges	5	**(1,178)**	-	-	**(1,178)**	(933)	-	-	(933)
Interest receivable and similar income	6	**3,836**	-	-	**3,836**	2,096	-	-	2,096
(Loss)/profit on ordinary activities before taxation	7	**(8,748)**	**(7,500)**	**(8,489)**	**(24,737)**	24,375	(10,771)	(8,489)	5,115
Tax on share of results of joint ventures and associates	15	**1,101**	-	-	**1,101**	13	-	-	13
Tax on profit on ordinary activities	11	**1,070**	**1,425**	-	**2,495**	(3,676)	2,046	-	(1,630)
(Loss)/profit and total comprehensive income for the financial year		**(6,577)**	**(6,075)**	**(8,489)**	**(21,141)**	20,712	(8,725)	(8,489)	3,498

The above figures relate to continuing operations.

The notes on pages 29 to 53 form part of these financial statements.

As at 31 December 2022

		2022		2021 (restated)	
	Notes	***£000***	***£000***	*£000*	*£000*
Fixed assets					
Intangible assets	13		**49,615**		55,457
Tangible assets	14		**6,044**		7,357
Investments	15		**364**		6,275
			56,023		69,089
Current assets					
Stocks	16	**21,187**		19,207	
Debtors	17	**243,724**		273,761	
Cash and cash equivalents	18	**131,024**		130,038	
		395,935		423,006	
Creditors: amounts falling due within one year	19	**(337,248)**		(346,466)	
Net current assets			**58,687**		76,540
Total assets less current liabilities			**114,710**		145,629
Creditors: amounts falling due after one year	20		**(19,534)**		(17,321)
Provisions	22		**(62,935)**		(70,812)
			32,241		57,496
Capital and reserves					
Called up share capital	23		**10,222**		10,196
Share premium account	24		**37,160**		36,976
Other reserves	24		**1,704**		1,704
Profit and loss account	24		**(16,845)**		8,620
			32,241		57,496

The notes on pages 29 to 53 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 27 April 2023 and were signed on its behalf by:

Colin Enticknap
Group Chairman

Company Balance Sheet

As at 31 December 2022

		2022		2021	
	Notes	**£000**	**£000**	£000	£000
Fixed assets					
Investments	15		**222,222**		221,222
			222,222		221,222
Current assets					
Debtors	17	**2,117**		8,292	
Cash and cash equivalents	18	**4,000**		9,153	
		6,117		17,445	
Creditors: amounts falling due within one year	19	**(115,101)**		(120,799)	
Net current liabilities			**(108,984)**		(103,354)
Total assets less current liabilities			**113,238**		117,868
Creditors: amounts falling due after one year	20		**-**		(1,179)
			113,238		116,689
Capital and reserves					
Called up share capital	23		**10,222**		10,196
Share premium account	24		**37,160**		36,976
Other reserves	24		**35**		35
Profit and loss account	24		**65,821**		69,482
			113,238		116,689

The notes on pages 29 to 53 form part of these financial statements.

The profit after tax of the Parent Company for the year ended 31 December 2022 is £663,000 (2021: £6,780,000).

These financial statements were approved and authorised for issue by the Board of Directors on 27 April 2023 and were signed on its behalf by:

Colin Enticknap

Colin Enticknap
Group Chairman

Year ended 31 December 2022

	Notes	Share capital	Share premium account	Other reserves	Profit and loss account	Total equity
		£000	£000	£000	£000	£000
1 January 2021		10,183	36,867	1,704	10,937	59,691
Profit and total comprehensive income for the financial year		-	-	-	3,498	3,498
<u>Contributions by and distributions to owners:</u>						
Issue of share capital	23	13	109	537	(109)	550
Buy back of shares	23	-	-	(537)	-	(537)
Ordinary dividends	12	-	-	-	(5,706)	(5,706)
Total contributions by and distributions to owners		13	109	-	(5,815)	(5,693)
31 December 2021	24	10,196	36,976	1,704	8,620	57,496
1 January 2022		10,196	36,976	1,704	8,620	57,496
Loss and total comprehensive income for the financial year		-	-	-	(21,141)	(21,141)
<u>Contributions by and distributions to owners:</u>						
Issue of share capital	23	26	184	179	(37)	352
Buy back of shares	23	-	-	(179)	-	(179)
Ordinary dividends	12	-	-	-	(4,287)	(4,287)
Total contributions by and distributions to owners		26	184	-	(4,324)	(4,114)
31 December 2022	24	**10,222**	**37,160**	**1,704**	**(16,845)**	**32,241**

Year ended 31 December 2022

	Notes	Share capital	Share premium account	Other reserves	Profit and loss account	Total equity
		£000	£000	£000	£000	£000
1 January 2021		10,183	36,867	35	68,517	115,602
Profit and total comprehensive income for the financial year		-	-	-	6,780	6,780
Contributions by and distributions to owners:						
Issue of share capital	23	13	109	537	(109)	550
Buy back of shares	23	-	-	(537)	-	(537)
Ordinary dividends	12	-	-	-	(5,706)	(5,706)
Total contributions by and distributions to owners		13	109	-	(5,815)	(5,693)
31 December 2021	24	10,196	36,976	35	69,482	116,689
1 January 2022		10,196	36,976	35	69,482	116,689
Profit and total comprehensive income for the financial year		-	-	-	663	663
Contributions by and distributions to owners:						
Issue of share capital	23	26	184	179	(37)	352
Buy back of shares	23	-	-	(179)	-	(179)
Ordinary dividends	12	-	-	-	(4,287)	(4,287)
Total contributions by and distributions to owners		26	184	-	(4,324)	(4,114)
31 December 2022	24	**10,222**	**37,160**	**35**	**65,821**	**113,238**

Year Ended 31 December 2022		**2022**	2021 (restated)
	Notes	**£000**	£000
Cash flow from operating activities			
Operating (loss)/profit		**(27,395)**	3,952
Depreciation of tangible assets	14	**3,470**	4,049
Loss on disposal of tangible assets	7	**658**	101
Amortisation of goodwill	13	**8,489**	8,489
Amortisation of intangible assets	13	**1,667**	1,728
Loss on disposal of intangible assets	7	**118**	1
Change in fair value of deferred consideration	19	**40**	(1,664)
Share of results of joint ventures and associates		**7,045**	(1,230)
Other movements in operating investments	15	**451**	-
(Increase)/decrease in stocks		**(1,891)**	6,844
Decrease/(increase) in debtors		**20,566**	(43,980)
(Decrease)/increase in creditors		**(6,914)**	20,872
(Decrease)/increase in provisions		**(7,877)**	31,001
Cash flow (used in)/from operations		**(1,573)**	30,164
Taxation received/(paid)		**6,809**	(3,397)
Cash flow from operating activities		**5,236**	26,767
Cash flow from investing activities			
Acquisition of associate	15	**(80)**	-
Purchases of tangible assets	14	**(2,815)**	(1,353)
Purchases of intangible assets	13	**(4,432)**	(2,098)
Interest received		**1,032**	13
Increase in loans due from joint ventures	17	**(14,655)**	(15,110)
Repayment of loans due from joint ventures	17	**21,992**	4,428
Cash flow from/(used in) investing activities		**1,042**	(14,120)
Cash flow from financing activities			
Interest paid	5	**(1,178)**	(933)
Dividends paid	12	**(4,287)**	(5,706)
Purchase of shares by Employee Benefit Trust	23	**(179)**	(537)
Sale of shares by Employee Benefit Trust	23	**347**	550
Issue of share capital	23	**5**	-
Cash flow used in financing activities		**(5,292)**	(6,626)
Increase in cash and cash equivalents		**986**	6,021
Cash and cash equivalents 1 January 2022		130,038	124,017
Cash and cash equivalents 31 December 2022	18	**131,024**	130,038

A reconciliation of the change in net debt has not been included as there are no borrowings at the year end and there was no movement in debt during the year.

1 Accounting policies

Hardwicke Investments Limited is a private company limited by shares, incorporated in England & Wales under the Companies Act.

The following accounting policies have been consistently applied in dealing with items that are considered material in relation to the financial statements.

a) Accounting convention

The accounts are prepared under the historical cost convention, or fair value where required, and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Companies Act 2006.

b) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

As at 31 December 2022, the Group had substantial cash balances, no debt, access to a £50,000,000 committed revolving credit facility until 31 March 2024, and a strong forward secured order book.

The Directors regularly review the working capital requirements of the Group in the normal course of business and, in doing so, consider a range of hypothetical stress testing scenarios. This includes the potential aggregate impact of a 10% reduction in forecast turnover, a further 25% reduction in working capital, the full repayment of supply chain finance creditors, no recoveries from third parties against provisions, and assumes the RCF is not renewed.

After making enquiries and considering the factors and sensitivities outlined above for a range of scenarios, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

c) Basis of consolidation

The Group accounts consolidate the accounts of Hardwicke Investments Limited and its subsidiaries for the year ended 31 December 2022. An entity is considered to be a subsidiary where it is controlled by the parent. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passes.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between the aggregate of the fair value of the consideration received and the carrying amount of the assets less liabilities of the subsidiary.

Joint ventures are those entities where the Group is party to a contractual agreement with one or more parties external to the Group to undertake an economic activity that is subject to joint control. Associates are those entities where the Group is party to a contractual agreement with one or more parties external to the Group to undertake an economic activity that is usually subject to 20 per cent to 50 per cent of the equity voting rights and over which it exercises significant influence.

The results, assets and liabilities of joint ventures and associates are incorporated in the financial statements using the equity method of accounting. Investments in joint ventures and associates are initially carried in the balance sheet at cost and adjusted by post-acquisition changes in the Group's share of net assets of the joint venture and associate, less any impairment in the value of individual investments. Losses of joint ventures and associates in excess of the Group's interest in those joint ventures and associates are only recognised to the extent that the Group is contractually liable for, or has a constructive obligation to meet, the obligations of the joint ventures and associates. Unrealised gains and losses on transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the relevant joint venture.

The Employee Benefit Trust is consolidated on the basis that the parent has control, thus the assets and liabilities of the Employee Benefit Trust are included on the Company balance sheet and shares held by the Employee Benefit Trust in the Company are presented as a deduction from equity.

Goodwill is recognised as the difference between consideration paid and the fair value of the identifiable assets and liabilities acquired. Goodwill is amortised over its useful economic life which is the period over which the value of the underlying business acquired is expected to exceed the values of its identifiable net assets, the period being 10-20 years.

In preparing the financial statements of the parent company, advantage has been taken of the following disclosure exemptions under FRS 102 and section 408 of the Companies Act 2006:

- No profit and loss account or cash flow statement has been presented for the parent company;
- Certain disclosures in respect of the parent company's financial instruments have not been presented as these are included in the disclosures made in respect of the Group;
- No disclosure has been given in respect of the parent company's aggregate remuneration of key management personnel as these are included in the disclosures made in respect of the Group;
- No disclosure of related party transactions entered into between two or more wholly owned members of a Group has been given.

d) Turnover

Turnover on construction contracts is measured at the fair value of consideration receivable and ascertained in a manner appropriate to the stage of completion and the anticipated final value of the contract.

Turnover and profit from the sale of new homes is recognised when contracts are unconditionally exchanged and the building work is physically complete.

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is measured at the fair value of consideration received or receivable.

Turnover linked to the achievement of performance targets and savings against client's budgets is recognised as turnover when results can be estimated reliably and by reference to the period of measurement.

All turnover is stated net of VAT.

e) Construction contracts

Turnover and profit on construction contracts is ascertained in a manner appropriate to the stage of completion of the contract.

The Group uses an output method to measure progress for construction contracts where turnover is recognised over time. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to estimated total contract costs. However, where the Group considers that this may not be representative of the stage of completion, for example it is distorted by a significant change in the value of a supply chain package, an assessment of costs incurred on individual works packages is made. If this determines turnover considered to be more reliably measured than the calculation of costs in total, then this method of estimation is used.

Profit on contracts is only recognised when the Group is satisfied that the associated risks have been mitigated to a suitable level so that the outcome of work under the contract can be assessed with reasonable certainty. This can mean that a greater proportion of profit is recognised towards the end of a contract when it is successfully delivered and final accounts are agreed.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately and an associated liability recorded.

Variations and claims are recognised once it is probable that they will be received, and the amount can be measured reliably.

Amounts recoverable on contracts represent the excess of the value of surveyed work over amounts invoiced or certified at the balance sheet date. Where amounts invoiced or certified at the balance sheet date exceed the amount of work completed, the excess is included within payments on account.

f) Government grants

Government grants are recognised based on the accrual model and are measured at the fair value where there is reasonable assurance that the grant will be received. Amounts received are recognised over the period in which the related costs are recognised.

g) Exceptional item

FRS 102 requires material items to be separately disclosed in a way that enables the users of the accounts to understand the entity's financial performance. These items are commonly referred to as 'exceptional' items. In order to provide users with a clear and consistent presentation of the underlying financial performance, the Group has separately identified a single contract provision in the period that is considered to be exceptional (see note 8).

Amortisation of goodwill is also shown separately on the basis of being an ongoing non-cash item generated from acquisition related activity.

h) Computer software

Cloud based computer software is capitalised as an intangible asset when the Group has the contractual right to take possession of the software during the hosting period without significant penalty and it is feasible to run the software on the Group's own hardware or contract with another party to host the software. Cloud based computer software that does not meet these criteria is expensed to the profit and loss account as incurred. Other computer software is capitalised as an intangible asset. Cost is measured at the purchase price of the asset.

Amortisation is provided on computer software, at rates estimated to write off the cost of each asset over the term of its expected useful life as follows:

Computer software	- between 20% and 50% per annum

i) Tangible assets

Tangible assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible assets, other than land, at rates estimated to write off the cost of each asset over the term of its expected useful life, using the straight line method as follows:

Leasehold improvements	- the earlier of 5 years or until the first breakpoint in the lease
Computer equipment	- between 20% and 50% per annum
Plant and equipment	- 25% per annum
Furniture and fittings	- 10% per annum

j) Debtors and financial instruments

Debtors comprising basic financial instruments are stated at amortised cost, reflecting provisions for impairment when amounts are not considered to be recoverable.

Trade debtors falling due within one year in respect of the government 'Help to Buy' initiative are stated at fair value with any change in fair value during the year recognised in the profit and loss account within interest payable and similar charges or interest receivable and similar income.

Other debtors falling due after more than one year in respect of shared equity scheme are stated at fair value with any change in fair value during the year recognised in the profit and loss account. The valuations are determined internally by the Directors taking into account the original purchase price of the asset, condition of the asset and recent market sales data in respect of comparable properties.

k) Cash and cash equivalents

Cash at bank and in hand is represented by cash in hand and deposits with financial institutions repayable immediately without penalty. Cash equivalents are highly liquid investments or deposits with financial institutions that mature in no more than three months from the date of investments and are not repayable immediately without penalty.

l) Creditors and financial instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations. Financial liabilities excluding derivatives, are initially measured at transaction price and subsequently held at cost, less impairment.

The Group operates a supply chain finance scheme with Lloyds Bank plc and HSBC Bank plc. Amounts made available to supply chain partners ahead of their contractual due date under this arrangement are recorded as trade creditors under supply chain finance. Associated finance charges are recognised as interest payable in the profit and loss account. Repayments of supply chain finance are shown in operating cashflows.

m) Pre-contract costs

Pre-contract costs are expensed to the profit and loss account until such time that the value of any recovery can be assessed reliably and it becomes probable that the related contract will be awarded to the Group.

n) Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and costs to sell. In respect of land and developments in progress, cost includes direct interest and production overheads.

o) Investments

Interests in joint ventures and associates are accounted for under the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity.

Parent company investments in subsidiaries and other fixed asset investments are stated at cost less provision for any impairment.

p) Current and deferred taxation

Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred. Deferred tax is not discounted.

Deferred tax assets are recognised to the extent that the Directors consider it more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

The Group participates in the UK government's Research and Development Expenditure Credit ('RDEC') tax incentive scheme. Credits receivable under the RDEC scheme are recognised within operating profit and are treated as taxable income. Amounts receivable in respect of RDEC claims are included on the balance sheet within the corporation tax receivable balance or as a reduction in the corporation tax payable balance, as appropriate.

q) Provisions

On contracts that have achieved practical completion but remain within the defects liability period, provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of the best estimate of the consideration required to settle the obligation present at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract or a contractual right to recourse from supply chain partners, the reimbursement is recognised as a separate asset when the reimbursement is virtually certain. The Group considers the contractual arrangements with the third party in question before making an assessment as to whether the reimbursement is virtually certain before then making an estimate of the cashflows it expects *to* receive based on offers made or accepted and cash received post year end. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement where the reimbursement has met the virtually certain recognition criteria.

r) Leased assets

The total payments made under operating leases are expensed to the profit and loss account on a straight line basis over the term of the lease.

s) Research and development

Research and development expenditure is expensed to the profit and loss account as it is incurred.

t) Retirement benefits

The Group operates a defined contribution scheme for its employees. Under the defined contribution scheme, the company makes contributions to a third-party pension provider based on a fixed percentage of employee's relevant earnings. Having made the payments, the company has no further obligations or financial exposure. Contributions to the Group's defined contribution pension scheme are expensed to the profit and loss account in the period to which they relate.

For the duration of its repairs and maintenance contracts with certain local authority customers, a Group subsidiary becomes an 'admitted body' to the underlying local Government defined benefit pension schemes under a tripartite arrangement with the customer and the pension scheme administrator, in accordance with LGPS regulations.

Under these arrangements, the Group makes pension contributions in respect of certain employees who have transferred to the Group under TUPE transfer arrangements in accordance with the rates advised by the scheme administrator following periodic actuarial valuations. In these circumstances, the Group is not commercially exposed to valuation risk as any increase in contribution rates, and any balancing payment identified at the end of the contract are payable by or recoverable from the customer.

Management have considered whether any defined benefit asset or liability and corresponding asset or liability from the relevant customer would need to be recognised in these circumstances. It has been concluded that, based on management's view of the contracts, that the substance of the transactions is that of a defined contribution pension scheme. Management also considers that the information available on the Group's notional share of the assets and liabilities of the wider pension funds to which it contributes as an admitted body is insufficient to assess the share of the assets and liabilities reasonably and consistently for each accounting period.

Based on these assessments, the admitted body arrangements with LGPS are accounted for as defined contribution schemes, with contributions expensed to the profit and loss account as they fall due.

2 Significant accounting judgements and estimates

The preparation of accounts under FRS 102 requires management to make judgements, estimates and assumptions that affect the value of the turnover and profit reported in the statement of profit and loss for the financial year and the value of assets and liabilities recorded in the balance sheet.

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 the current and future periods.

The areas requiring a high degree of judgement or where assumptions and estimates are significant to the accounts are outlined below.

Estimates

a) Construction contracts

Recognition of turnover and profit on construction contracts requires management judgement regarding the anticipated final outcome of individual contracts and of the proportion of works completed at the balance sheet date. Management undertakes detailed reviews on a monthly basis in order to exercise judgement over the outcome of each contract and the associated risks and opportunities.

The value of work completed at the balance sheet date is calculated by undertaking surveys and completing internal assessments on each element of works packages completed and in progress. Regular management reviews of contract progress include a comparison of internal assessments of cost to the applications for payment made by supply chain partners and to external valuations completed on behalf of customers. Any material variances are investigated, and updates made where appropriate.

The estimation of the final contract value includes assessments of the recovery of variations which have yet to be agreed with the customer, compensation events and claims that are probable to be agreed. The variations claimed from customers on the five contracts with the largest unagreed variations total £29,280,000 (2021: £47,560,000). Of this total, £17,804,000 (2021: £30,167,000) has been included in the anticipated final contract values as management consider this can be reliably measured and to be the total considered probable that will be agreed with the customer. Based on the stage of contract completion, £9,802,000 (2021: £15,223,000) has been recognised as turnover to date.

The age, nature and recoverability of all debtors and amounts recoverable on construction contracts are reviewed regularly by management and provisions made where appropriate.

Procedures, internal finance standards and management tools are in place to ensure that estimates are applied and results determined on a consistent basis.

As at 31 December 2022, the Group's contract assets, contract liabilities and contract provisions amounted to £110,798,000, £93,640,000 and £62,935,000 (2021: £118,051,000, £89,646,000 and £70,812,000) respectively and include amounts recoverable on contracts, retentions held under construction contracts, insurance reimbursement asset, payments on account and provisions.

b) Land and developments in progress

The recoverable value of land and developments in progress requires estimates of selling price, cost to complete and costs to sell individual developments to be identified.

Forecast costs to complete and to sell (by reference to current prices) are maintained in standard appraisal models and are regularly reconciled with agreements entered into with third parties. Controls are in place to ensure that regular reviews are undertaken by management.

Estimated selling prices are reviewed regularly by management with reference to independent external valuations where appropriate.

Prior to reaching financial close and legal agreement on development schemes, judgement is also required to ascertain whether it is probable that the scheme will progress.

As at 31 December 2022, the value of land and developments in progress was £20,710,000 (2021: £18,989,000).

c) Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of cash generating units ('CGUs') to which the goodwill has been allocated. The value in use calculation requires an estimate to be made of the timing and amount of future cash flows expected to arise from the CGU and the application of a suitable discount rate in order to calculate the net present value.

Future cash flows are based on the Group's forecasts, budgets and strategic plans which are prepared by management and reviewed and approved by the Board for each CGU. Other key inputs in assessing each CGU are profit growth and discount rate.

The cash flows are discounted to present value, with the discount rate used in the value in use calculations based on the Group's weighted average cost of capital, adjusted as necessary to reflect the risk associated with the assets being tested. The Group's weighted average cost of capital has been estimated as 10.27% (2021: 7.10%).

Forecast profit growth rates into perpetuity has been applied based on a long term inflation rate of 2.36% (2021: 3.00%).

As at 31 December 2022, the value of goodwill was £42,518,000 (2021: £51,007,000). A significant change, which is unlikely, in cash flow forecasts, weighted average cost of capital or profit growth rates would be required to cause an impairment.

d) Provisions and recoveries

In the normal course of trading, claims may arise on contracts within their defects liability period that require judgement on the likely outcome of the claim. This requires an assessment of contractual obligations and on the likely conclusion of any on-going discussions.

Where it is deemed probable that costs will be incurred, judgement is needed to estimate the provision required for obligations existing at the balance sheet date. Where applicable, these estimates are regularly reviewed by management and derived from a combination of internal valuations, current industry pricing metrics, third party quotes and independent expert advice.

In considering whether recovery of costs from third parties are virtually certain, and therefore recognisable as a separate asset, it is also necessary for Directors to assess contractual arrangements, insurance policies, formal correspondence with relevant parties and professional advice received and events after the year end where it provides evidence of conditions existing at that time. Consideration is also given to the financial strength of the third party in meeting their obligations to the company.

As at 31 December 2022, provisions were £62,935,000 (2021: £70,812,000) and recoveries were £6,217,000 (2021: £16,166,000). Refer to note 22.

e) Investments

The carrying value of the Company's investment in subsidiaries requires estimation by management of the likely level of the subsidiary's future profits and cash generation. Any forecast of future profitability is inherently judgemental and therefore actual performance may differ from that forecast.

Future cash flows are based on the Group's forecasts, budgets and prudent strategic plans which are prepared by management and reviewed and approved by the Board for each subsidiary. Other key inputs in assessing each subsidiary are assumed profit growth and the discount rate applied.

The cash flows are discounted to present value, with the discount rate used calculations based on the Group's weighted average cost of capital, adjusted as necessary to reflect the risk associated with the assets being tested. The Group's weighted average cost of capital has been estimated as 10.27% (2021: 7.10%). An increase in discount rate of 3.57% would eliminate headroom assuming no other adjustments to the underlying forecasts. A 4.78% increase in discount rate would result in a decrease in investment carrying value of approximately £1,000,000.

Forecast profit growth rates into perpetuity has been applied based on a long term inflation rate of 2.36% (2021: 3.00%). A decrease in growth rate of 3.45% would eliminate headroom assuming no other changes to the underlying forecasts. A 5.31% decrease in growth rate would result in a decrease in investment carrying value of approximately £1,000,000.

As at 31 December 2022, the value of investments in subsidiaries was £222,222,000 (2021: £221,222,000).

f) Climate change

In preparing the consolidated financial statements, management has considered the impact of climate change. Potential impacts of climate change, which include increased intensity and frequency of weather events and increased environmental legislation, have been considered by management, together with the Group Sustainability Strategy, 'Now or Never' outlined in Director's Report.

Management assessed areas relevant for the Group which had the potential to be impacted such as: estimates of future cash flows used in determining the impairment assessment of carrying value of goodwill; long term contract accounting assumptions, such as forecast cost to complete; the appropriateness of the estimated useful economic lives of intangible and tangible assets; and the recoverability of deferred tax asset recognised.

These considerations did not have a material impact on the financial reporting judgements and estimates.

Judgements

g) Going concern

The Group considers Going Concern as an area of judgement and has included specific disclosures in relation to this within note 1b. In light of the current liquidity and forecasts, this is not considered a significant judgement.

h) Joint ventures

In accordance with FRS 102, joint ventures are identified where the control of an arrangement is shared and decisions around activities require unanimous consent if the action significantly affects the investee's return. The key judgement involved in determining joint control is that the board structure and the mechanisms in the reserved matters do not give any one party majority control over relevant activities, regardless of the economic split between partners.

i) Exceptional item and goodwill amortisation

Exceptional items and goodwill amortisation are items of financial performance which the Group believes should be presented separately on the face of the statement of profit and loss statement to assist in understanding the underlying financial performance achieved by the Group. Determining whether an item is exceptional or should be presented separately on the face of the profit and loss statement requires judgement. A total exceptional item after tax of £6,075,000 (2021: £8,725,000) and goodwill of £8,489,000 (2021: £8,489,000) was charged to the statement of profit and loss for the year ended 31 December 2022.

j) Turnover recognition: agent versus principal

When undertaking contracts that have been fully subcontracted to a third party, the terms of the arrangements in place are reviewed in concluding whether the risks and rewards of the transaction are taken on by the Group. A series of tests and indicators are considered so that a judgement can be made as to whether the contract is being conducted with the Group acting as an agent or a principal. It has been concluded that for all relevant contracts the Group is acting as principal rather than agent.

k) Retirement benefits

For the duration of its repairs and maintenance contracts with certain local authority customers, a Group subsidiary becomes an 'admitted body' to the underlying local Government defined benefit pension schemes under a tripartite arrangement with the customer and the pension scheme administrator, in accordance with LGPS regulations.

Under these arrangements, the Group makes pension contributions in respect of certain employees who have transferred to the Group under TUPE transfer arrangements in accordance with the rates advised by the scheme administrator following periodic actuarial valuations. In these circumstances, the Group is not commercially exposed to valuation risk as any increase in contribution rates, and any balancing payment identified at the end of the contract are payable by or recoverable from the customer.

Management have considered whether any defined benefit asset or liability and corresponding asset or liability from the relevant customer would need to be recognised in these circumstances. It has been concluded that, based on management's view of the contracts, that the substance of the transactions is that of a defined contribution pension scheme. Management also considers that the information available on the Group's notional share of the assets and liabilities of the wider pension funds to which it contributes as an admitted body is insufficient to assess the share of the assets and liabilities reasonably and consistently for each accounting period.

Based on these assessments, the admitted body arrangements with LGPS are accounted for as defined contribution schemes, with contributions expensed to the profit and loss account as they fall due.

3 Turnover

All turnover is derived in the UK through the following operating activities:

	2022	2021
	£000	£000
Construction contracts:		
Willmott Dixon	**1,147,248**	1,102,148
Fortem - projects	**26,780**	23,613
	1,174,028	1,125,761
Sale of new homes:		
Be Living	**1,181**	2,426
Services:		
Fortem - repairs and maintenance	**106,011**	101,505
Other	**278**	405
	1,281,498	1,230,097

4 Other operating income

	2022	2021
	£000	£000
Government grants	**-**	89

5 Interest payable and similar charges

	2022	2021
	£000	£000
Supply chain finance costs	**412**	242
Bank facility fees	**766**	691
	1,178	933

6 Interest receivable and similar income

	2022	2021
	£000	£000
Interest receivable from cash and bank balances	**1,003**	13
Interest receivable from joint ventures	**2,768**	2,040
Fair value gains	**65**	43
	3,836	2,096

7 (Loss)/profit on ordinary activities before taxation is stated after charging:

	2022	2021
	£000	£000
Depreciation of tangible assets – owned assets	**3,470**	4,049
Loss on disposal of tangible assets	**658**	101
Goodwill amortisation	**8,489**	8,489
Amortisation of intangible assets – owned assets	**1,667**	1,728
Loss on disposal of intangible assets	**118**	1
Operating lease rentals	**8,148**	8,402
Research and development costs	**8,818**	10,025
Research and development tax credits	**(1,146)**	(1,303)
Auditor's remuneration		
- for Parent Company audit services	**48**	40
- for subsidiary company audit services	**422**	335
- for other services	**11**	2

8 Exceptional item

The Group operating (loss)/ profit includes the following:

	2022	2021
	£000	£000
Exceptional cost provision	**-**	18,271
Insurance receivables	**7,500**	(7,500)
	7,500	10,771

As described in the 2021 Group Report and Accounts, the Group has an obligation to complete extensive recladding works on a multi-storey residential development completed in 2012. In finalising the extent and scope of the necessary remedial works during 2021, and with significant supply chain and material costs inflation in the period, the total forecast costs of completing the works increased significantly by £18,271,000 to £43,971,000.

Significant recoveries are anticipated in future years from supply chain partners and professional indemnity insurance policies. These material amounts are anticipated to be released as profit as the recoveries become virtually certain. An estimate of future cashflows that management considered to be virtually certain in the prior year amounted to £7,500,000 and was recognised as an insurance receivable as at 31 December 2021. As described in the Group Chairman's Statement, the insurance receivable is no longer considered virtually certain as at 31 December 2022 and has therefore been expensed as an exceptional item to the profit and loss account in the period.

Given the size of the provision and expensing of the insurance receivable, and that it relates to a single legacy contract, it is considered exceptional in nature and necessary to present separately to provide users with a clear and consistent presentation of the underlying financial performance of the Group.

9 Employees

The average number of employees, including Directors, during the year was made up as follows:

	2022	2021
Group	**No.**	No.
Office and administration	**966**	908
Site and production	**2,049**	2,032
	3,015	2,940

Staff costs, including Directors, during the year amounted to:

	2022	2021
Group	**£000**	£000
Wages and salaries	**167,625**	163,968
Incentive payments to staff	**9,533**	14,917
Total wages and salaries	**177,158**	178,885
Pension contributions	**7,708**	7,543
Social security costs	**20,320**	19,356
Apprenticeship levy	**836**	804
	206,022	206,588

There are no employees or staff costs in the parent company.

10 Directors' remuneration

	2022	2021
	£000	£000
Group		
Fees	**255**	222
Wages and salaries	**903**	762
Profit share payments	**549**	268
Pension contributions	**7**	-
Total remuneration	**1,714**	1,252

Pension contributions were made for two Directors in the year (2021: nil).

The remuneration of the highest paid Director was £492,000 (2021: £464,000). Company pension contributions of £nil (2021: £nil) were made to a pension scheme on their behalf.

11 Taxation

	2022	2021
	£000	£000
a) Analysis of (credit)/charge:		
Current tax		
Corporation tax charged	**604**	-
Payments made for group relief	-	4,344
Losses carried back	-	(233)
Adjustments in respect of previous years	**(1,951)**	(679)
	(1,347)	3,432
Deferred tax		
Origination and reversal of timing differences	**(2,266)**	(1,542)
Adjustments in respect of prior periods	**1,118**	38
Effect of change in tax rate	-	(298)
	(2,495)	1,630

b) Factors affecting tax (credit)/charge for year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (19.00%). The differences are explained below:

	2022	2021
(Loss)/profit on ordinary activities before tax	**(24,737)**	5,115
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK 19.00% (2021: 19.00%)	**(4,700)**	972
Goodwill amortisation	**1,613**	1,613
Expenses not deductible for tax purposes	**144**	462
Share of results of joint ventures	**1,101**	13
Adjustments in respect of prior years	**(833)**	(641)
Effect of change in tax rate	-	(298)
Other timing differences	**180**	(491)
Tax on (loss)/profit on ordinary activities	**(2,495)**	1,630

Where applicable, interest has been imputed on intra group balances in the relevant entities corporation tax returns. There is no effect on the tax charge in the individual companies, as the effect of the adjustments are offset by the associated group relief surrenders/claims.

12 Dividends

		2022	2021	**2022**	2021
		Pence per share	Pence per share	**£000**	£000
Ordinary dividends					
February	- interim	**24.0**	12.0	**2,447**	1,222
May	- final	**-**	20.0	**-**	2,036
August	- interim	**12.0**	12.0	**1,227**	1,224
November	- interim	**6.0**	12.0	**613**	1,224
				4,287	5,706

A further dividend of 6.0 pence per share was paid on 24 February 2023. A final dividend of 6.0 pence per share in respect of the year ended 31 December 2022 has been proposed, making total dividends in relation to 2022 30.0 pence per share, amounting to £3,066,000 (2021: 48.0 pence, amounting to £4,894,000).

13 Intangible assets

	Goodwill	Computer software	Total
	£000	£000	£000
Group			
Cost			
1 January 2022	171,835	13,503	185,338
Additions	-	4,432	4,432
Transfers from tangible assets	-	172	172
Disposals	-	(2,374)	(2,374)
31 December 2022	**171,835**	**15,733**	**187,568**
Amortisation			
1 January 2022	120,828	9,053	129,881
Amortisation in the year	8,489	1,667	10,156
Transfers from tangible assets	-	172	172
Eliminated on disposals	-	(2,256)	(2,256)
31 December 2022	**129,317**	**8,636**	**137,953**
Net book value			
31 December 2022	**42,518**	**7,097**	**49,615**
31 December 2021	51,007	4,450	55,457

Amortisation is included in administrative expenses in the profit and loss account.

14 Tangible assets

	Land and leasehold improvements	Computer equipment	Plant and equipment	Furniture and fittings	Total
	£000	£000	£000	£000	£000
Group					
Cost					
1 January 2022	8,734	7,843	2,604	3,530	22,711
Additions	2,011	66	615	123	2,815
Transfer to intangible assets	-	(172)	-	-	(172)
Disposals	(4,927)	(1,895)	(219)	(624)	(7,665)
31 December 2022	**5,818**	**5,842**	**3,000**	**3,029**	**17,689**
Depreciation					
1 January 2022	5,945	6,142	1,984	1,283	15,354
Depreciation in the year	1,284	1,250	588	348	3,470
Transfer to intangible assets	-	(172)	-	-	(172)
Eliminated on disposals	(4,581)	(1,856)	(208)	(362)	(7,007)
31 December 2022	**2,648**	**5,364**	**2,364**	**1,269**	**11,645**
Net book value					
31 December 2022	**3,170**	**478**	**636**	**1,760**	**6,044**
31 December 2021	2,789	1,701	620	2,247	7,357

	2022	2021
	£000	£000
The Group net book value of land and leasehold improvements comprises:		
Freehold land	**15**	15
Leasehold improvements	**3,155**	2,774
	3,170	2,789

15 Investments

	Joint ventures	Associates	Total
	£000	£000	£000
Group			
1 January 2022	6,275	-	6,275
Additions	-	80	80
Share of results	(7,394)	(55)	(7,449)
Tax on share of results	1,101	-	1,101
Reclassification	808	-	808
Dividends received	(451)	-	(451)
31 December 2022	**339**	**25**	**364**

The subsidiary company Be Living Holdings Limited owns 30 per cent of the ordinary share capital of Be Eco World Investment Company Limited and Eco World London Development Company Limited. These entities have been treated as joint venture undertakings because the Group jointly controls the investments with its partner, directing its financial and operating policies.

The loss of £7,045,000, share of results of joint ventures and associates shown on the consolidated statement of profit and loss and other comprehensive income includes £404,000 of profit from the unwinding of deferred income relating to the disposal of assets to the Be Eco World Investment Company Limited joint venture in 2018. The remaining deferred income will be realised over future years as the joint venture recognises revenue on the associated developments. See notes 19 and 20.

A loss of £808,000 share of results of joint ventures has been recorded against loans due from joint ventures in note 17.

	Subsidiaries
Parent Company	£000
Shares at cost	
1 January 2022	221,222
Additions	1,000
31 December 2022	222,222

The list of subsidiaries and joint ventures are set out in note 30.

16 Stocks

	Group	
	2022	2021
	£000	£000
Raw materials and consumables	**477**	218
Land and developments in progress	**20,710**	18,989
	21,187	19,207

Included within the land and developments in progress balance are finance costs amounting to £209,000 (2021: £198,000).

17 Debtors

	Group		Parent Company	
	2022	2021 (restated)	**2022**	2021
	£000	£000	**£000**	£000
Amounts falling due within one year:				
Trade debtors	**37,816**	50,711	**106**	-
Amounts recoverable on contracts	**57,905**	58,605	-	-
Retention held under construction contracts	**16,572**	17,654	-	-
Loans due from joint ventures	**70,853**	76,095	-	-
Current corporation tax	-	5,276	-	5,276
Insurance reimbursement asset	**732**	8,016	-	-
Other debtors	**1,457**	1,626	-	43
Other taxes	**23**	41	-	-
Prepayments and accrued income	**18,406**	18,784	**2,011**	2,973
	203,764	236,808	**2,117**	8,292
Amounts falling due after more than one year:				
Retention held under construction contracts	**30,104**	25,626	-	-
Insurance reimbursement asset	**5,485**	8,150	-	-
Other debtors	**476**	430	-	-
Deferred tax asset (see note 21)	**3,895**	2,747	-	-
	243,724	273,761	**2,117**	8,292

Loans due from joint ventures are provided in accordance with funding commitments made in the relevant joint venture Shareholder's Agreement, are unsecured, have no fixed date of repayment, are repayable on demand and had an interest rate of 6%. The loans due from joint ventures includes accrued interest of £2,903,000, £135,000 of which is deferred income that is offset against the share of joint ventures and an £808,000 reclassification from investments in joint ventures (see note 15).

18 Cash and cash equivalents

	Group		Parent Company	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Cash at bank and in hand	**77,005**	85,032	**4,000**	9,153
Short-term deposits	**54,019**	45,006	**-**	-
	131,024	130,038	**4,000**	9,153

19 **Creditors:** amounts falling due within one year

	Group		Parent Company	
	2022	2021 (restated)	**2022**	2021
	£000	£000	**£000**	£000
Trade creditors	**39,108**	39,591	**-**	-
Trade creditors under supply chain finance	**21,808**	18,012	**-**	-
Retention held under construction contracts	**17,916**	19,431	**-**	-
Amounts due to group companies	**-**	-	**111,996**	119,447
Current corporation tax	**187**	-	**187**	-
Loans due to joint venture	**2,978**	1,923	**-**	-
Payments on account	**57,349**	55,262	**-**	-
Other tax and social security	**31,671**	39,621	**-**	-
Deferred income (see note 15)	**228**	602	**-**	-
Contingent consideration	**1,219**	-	**1,219**	-
Accruals	**164,784**	172,024	**1,699**	1,352
	337,248	346,466	**115,101**	120,799

Loans due to joint ventures are unsecured, have no fixed date of repayment and reflect the funding of a conditional development transfer. If the pre-agreed conditions for the transfer of the development to the joint venture are met, the loans will be repaid to coincide with the relevant consideration receivable. If the conditions for transfer are not met, the loans will no longer be repayable to the joint venture. Cash flows associated with loans due to joint ventures are considered to be operating activities and are therefore included in the cash flow statement as movements in creditors.

Amounts due to group companies have no fixed date of repayment and are repayable on demand.

As at 31 December 2022, the discounted value of the contingent consideration payable for the shares acquired from management following the corporate transaction with EcoWorld International Berhad Limited in 2018 is £1,219,000 (2021: £1,179,000 amounts falling after one year). This has reduced by £nil (2021: £1,740,000) due to the changes in the forecasts of the underlying developments, with the fair value gain credited to operating profit. In addition, the balance has increased by £40,000 (2021: £76,000) due to unwinding of discounts.

20 Creditors: amounts falling due after one year

	Group		Parent Company	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
Retention held under construction contracts	**18,375**	14,953	-	-
Deferred income (see note 15)	**1,159**	1,189	-	-
Contingent consideration (see note 19)	-	1,179	-	1,179
	19,534	17,321	-	1,179

21 Deferred tax

	2022	2021
Group	**£000**	£000
1 January	**2,747**	945
Current year movement	**2,266**	1,542
Effect of change in tax rate	-	298
Prior period adjustment	**(1,118)**	(38)
31 December	**3,895**	2,747
The deferred tax asset comprises:		
Decelerated capital allowances	**(88)**	1,194
Losses carried forward	**3,647**	1,243
Other timing differences	**336**	310
	3,895	2,747

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Group. Deferred tax assets are held in the legal entity to which they relate.

The deferred tax assets have been calculated using the rate anticipated to be in force when the timing differences unwind. In May 2021 the UK Government substantively enacted a new corporate tax rate for large companies raising the rate from 19% to 25% with effect from 1 April 2023. The Group has recognised deferred tax assets of £3,895,000 (2021: £2,747,000) on the basis that it is probable that profits will arise in the foreseeable future enabling the assets to be utilised. It is expected that £3,647,000 (2021: £1,243,000) of the deferred tax asset relating to losses will be offset against profits in the following 12 months.

22 Provisions, contingent liabilities and contingent assets

	2022	2021 (restated)
	£000	£000
1 January	**70,812**	39,811
Utilisation of provision	**(10,917)**	(4,644)
Amounts released in the year	**(1,448)**	(598)
Amounts provided in the year	**4,488**	17,972
Exceptional amounts provided in the year (see note 8)	**-**	18,271
31 December	**62,935**	70,812

Provisions are made for the estimated probable cashflows associated with primary obligations under contracts that are complete but remain within the defects liability period.

In making the provisions, Directors have established a contractual or constructive obligation at the balance sheet date and compiled an estimate of costs to complete the associated works or of entering into a settlement agreement with the customer.

Whilst the provision recorded in the period has been reliably estimated, until all costs are final, the Directors consider the cash outflow of £62,935,000 (2021: £70,812,000) to be appropriate.

Provisions have been made for the Directors' best estimate of known claims, investigations and legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed, or that the Group cannot make a sufficiently reliable estimate of the potential obligation. The provision is expected to be utilised over one to three years. The effect of discounting to account for the time value of money is not material.

In 2022, and following the Building Safety Act 2022 (the 'BSA') coming into force, the Group was notified of a number of claims or potential claims in respect of historic projects which are now subject to an extended limitation period which was introduced by the BSA. At this stage, it is not certain whether any liability attaches to the Group in respect of any such claims or potential claims and they are therefore considered to be contingent liabilities.

The Group has entered into guarantees of certain financial liabilities as detailed in note 28.

The Group also holds third-party insurances and has contractual rights to recoveries from supply chain partners that mitigate these liabilities. These are recognised as separate assets when the reimbursement is virtually certain. The Directors consider the cash inflow to range from £6,217,000 to £70,090,000, while the amount recognised as virtually certain at the balance sheet date is £6,217,000 (2021: £16,166,000) (see note 17).

Details of defined contribution scheme costs are shown in note 9. At the balance sheet date, contributions of £1,365,000 (2021: £1,260,000) were outstanding in relation to these schemes.

23 Called up share capital

	2022	2021
Group and Parent Company	**£000**	£000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**10,017**	10,034
Ordinary 2020 shares of £1 each	**103**	103
Ordinary 2021 shares of £1 each	**59**	59
Ordinary 2022 shares of £1 each	**43**	-
	10,222	10,196

On 7 July 2022, as part of the Group's performance related share incentive scheme, the Employee Benefit Trust purchased 17,500 Ordinary shares from shareholders for £179,000 and these were subsequently converted to Ordinary 2022 shares.

On the same date, 42,612 Ordinary 2022 shares were purchased by directors and management with a nominal value of £1 for a consideration of £347,000. Of these 17,500 were issued by the Employee Benefit Trust from the converted shares and 25,112 were new shares issued.

On 17 November 2022, 500 Ordinary shares were allotted with a nominal value of £1 for a consideration of £5,095.

All shares carry one vote. The Ordinary 2020 shares are subject to restriction on transfers until June 2025. The Ordinary 2021 shares are subject to a restriction on transfers until June 2026. The Ordinary 2022 shares are subject to a restriction on transfers until June 2027.

In the opinion of the Directors, the Company has no ultimate controlling party. All shareholder decisions require a majority.

24 Reserves

The called up share capital comprises 10,222,000 allotted, called up and fully paid ordinary shares, ordinary 2020 shares, ordinary 2021 shares, and ordinary 2022 shares of £1 each. Amounts receivable for share capital in excess of the nominal value of the shares are credited to the share premium account.

The profit and loss account reserve comprises all gains and losses not recognised elsewhere in the financial statements net of distributions made to shareholders.

Other reserves comprise of non-distributable capital redemption reserve of £35,000 (2021: £35,000) and merger reserve of £1,669,000 (2021: £1,669,000), which originated from an historic group reorganisation.

25 Prior year adjustment

In the prior year, prepayments of £9,644,000 were incorrectly offset against accruals and the net amount presented in the Balance Sheet. In addition, provisions of £7,365,000 (2020: £6,208,000) for the estimated probable cashflows associated with primary obligations under contracts that are complete but remain within the defects liability period, were incorrectly included in accruals.

The comparative figures in the primary statements and notes have been restated to correct this with the effects summarised below:

	2021 as reported	Adjustment	2021 restated
	£000	£000	£000
Consolidated Balance Sheet			
Debtors: amounts falling due within one year – prepayments and accrued income	9,140	9,644	18,784
Debtors	**264,117**	**9,644**	**273,761**
Current assets	**413,362**	**9,644**	**423,006**
Creditors: amounts falling due within one year – accruals	(169,745)	(2,279)	(172,024)
Creditors: amounts falling due within one year	**(344,187)**	**(2,279)**	**(346,466)**
Net current assets	**69,175**	**7,365**	**76,540**
Provisions	**(63,447)**	**(7,365)**	**(70,812)**
Net assets	**57,496**	**-**	**57,496**
Consolidated Cash Flow Statement			
Increase in debtors	(34,335)	(9,644)	(43,980)
Increase in creditors	12,385	8,487	20,872
Increase in provisions	29,844	1,157	31,001
Cash flow from operating activities	**26,767**	**-**	**26,767**

26 Leasing commitments

	2022	2021
Group	**£000**	£000
At the balance sheet date outstanding commitments for future minimum lease payments under non-cancellable operating leases fall due as follows:		
Within one year	**7,043**	5,385
Within two to five years	**14,207**	12,131
Over five years	**4,599**	1,716
	25,849	19,232

Included in group leasing commitments at 31 December 2022 is £8,884,000 (2021: £6,032,000) relating to company cars provided to employees under a salary sacrifice agreement.

The company had no commitments under non-cancellable operating leases as at the year end (2021: £Nil).

27 Financial instruments

The Group financial instruments may be analysed as follows:

	2022	2021
	£000	£000
Financial assets		
Trade debtors measured at fair value through the profit and loss account	**166**	163
Other debtors measured at fair value through the profit and loss account	**476**	430

Financial assets measured at fair value through the profit and loss account comprise trade debtors in respect of government 'Help to Buy' initiatives and other debtors due after more than one year in respect of a shared equity scheme. The fair value of the 'Help to Buy' debtors is based upon a discounted cashflow of market values of the properties concerned. The fair value of the shared equity scheme is determined internally by the Directors taking into account the original purchase price of the asset, condition of the asset and recent market sales data in respect of comparable properties.

Financial assets measured at amortised cost comprise fixed asset investments, cash and cash equivalents, trade debtors, amounts recoverable on contracts, retention held under construction contracts, loans due from joint ventures, insurance reimbursement assets, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, trade creditors under supply chain finance, retention held under construction contracts, accruals, bank loans, amounts due to group companies, loans due to joint ventures, deferred income and other creditors.

The Parent Company does not have any financial instruments held at fair value.

28 Group guarantees

As at 31 December 2022 the Group were provided with a £50,000,000 revolving credit facility by Lloyds Bank plc, HSBC UK Bank plc and Santander UK plc which was due to expire on 31 March 2024. Utilisation of the facility was subject to a variable rate of interest based on the Sterling Overnight Index Average (SONIA).

Any indebtedness to the banks is secured on the assets of various group companies (see below) with covenants relating to financial performance and capital expenditure.

The Parent Company and certain subsidiaries have entered into multi-lateral financial guarantees in favour of Lloyds Bank plc, HSBC UK Bank plc and Santander UK plc to guarantee the Parent Company's indebtedness to the banks and the Parent Company has granted a fixed and floating charge to HSBC Corporate Trustee Company (UK) Ltd to secure such liabilities.

The Parent Company and certain subsidiary Companies are parties to a multi-party indemnity given to various sureties that have issued performance bonds in favour of clients of subsidiary Companies in respect of construction contracts entered into in the normal course of business.

Certain subsidiaries have entered directly into certain financial guarantees concerning the performance of construction and development contracts entered into by subsidiary companies in the normal course of business. The guarantees provided include the payment of purchase considerations, delivery obligations and overage to vendors and cost shortfall, limited loan guarantees and interest guarantees to financial institutions concerning the acquisition of land and developments.

Certain subsidiaries have given certain guarantees to landlords and finance companies in respect of other non-contract related agreements (such as operating lease agreements) entered into by companies within the Group in the normal course of business.

29 Related party transactions

The list of subsidiaries, joint ventures and associates is set out in note 30.

The Group's related party transactions are summarised below:

	2022	2021
Joint ventures	**£000**	£000
Sales to joint ventures	**9,902**	5,847
Purchases from joint ventures	**929**	466
Interest charged to joint ventures	**2,903**	2,370
Amounts due from joint ventures	**361**	1,070
Loans due from joint ventures and associates	**70,853**	76,095
Loans due to joint ventures	**2,978**	1,923

All amounts due are secured on the developments to which they relate and will be settled in cash.

No Director was materially interested during the year in any contract which was significant in relation to the business of the Group and would have been required to be disclosed under the Companies Act 2006 or FRS 102.

The Directors collectively hold 2,882,624 (2021: 2,882,624) ordinary £1 shares, 40,342 (2021: 40,342) ordinary 2020 £1 shares, 4,077 (2021: 4,077) ordinary 2021 £1 shares in the Company, and 3,648 (2021: nil) ordinary 2022 £1 shares in the Company. The directors received dividends in accordance with their shareholdings.

The total remuneration of key management personnel was £6,495,000 (2021: £6,663,000) and the related social security cost totaled £839,000 (2021: £899,000).

30 Subsidiaries, joint ventures and associates

Related undertakings of the Group are shown below.

The percentage holdings shown below represent both the voting rights held and the proportion of issued ordinary share capital held.

Name	**Main Activity**	**Company Number**	**% Holding**
Principal trading subsidiaries			
Be Living Holdings Limited	Intermediate holding company	04208738	100%
Fortem Solutions Limited	Property maintenance	04638969	100%
Walsworth Limited	Intermediate holding company	03421224	100%
Willmott Dixon Construction Limited	General design and build	00768173	100%
Willmott Dixon Holdings Limited	Intermediate holding company	00198032	100%
Willmott Dixon Interiors Limited	Interiors and refurbishment	04118020	100%
Willmott Dixon Limited	Intermediate holding company	05922246	100%
Wimpole Equity Holdings Limited	Intermediate holding company	07065104	100%
Wilton Insurance Limited	Captive insurance	00070131	100%
Principal joint ventures			
Be Eco World Investment Company Limited	Intermediate holding company	00125632	30%
Eco World London Development Company Limited	Development management company	05349278	30%
Eco World London Holdings Limited	Intermediate holding company	06015653	30%

30 Subsidiaries, joint ventures and associates (continued)

Name	Main Activity	Company Number	% Holding
Other trading and dormant subsidiaries			
Be Living (Bromley North) Limited	Development company	11070820	100%
Be Living 2 Limited	Dormant	09907821	100%
Be Living 3 Limited	Dormant	09907808	100%
Be Living 6 Limited	Dormant	11059770	100%
Be Living Group Limited	Intermediate holding company	05922254	100%
Be Living Limited	Intermediate holding company	04651055	100%
Be Living Developments (Brunton) Limited	Dormant	03892460	100%
Be Living Developments (Chorley) Limited	Dormant	03509253	100%
Be Living Developments (East Shore) Limited	Development of commercial units for sale	04798505	100%
Be Living Developments (Newton Aycliffe) Limited	Development company	04009368	100%
Be Living Developments Limited	Intermediate holding company	04224484	100%
Be Living Residential Limited	Intermediate holding company	02387509	100%
Be:here Ealing Limited	Development of new homes for market rent	09907837	100%
Be:here Holdings ANV Limited	Dormant	02830470	100%
Be:here Holdings GF Limited	Dormant	04209001	100%
Be:here Limited	Development of new homes for market rent	03120968	100%
Cheshunt School Development LLP	Development of new homes for sale	OC386204	100%
Collida Limited	Dormant	04203383	100%
Dee Park Management Services Limited	Dormant	05922194	100%
Fortem 4Life Limited	Training services	04720691	100%
Fortem Energy Services Limited	Dormant	02589171	100%
Fortem Holdings Limited	Dormant	01205094	100%
Inspace Corporate Assets Limited	Dormant	04283709	100%
Key Developments (Godalming) LLP	Development of new homes for sale	OC383460	100%
Mi:Project Solutions Limited	Provision of software solutions	11059818	100%
Own Space Homes Limited	Dormant	05600384	100%
Park House Investments Limited	Non trading	10066970	100%
PFP BL JV LLP	Dormant	OC428637	100%
Prime Place (Sherman Road Bromley) LLP	Dormant	OC403352	100%
Prime Place Developments Limited	Dormant	09907830	100%
Prime Place Tulse Hill LLP	Development of new homes for sale	OC399450	100%
Sevenoaks (THH) LLP	Development of new homes for sale	OC386179	100%
The Be Lifestyle Group Limited	Dormant	09907906	100%
Turner (E.) & Sons Limited	Dormant	04444762	100%
Willmott Dixon Re-Thinking Limited	Dormant	05098675	100%
Wimpenny (J.) & Co. Limited	Dormant	04118382	100%
Wimpole Holdings Limited	Dormant	10066940	100%
The Willmott Dixon Foundation	Charitable trust	326530	100%

30 Subsidiaries, joint ventures and associates (continued)

Name	Main Activity	Company Number	% Holding
Other trading and dormant joint ventures and associates			
APO Group Limited**	Management of real estate	12376424	30%
APO People Limited**	Management of real estate	12889726	30%
Barking Wharf Limited**	Development of new homes for sale	02214794	30%
Be (Barking) LLP**	Development of new homes for sale	OC415861	30%
Be Eco World Nominee Limited**	Investment holding company	11059739	30%
Be Living 1 Limited**	Intermediate holding company	09907867	30%
Be Living 8 Limited**	Investment holding company	11059769	30%
Be Living (Lampton) LLP**	Housing design and build	OC415641	30%
Be:here Holdings Limited**	Intermediate holding company	02258005	30%
Be (M&J) LLP**	Development of new homes for sale	OC377080	30%
Be (M&J Retail) Limited**	Developer	08585922	30%
Brenley Park LLP	Dormant	OC358562	50%
Dee Park Partnership LLP*	Development of new homes for sale	OC325429	50%
Eco World Barking (Phase 2) LLP**	Development of new homes for sale	OC428182	30%
Goldsworth Road Development LLP**	Development of new homes for sale	OC386202	30%
Greenwich Partnership LLP	Development of new homes for sale	OC369472	70%
Kew Bridge Gate (BTR) Limited**	Development of new homes for sale	09907856	30%
Kew Bridge Gate Developments LLP**	Development of new homes for sale	OC376263	30%
KLA Twickenham Road LLP*	Dormant	OC333412	50%
Laurus Partnership Homes LLP*	Development of new homes for sale	OC426563	50%
Prime Place (Millbrook) LLP**	Development of new homes for sale	OC402353	30%
Prime Place (Woking Goldsworth Road North) LLP**	Development of new homes for sale	OC402910	30%
TCH Repairs Limited*	Property maintenance	05153654	40%
Universal Identity Limited	Business and software development	14175724	30%

All entities have a 31 December 2022 year end with the exception of those entities identified by * which have a year end of 31 March 2022 and results included up to 31 December 2022. The results of those entities identified by ** have a year end of 31 October 2022 with results included up to their year end of 31 October 2022.

The investments in Walsworth Limited and Wimpole Holdings Limited are directly held. Through itself and Walsworth Limited, the ownership of Willmott Dixon Holdings Limited, Be Living Holdings Limited and Wimpole Equity Holdings Limited are directly held. All other investments are indirectly held.

The Company and all subsidiary companies, with the exception of the below companies, are registered in England, the registered office being Suite 201 The Spirella Building, Bridge Road, Letchworth Garden City, Hertfordshire, SG6 4ET. All the above companies are private companies limited by shares.

Apo Group Limited, Apo People Limited, Barking Wharf Limited, Be (Barking) LLP, Be Eco World Nominee Limited, Be Living 1 Limited, Be Living 8 Limited, Be Living (Lampton) LLP, Be Here Holdings Limited, Be (M&J) LLP, Be (M&J Retail) Limited, Eco World Barking (Phase 2) LLP, Goldworth Road Development LLP, Kew Bridge Gate (BTR) Limited, Kew Bridge Gate Developments LLP, Prime Place (Millbrook) LLP, Prime Place (Woking, Goldsworth Road North) LLP, Aberfeldy New Village LLP are reregistered in England, the registered office address is 25 Victoria Street, London, England SW1H 0EX.

Be Eco World Investment Company Limited is registered in Jersey, the registered office is 22 Grenville Street, St Helier, Jersey, JE4 8PX.

Laurus Partnership Homes LLP is registered in England, the registered office is Sale Point, 126 - 150, Washway Road, Sale, Manchester, England, M33 6AG.

TCH Repairs Limited is registered in England, the registered office address is Monson House, Monson Way, Tunbridge Wells, England, TN1 1LQ.

Universal Identity Limited is registered in England, the registered office is 87 Church Road, Hove, England, BN3 2BB.

Wilton Insurance Limited is registered in Guernsey, the registered office is Level 5, Mill Court, La Charroterie, St Peter Port, Guernsey, GY1 1EJ.