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COMPANIES HOUSE

# 2023

## REPORT & ACCOUNTS

### Our Vision...

“ To be the most successful  
housebuilder in the UK ”

### Our Mission...

“ The retirement housebuilder  
of choice for an independent,  
secure and fulfilling lifestyle ”

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## About this report

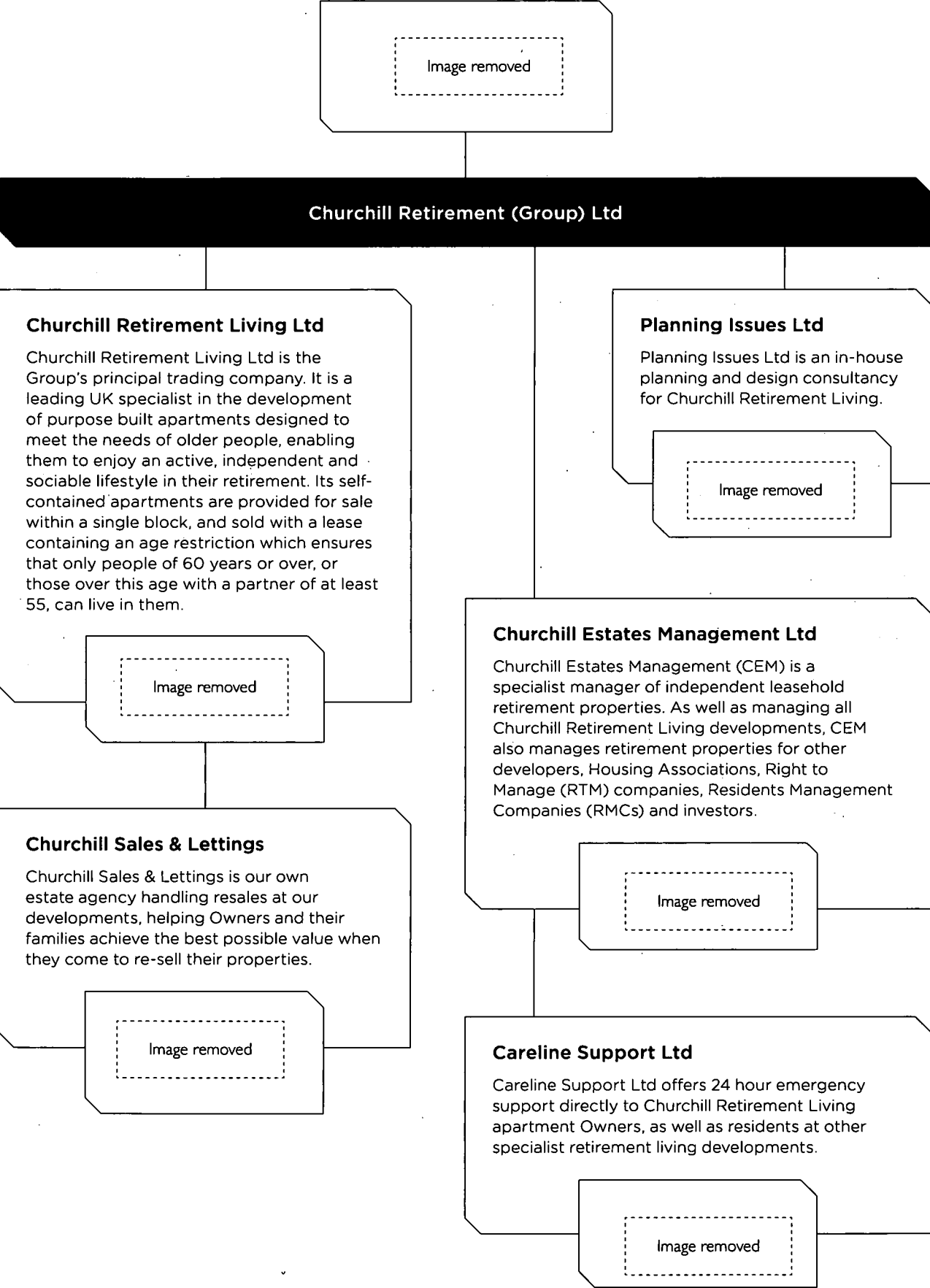
Welcome to the 2023 Annual Report of Churchill Retirement plc ("the Churchill Group", "Churchill", "CRL", "the Group", "the Company"), a privately owned, founder-led business.

The Strategic Report explains CRL's strategy, business model, risk management processes, and provides an overview of current performance and outlook. The detailed Financials, accompanied by a report from the Group's Auditors, complete the Annual Report.

Churchill has a strategic appreciation of the cyclical nature of the property market and recognises that there are significant operational risks in identifying, designing, building and selling homes. Churchill mitigates these risks for itself and for its Customers by focusing on one simple and consistent product and being highly disciplined in its business model. In doing this, Churchill retains the trust and confidence of Customers in a competitive market, maintains a strong balance sheet, keeps financial risk low and carefully allocates resources to the right projects at the right time, matching supply to demand wherever it can.

A glossary of terms is included on page 91.

# Our Organisation



## Where We Operate

Leading UK developer of high quality retirement developments

**1 RINGWOOD**  
South West Region  
& Head Office

**2 BYFLEET**  
South East Region

**3 ST ALBANS**  
Eastern Region

**4 BROMSGROVE**  
Midlands Region

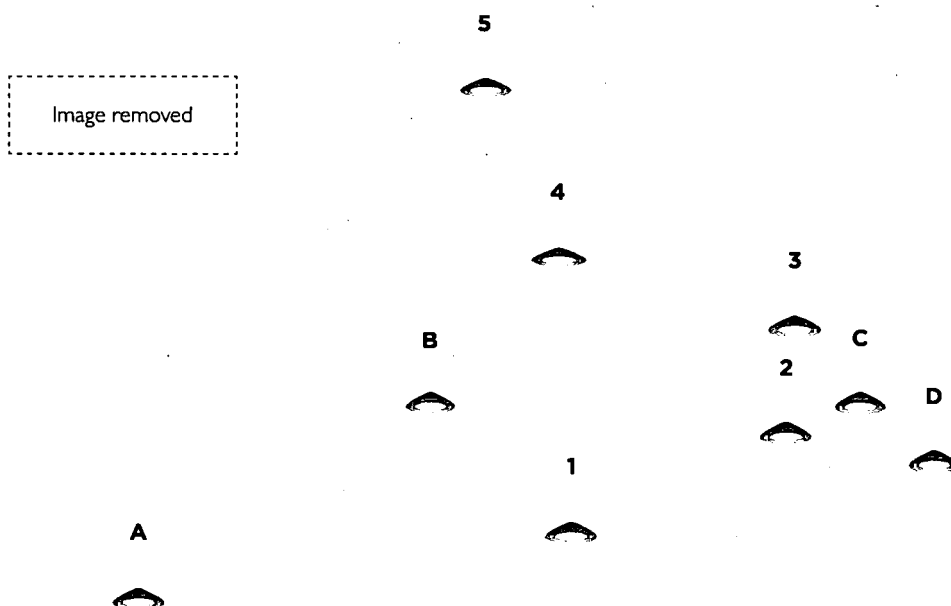
**5 WARRINGTON**  
Northern Region

**A EXETER**  
South West Area Office

**B BRISTOL**  
South West Area Office

**C WESTMINSTER**  
London Office

**D TONBRIDGE**  
South East Area Office



### Where we operate

Our Head Office, in Ringwood, Hampshire, is supported by an infrastructure of Regional Offices across our operational areas which are in Byfleet (South East), Bromsgrove (Midlands), St Alban's (Eastern), Warrington (Northern) and Ringwood (South West). The South

West is supported by Area Offices in Exeter and Bristol, and the South East by our Area Office in Kent.

We have a small office in Westminster which provides a base for our Communications Team and other key functions to operate from.

Each Region contains a fully independent operational team, with their own budgeted activity and targets.

Churchill Estates Management (CEM) is also located in Ringwood.

# Chairman's Statement

“

We took early steps to reduce risk and conserve cash, whilst at the same time maintaining a healthy balance of ongoing activity

**Spencer J McCarthy**  
Chairman and Chief Executive Officer

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**I am pleased to report on a resilient performance for the year against a very challenging market backdrop.**

First class Customer satisfaction remains one of our overarching Company goals, so we were proud to once again be awarded the top accolade of the 5 Star Customer Satisfaction rating by the HBF's independent survey. Over 97% of our Customers stated that they would recommend a Churchill apartment to a friend or family member, which puts us among the very best in the industry.

431

Unit sales

£174.3m

Revenue

£369k

Average sales price

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### Liberty Lodge, Bury St Edmunds

As a Group, we manage over 200 retirement developments across the country, delivering an exceptional service to over 10,000 older people every day, and supporting our Customers throughout every stage of their retirement living journey. We continue to focus on delivering a full suite of services to support our Owners and their families throughout their journey with us and to ensure that - unlike other housebuilders - we remain in place to ensure the long term success of every development we build.

In addition, as the only high-volume retirement housebuilder to have a permanent office in Westminster, we

continued to work proactively with both central and local government to ensure that housing for older people gets the recognition and attention that it deserves. Our work has led to politicians agreeing on the need for more specialist housing for older people, the creation of an Older People's Housing Task Force being a particular highlight.

Our performance for the year was influenced by the disastrous mini budget in October, the ongoing conflict in Ukraine, high inflation and rising interest rates, all of which had a direct impact both on consumer confidence, and on our day-to-day operations. Mortgage market

fluctuations and instability in the wider housing market have had a detrimental effect on the housing chains our Customers rely on when selling their properties, and the increasing regulatory burden has severely impacted our build costs.

We recognised early in the financial year that our business would be impacted by these factors, and as a result we took early steps to reduce risk and conserve cash, whilst at the same time maintaining a healthy balance of ongoing activity to replenish our stock levels.

The dip in consumer confidence was reflected in a reduction in our unit

## £25.8m

Operating profit

## 8.0%

Return on capital employed

## 14.8%

Operating profit margin

# Chairman's Statement

sales to 431 units (2022: 543), and a 12.9% reduction in Group revenue to £174.3 million (2022: £200.1 million). Operating profit was down 33.8% to £25.8 million (2022: £39.0 million).

We maintained tight control of our build costs, with a 9.7% increase driven by a combination of factors, including inflation, specification changes and new building regulations which have added considerably to our costs. Whilst core line inflation added 3.4% to our build cost per unit, building regulations added a more significant 6.3%.

Our operating margin of 14.8% (2022: 19.5%) and ROCE of 8.0% (2022: 13.1%) remained strong. Furthermore, our gross profit margin increased to 37.2% (2022: 36.4%), which demonstrates that the underlying profitability of our core product remains strong. Our average selling price increased 5.6% to £369k per unit (2022: £349k), reflecting various factors including a changing geographical mix.

During the year we exchanged on 17 new sites across all regions, equating to c.782 units (2022: 24 sites, c.1,067 units), more than replenishing the stock sold during the period. The reduction on last year was due to the change in market conditions, which prompted us to take a much more prudent and selective approach to land buying from October onwards

in order to conserve cash. Our disciplined approach during the process of site selection remains paramount to the success of our land buying strategy.

Despite the unprecedented challenges of the UK planning system, we achieved successful planning consents for 771 units across 16 sites (2022: 624 units, 13 sites). Applications are increasingly being forced to go through the appeal process due to under-resourced local planning authorities, a labyrinth of red tape and delays caused by negotiations on affordable housing, phosphates and nitrates bureaucracy, and the demand for 10% additional net biodiversity gain.

Against this backdrop we achieved 10 planning appeal wins out of 12 decisions during the year, a success rate well above the national average. We have a healthy planning pipeline going into the current year, with 8 applications in the planning system, 7 appeals running, and 13 applications under preparation at the period end.

Our construction programme kept pace with the level of new sites coming through, with work starting on 11 new sites during the year (2022: 15), and first occupations at 10 new developments (2022: 8). We were pleased to commence work on a number of new sites ahead of the implementation of new Part L building regulations in June. For sites

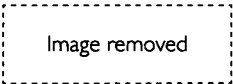
commencing after this date the new regulations will add an extra £6,000 per unit to our future build costs, adding to the challenges we face from the current year onwards.

Our specialist management company Churchill Estates Management grew its portfolio of both Churchill and non-Churchill developments by 5.7% to 9,042 units under management (2022: 8,558) and won two prestigious ARMA Ace Awards for outstanding Customer service.

Our dedicated emergency call system business, Careline Support, also made good progress, winning its first major contract with a 3rd party management company to support over 2,000 non-Churchill Customers. Careline also launched a new Personal Alarm product directly to individual consumers, and continued to deliver exceptional 24/7 support to all our Owners.

Our resales business Churchill Sales & Lettings achieved a record year, with a 30% increase in sales to support our Customers and their families in achieving the best possible value when it comes to resales. Our new lettings service has also established a buoyant rental market for those wishing to let their property.

Following the year-end a settlement was reached relating to an ongoing legal dispute with another Company.





## Chairman's Statement

The financial element of the settlement saw the Group receive a compensatory payment of £7 million. A portion of this settlement will cover costs currently carried as a receivable on the balance sheet.

### Social and Economic Benefits / Government Support

Our ability to deliver more homes at an affordable rate is hindered by the Government's persistently negative stance towards the housebuilding industry. The impact of new national policies on our planning applications and the overall housing market cannot be underestimated. Current Government policies are exacerbating the housing crisis, and immediate action is needed to address this situation.

The creation of an Older People's Housing Task Force in April was a welcome move to help improve the supply and choice of older people's housing, but it is only the first step. Urgent action is needed to remove the sea of red tape, additional costs and a broken planning system that are obstructing delivery of all forms of housing. Until that happens, the UK will continue to deliver too few homes, and a housing mix which bears no relation to the UK's ageing population.

Providing more of the right type of specialist housing in the right locations is key to unlocking the

independently-established socio-economic benefits, which include:

- **Reduces people's reliance on health and social care – a typical Churchill development saves over £200k a year in health and social care costs.**
- **Frees up second-hand, family-sized houses – a typical development will result in 90 moves further down the housing chain.**
- **Supports local shops and services – a typical development will lead to £347k extra spend on the local High Street each year.**
- **Re-uses brownfield sites – our developments are invariably built on previously developed brownfield sites close to shops, services and transport connections.**

### Outlook

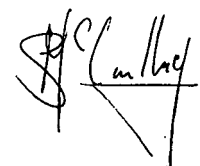
Despite the considerable short term challenges we face, the long term market drivers underpinning our future growth remain very positive.

According to 2021 Census data, 4.8m people in England are aged 75 and over, accounting for 9% of the total population, and for those aged 65 and over the figure increases to 18%. Despite this, less than 2% of annual additions to the housing stock are homes specifically built

for older people. We therefore have a rapidly ageing population and an acute shortage of suitable housing for them to live in, combined with a limited number of national developers with the requisite skills and expertise to succeed in delivering this highly specialist product.

We will need to maintain a prudent and highly disciplined approach in the year ahead, which includes keeping staffing levels under close review to maintain the business on a sustainable footing as we navigate through this difficult period.

We remain a financially strong, well-run Company producing a first class product, and we are well placed to respond quickly when market conditions improve. The Group enters the new financial year with healthy stock levels, confidence in our product, and an experienced team of people with unrivalled understanding of what our Customers need. We can therefore look positively to the medium-term future.



Spencer J McCarthy  
Chairman & Chief Executive Officer

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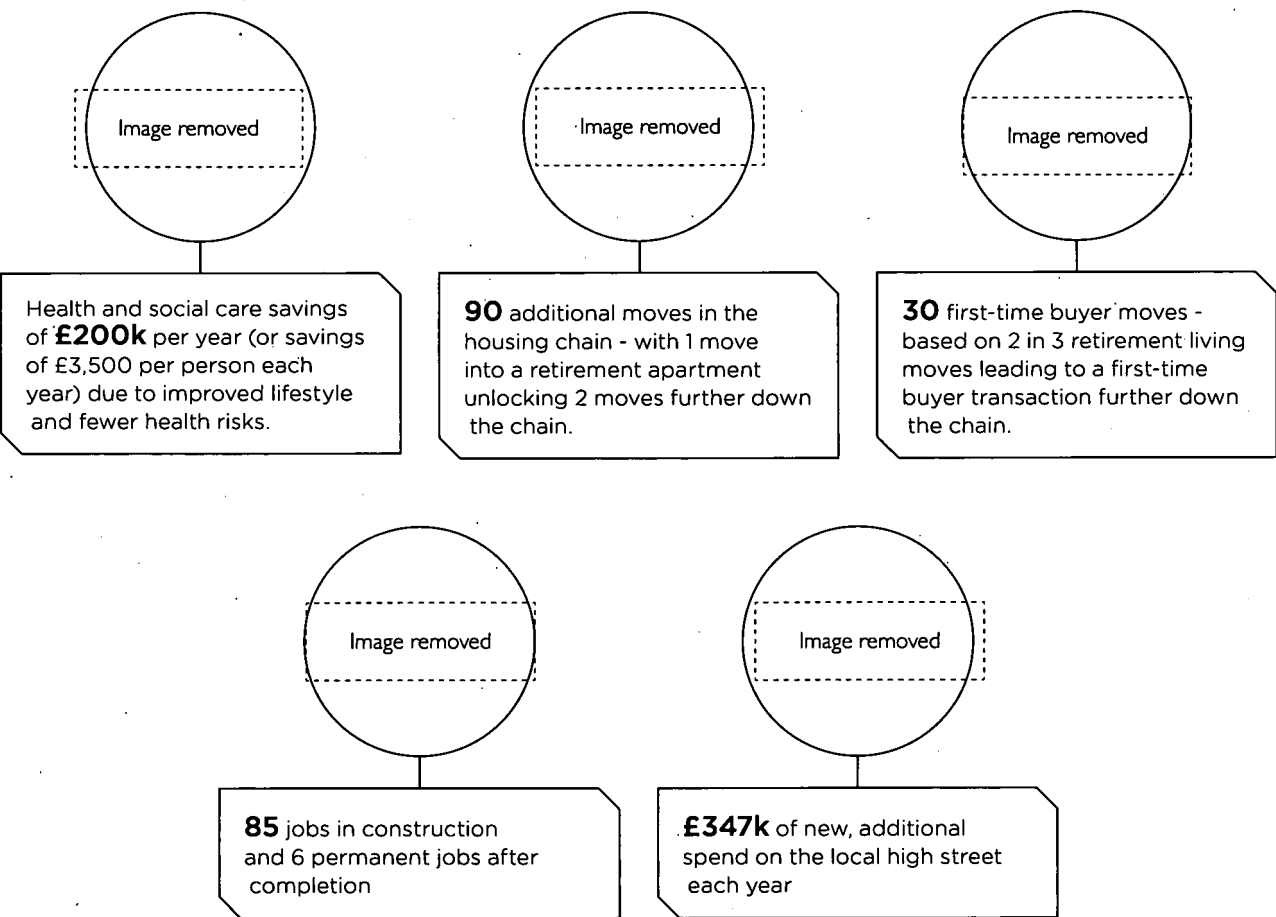
# Our Market

## Benefits of Retirement Living

### Specialist retirement housing delivers a wide range of social and economic benefits

The specialist housing we build delivers major benefits for individuals and their families, as well as for the wider housing market and society in general. It helps to combat loneliness, and reduce the social isolation suffered by many older people, and it brings a wide range of tangible social and economic benefits.

ON AVERAGE, A TYPICAL CHURCHILL DEVELOPMENT OF 45 APARTMENTS GENERATES:



These figures are all underpinned by independent research, which shows that our developments create more local economic value and more local jobs than any other type of residential housing. Therefore, if the UK were to build 30,000 retirement properties every year, consistent with the level of supply that we believe is needed, £2bn of additional economic activity every year would be created across the country.




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## Demand for older people's housing continues to increase

### By 2035, over a quarter of the UK's population will be aged 65 and above.

With this rapidly ageing population, and demand for our product continuing to outpace supply, the underlying growth drivers for the business remain strong, especially given the limited number of national developers with the requisite skills and expertise to succeed in this specialist sector.

It is estimated that there will be a shortfall of 400,000 purpose-built homes for older people in the UK by 2035. Research shows that up to 30,000 new homes per year need to be delivered to meet this demand, and we intend to play a significant part in helping the sector as a whole to work towards this target.

### Older People's Housing Task Force

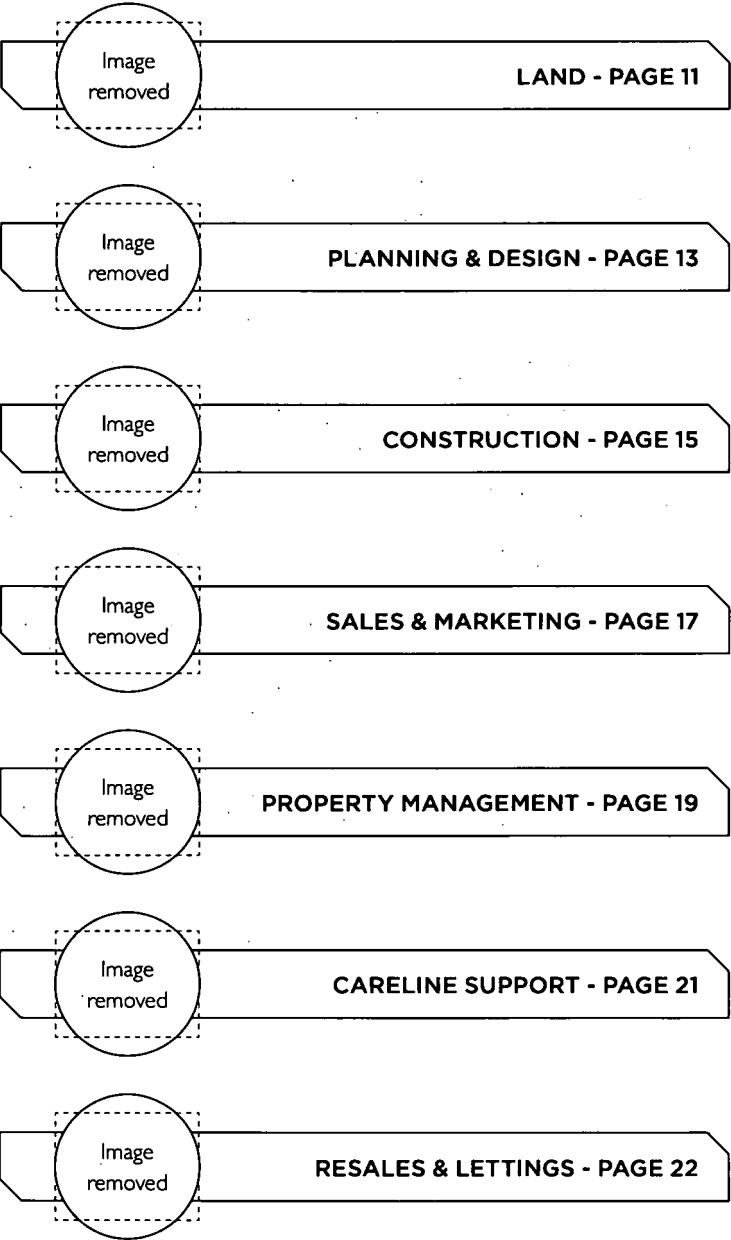
We welcome the creation of a new Older People's Housing Task Force to address the urgent need to help people continue living in a home of their own, safely and sociably, as they get older. The Government's commitment to improving the supply and choice of older people's housing options through a dedicated task force is very welcome, but it is only the first step.

We look forward to working closely with the Task Force to remove red tape and fix the broken planning system that currently stand in the way of delivery. This will be critical to address the UK's longstanding undersupply of older people's housing of all types.

# Our Business Model

Our business model is built on employing all our principal expertise in house. With all disciplines under our direct control, we function efficiently and effectively, ensuring we are highly responsive to changes in market conditions and with a clear vision and focus to deliver what our Customer and business needs.

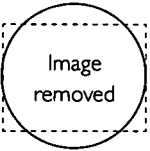
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*Our Customers are at the core of everything we do and by ensuring we know our market we can deliver a first-class product and service at all times.*”



Each component of our business model plays an important part in achieving our strategic objectives, refer to pages 23-24

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# Our Business Model



## LAND

### A rigorous land buying process

Our growth strategy fundamentally depends on generating a strong pipeline of the right land in the right locations.

Dedicated land buying teams across each of our Regions have a clear focus on bringing forward the necessary number of new sites, which must meet the following key criteria:

- **Regular shaped sites from 0.4 – 2.0 acres in size**
- **Town or city locations that will meet our Customers' needs and aspirations**
- **Within 0.5 miles of high street shops and amenities by level walk**
- **In high profile locations on main roads or busy local roads**

Our razor-sharp focus on these clear and proven criteria helps to ensure that any new site we buy meets the needs and aspirations of our Customers while also satisfying the requirements of the business.

Working closely with our in-house Planning Team and other internal disciplines, our Land Team conducts comprehensive due diligence on each new site that comes forward. This includes extensive study of local demographics, examination of land conditions, planning considerations, construction, sales and financial elements of the site and analysis of the local housing market. This rigorous process for land acquisition plays a crucial part in ensuring we maintain our margins and deliver value to our Customers.



Before...

...and after

## Our Business Model

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Our rigorous process for land acquisition plays a crucial part in ensuring we maintain our margins and deliver value to our Customers.

# Our Business Model

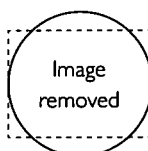


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Our objectives are always to achieve a planning permission that meets the needs of our Customers while fulfilling our commercial goals.



## Our Business Model



## DESIGN & PLANNING

### Integrated design & planning team to support our commercial goals

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Planning Issues Ltd (PIL) is our dedicated in-house team of planning, design and affordable housing professionals, with extensive specialist knowledge of retirement and the social and economic benefits it provides.

Given the myriad challenges we currently face with the planning system, maintaining this vital resource in-house has continued to pay dividends. It enables us to progress as efficiently as possible to a commercially acceptable planning approval for every new site that comes through, ready for us to begin the construction phase as quickly as possible.

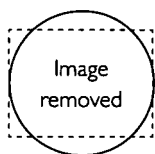
Working hand in hand with our regional land buying teams, PIL's objectives are always to achieve a planning permission that meets the needs of our Customers, fits the context of the local area, and satisfies local policies and design standards, while fulfilling our commercial goals.

Prior to preparing and submitting each planning application, the PIL team coordinates pre-application discussions, public consultations and political engagement to understand any issues and reinforce the significant social and economic benefits a new retirement living development will generate.

Where local level planning consent cannot be achieved, PIL are experts at navigating the appeal process, which is becoming more frequently necessary in recent years due to under-resourced local planning authorities; it is a planning system that is not fit for purpose.



## Our Business Model



# CONSTRUCTION & COMMERCIAL, PLANT SERVICES

### **Construction & Commercial expertise delivers cost control and build quality**

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Our Construction & Commercial Team comprises extensive in-house expertise to support our construction site management teams across each of our regions. Working closely together, they maintain a sharp focus on delivering high quality standards of build, maintaining robust health and safety procedures, and controlling build costs.

Our directly employed regional expertise includes structural engineers, quantity surveyors, contracts managers, technical and commercial managers, and procurement specialists, all of whom have in-depth specialist knowledge of the unique nature of our product. Our site health and safety inspections are also undertaken in-house to ensure a rigorous and comprehensive approach that is tailored to our specific product and market.

Our consistent design and build processes ensure tight cost control as well as quality. Central to this approach is our range of standardised one and two bedroom apartment designs that is implemented across all new developments. This is an effective means of controlling costs, maintaining quality, and maximising the efficiency of our build process.

We continually develop our supply chain and subcontractor network to foster a collaborative approach and close ongoing relationships, while ensuring the appropriate level of resource to support the growth of the business. Along with our strategic procurement process, this enables us to maintain a high level of operational efficiency while keeping build costs tightly under control.

### **Plant Services**

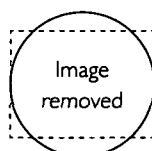
Our dedicated in-house Plant Services team is fundamental part of our business model, playing an integral role in supplying plant and equipment directly to our construction sites across the country. Through maintaining our own fleet of cranes and vehicles, as well as site accommodation and all associated plant and equipment, we can closely manage costs and maintain full control over this aspect of our construction site operations.

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# Our Business Model



## Our Business Model



## SALES & MARKETING

### Selling the lifestyle and supporting the Customer journey

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Our in-house Sales & Marketing team is dedicated to highlighting not just the lifestyle benefits of our product, but also our commitment to nurturing and supporting our Customers throughout every stage of their purchase journey.

We understand the needs and aspirations of our Customers, and the importance of delivering a range of specially tailored services to support them with the practical, emotional and financial aspects of downsizing. We also understand the extensive lead times that are perhaps unique to our industry, with prospective Customers sometimes needing to be nurtured for several years before they commit to a move.

### Training Academy

To develop our industry-leading team we continue to invest in our dedicated Training Academy facility in Ringwood, to support the induction of new Colleagues and ongoing training of our Sales Executives across the country.

### Sales

We directly employ our team of on-site Sales Colleagues across the country, who are trained to understand that retirement living is not just about showing Customers and their families the physical attributes of the apartments. Equally important is to showcase the low maintenance, hassle-free lifestyle, the increased safety and security, the social connections, sense of community and peace of mind that can be enjoyed.

They also know how to promote the extensive range of moving services and practical support we can offer. This can include help with selling their existing home, a specialist Home Exchange service, downsizing advice, removal services, financial support with Stamp Duty, or a combination of all the above.

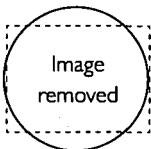
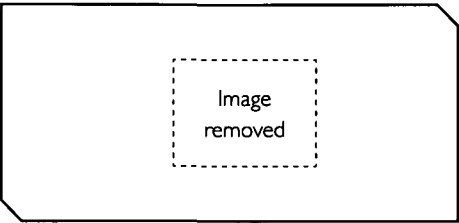
### Marketing

Our mix of central and regionally based Marketing expertise is supported by in-house Graphic Design, Customer Relations and Communications specialists, working dynamically and efficiently together to build brand and product recognition, attract new leads, drive site visits and nurture prospective Customers.

Developing messages that resonate with our Customers, and responding quickly to key market trends such as the rising cost of living, our integrated team delivers an extensive programme of cross-channel marketing campaigns and ongoing national and regional activity. Their primary focus is to generate a high volume of good quality Customer enquiries, whilst maintaining our strong and trusted brand.

Co-ordinated multi-platform advertising, site signage, lifestyle and community events, charity initiatives, social media, SEO and integrated PR campaigns help to interest and inform not just our Customers but also their families, friends and others who care about their making the right decision at the right time.

# Our Business Model



## PROPERTY MANAGEMENT

### Managing every Churchill development for the long term

---

To provide a consistent, high-quality service to our Owners throughout their journey with us, all Churchill Retirement Living developments are managed by Churchill Estates Management (CEM), a 100% owned subsidiary of the Group. This underlines our commitment to the long term success of every development we build.

CEM is an award-winning business in its own right, and specialises exclusively in retirement housing, providing full property management services to 226

developments and 9,042 individual properties across the country serving well over 10,000 Customers.

Central to CEM's success is its team of compassionate and hardworking Lodge & Development Managers, who are supported by a dedicated network of Area Managers and central support team at our Head Office in Ringwood. This model is fundamental to our developments' ongoing success, taking care of the day-to-day management, providing peace of mind for Customers, and building the sense of friendship and community that is so important to the retirement living lifestyle.

### A growing property management portfolio

As well as managing all new and existing Churchill Retirement Living developments, CEM's expertise in the sector means it also manages a growing portfolio of retirement developments for other national developers, investors, Residents' Associations and apartment Owners who have actively chosen us as their preferred management company.

## Our Business Model

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*We have found a new way of life that we have adapted to with ease and understanding,” says Jean. “We have found warmth here in many respects, with a modern and remarkable heating system and also the warmth and friendliness of our neighbours.*

*Everyone here has made the same decision to embrace independent living, where we are part of a community but still with our own front door key so we can keep our own company. We have a friendly Lodge Manager with an ear that listens and helps whenever the need arises. And of course we love our new warm and comfy apartment.*

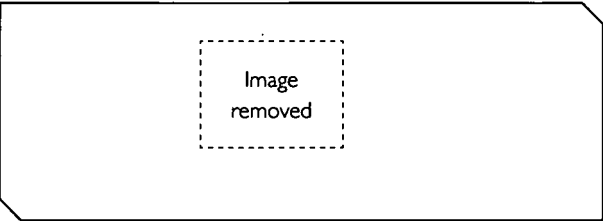
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*No more worries of going away and who will look after the garden. No more worries of security, or that the bungalow needs painting, or clearing the moss filled gutters. No more worries of steps to climb.*

*We love our new way of living with all our needs within easy reach. Each time we enter Riverain Lodge we feel we are entering a four star hotel.”*

Jean and Roy, Riverain Lodge

# Our Business Model





## CARELINE SUPPORT

**In-house Careline team delivering direct 24/7 support to Owners**

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In 2020 we launched our own in-house call centre - Careline Support Ltd - to provide a direct 24/7 emergency call service to apartment Owners at our developments across the country.

Careline's growing team of expert call handlers are based at our offices in Ringwood, providing direct advice, assistance and peace of mind to our Customers at the touch of a button. With industry-leading response times and in-depth knowledge of our product, this means best-in-class support for our Owners.

A 100% owned subsidiary, this relatively new part of the Churchill Group underlines our commitment to the wellbeing of our Owners and the long term success of our developments.



## Our Business Model

Petlands Lodge, Haywards Heath

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### SALES & LETTINGS

**Specialist Sales & Lettings team supporting a strong resale market**

Our in-house estate agency, Churchill Sales & Lettings (CS&L), is another 100% owned subsidiary of the Group created to handle resales and lettings at our developments for anyone who chooses to use this service.

When the time comes for an Owner or their family to sell or rent out their apartment, there are significant benefits to be gained from using an estate agent that understands the specialist nature of this type of property and can help achieve the best possible outcome.

Unlike a typical high street estate agent, CS&L's experienced team has an in-depth understanding of the lifestyle benefits and added value that a retirement living apartment provides. They can look beyond the bricks and mortar, valuing properties accordingly and achieving consistently higher resale and rental prices.

The team's key objectives are to capture market share and support a strong resale market that underpins apartment values. This also completes our full suite of services for Owners and their families, to support them throughout their retirement living journey.

# Our Strategy

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## CUSTOMER SATISFACTION

Strategic priority: To deliver a market leading product and exceptional Customer service that enables our Owners to enjoy an independent, safe and secure lifestyle throughout their retirement living journey.

### Progress and KPIs:

- Gaining 5 Star HBF Customer Satisfaction rating for a 9th year, with 97% of Customers saying they would recommend us to a friend
- Continuous improvements in our specification to ensure our product meets the needs of our Customers
- Robust feedback and complaint handling procedures in place across the Group
- Alignment of our property management and resales business under the Churchill brand to enhance visibility and understanding of our Group-wide suite of services
- Expansion of Churchill Training Academy team to give Colleagues across the business the knowledge and skills required to maintain our industry-leading approach to Customer service
- Continued growth of our Careline Support business to deliver direct 24/7 support and advice to our Customers

## COLLEAGUE SATISFACTION

Strategic priority: To create a dynamic working environment in which all Colleagues feel valued, proud and able to benefit from the Company's success.

### Progress and KPIs:

- 35 internal promotions during the year
- 18% of Colleagues have been with the Company for 10+ years
- Launch of new Apprenticeships and Early Careers initiatives to attract more young school-leavers
- Expansion of our dedicated Churchill Training Academy team to deliver best in class learning and development to Colleagues across the business
- Retaining and developing skilled Colleagues to support the business both now and for future growth
- Ensuring through our health screening for all and wellbeing strategy, including our Mental Health First Aiders programme, that Colleagues receive the right support when life proves challenging
- Continually developing our leadership team to ensure that they are inspirational and commercially focused
- Achieving a Top 10 position in the Sunday Times Best Places To Work Awards 2023, with a "Highly Commended" Award as the Best Place to Work for Employees Aged 55+
- Achieving Top 50 recognition in the Inspiring Workplaces Awards 2023

## Our Strategy

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### FINANCIAL PERFORMANCE AND GROWTH

Strategic priority: To deliver disciplined growth while maintaining strong margins.

#### Progress and KPIs:

- Operating profit margin of 14.8%
- 8.0% Return on Capital Employed
- 5.6% increase in average selling price
- Disciplined cost control
- Staying within debt limits and bank covenants
- Positioning for strong future growth from 2023/24 onwards
- For further details refer to Financial Review on pages 25-26

### OPERATIONAL EXCELLENCE

Strategic priority: To deliver disciplined and sustainable growth while expanding in all key regions of the country.

#### Progress and KPIs:

- Increasing planning appeal success rate and maintaining a high proportion of planning applications approved at a local level
- Development of our product specification to align with new Part O and Part L building regulations and prepare for implementation of new Future Homes Standard
- Development of our supplier and subcontractor network to support future growth
- For further details refer to Operational Review on pages 27-30

### COMPANY REPUTATION

Strategic priority: To uphold our industry leading reputation as the housebuilder of choice for an independent, secure and fulfilling retirement.

#### Progress and KPIs:

- Delivering clear and compelling brand values that resonate strongly with the expectations of our target audiences
- Aligning our property management and resales businesses under the Churchill brand to enhance visibility and understanding of our Group-wide suite of services
- Delivering a high-quality service that meets the needs and expectations of our key stakeholders, and represents good value
- Delivering a consistent, high quality product that reinforces confidence and trust in our business
- Ensuring all Colleagues throughout the business represent our brand values in a positive way
- Giving something back to the communities where we operate, through our own charity the Churchill Foundation and wider ESG initiatives

# Financial Review

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Results have been impacted by a year of economic challenges, but show our resilience against a difficult market backdrop

**Dean Marlow**  
Chief Financial Officer

**The Group delivered 431 unit sales (2022: 543 unit sales) and as a result total revenue decreased by 12.9% to £174.3 million (2022: £200.1 million) assisted by a 5.6% increase in the average sales price to £369k (2022: £349k).**

Despite the Company being very disciplined in build cost control, this year has seen cost increases as a result of inflationary rises and new building regulations. This, along with a change in geographic mix resulted in our average cost per unit sold increasing by 2.9% to £197k (2022: £191k).

The reduction in unit sales led to our gross profit reducing by 10.9% to £64.8 million (2022 £72.8 million), however the gross profit margin increased to 37.2% (2022: 36.4%), a positive achievement given the increasing cost inflation, and a steady in house price inflation.

Administration expenses increased by 15.4% against the prior year, primarily as a result of inflationary cost increases and an investment in our workforce towards the end of the previous year to meet our medium term growth objectives. Recruitment was kept under constant review to balance the medium term needs of the business against a short term reduction in activity levels, resulting from the economic environment. This is reflected in the head count increase of 3.0% to 720 (2022: 699).

Operating profit reduced by 33.8% to £25.8 million (2022: £39.0 million), resulting in an operating profit margin of 14.8% (2022: 19.5%) and ROCE of 8.0% (2022: 13.1%).

The Group expensed net interest charges of £8.0 million during the year (2022: £4.4 million), as a result of the increase in interest rates during the year, with the average net bank debt across both years remaining consistent. After interest charges, we achieved a profit before tax of £17.8 million (2022: £34.6 million).

## Cash flow and funding

Our resilient business model and disciplined working culture is designed for a cyclical housing market. With long term visibility of our cash flows and a highly experienced team, we manage our business to ensure cash management is a top priority, investing in driving the business forward to maximise our position for the future, whilst knowing what levers to pull when there are changes in market conditions. The period under review was one of rationalising our position to ensure we were in a position to grow, once the economic climate improves. This can be demonstrated through our increased operational activity as set out on pages 27-28.

## Chief Financial Officer's Report

	Units	2023	2022	Variance	% Variance
Sales Units	#	431	543	(112)	(20.6%)
Average Sales Price	£	368,734	349,145	19,589	5.6%
Revenue	£'000	174,312	200,140	(25,828)	(12.9%)
Gross Profit	£'000	64,805	72,770	(7,965)	(10.9%)
Gross Profit %	%	37.2%	36.4%	0.8%	2.2%
Operating Profit	£'000	25,808	39,003	(13,195)	(33.8%)
Operating Profit %	%	14.8%	19.5%	(4.7%)	(24.1%)
Net Profit before Tax	£'000	17,742	34,649	(16,907)	(48.8%)
Net Profit before Tax %	%	10.2%	17.3%	(7.1%)	(41.0%)
Net Bank Debt (year end)	£'000	65,469	30,665	34,804	113.5%
Total Debt	£'000	126,818	90,559	36,259	40.0%
Total Stock	£'000	337,814	283,814	54,000	19.0%
Net Assets	£'000	228,594	215,691	12,903	6.0%
ROCE (Average)	%	8.0%	13.1%	(5.1%)	(38.9%)

At 30th June 2023 our net bank debt stood at £65.5 million (2022: £30.7 million). In November 2022 our revolving credit facility was renewed for a further five years at £130 million, which is consistent with previous levels. The Group remains in full compliance with all the provisions of the HSBC agreement and the Board sees the facility as sufficient to see us through this period of economic uncertainty and set us up for a period of growth once the economy stabilises.

Our continued investment in stock has seen our stock levels at the year end increase to £337.8 million (2022: £283.8 million), reflecting the number of units from new land exchanges exceeding the number of unit sales in the year.

The Group closed the year with an increase in net assets to £228.7 million (2022: £215.7 million) and a tangible gross asset value of £339.7 million (2022: £290.8 million).

### Risk management

Our approach to risk is set by the Main Board who maintain a close involvement in planning to mitigate risks identified. We monitor key risk indicators on an ongoing basis and maintain a robust risk management framework across all levels of the business. The Internal Audit function further enhances the control environment by providing the Board with reliable and independent assurance that risk management, governance and internal control processes are operating effectively. More detail on our risk strategy is on page 39.

As part of managing the financial risk in the business, we consider lessons learnt from our experience of the last recession and monitor all those indicators that enabled us to successfully manage the business through that period.

### Target returns

The Group sets internal targets for sector leading margins and return on capital. With the economy having experienced an extended period of uncertainty, these internal targets have not always been achievable in recent years. However, they remain at the forefront of our financial strategy, and central to our plans as we look to maintain a robust approach to land buying and making sensible decisions to keep the business on track to achieve these targets again over the coming years.



Dean Marlow  
Chief Financial Officer

# Operational Overview



Clinton J McCarthy  
Managing Director

Martin Young  
Chief Operating Officer

Gary Day  
Land, Design and Planning Director

**Despite the various challenges we faced during the year, we remained focused on delivering a high-quality product that facilitates an independent and fulfilling retirement lifestyle for our Customers.**

Every aspect of our strategic and operational decision-making process is centred around meeting the needs of our Customer base, and using our many years of experience, we continued to achieve this by delivering a clearly defined product offering, as well as added services and support.

We continued to expand our national presence through our growing network of regional offices during the year. Our relatively new Northern Region, based in Warrington, continued to establish itself well, as did our new satellite offices in Bristol and Kent where the focus remains on feeding our pipeline of new land opportunities.

We were proud to retain our 5 Star HBF Customer Satisfaction rating in 2023, with over 97% of Customers saying they would recommend us to a friend. This represents our highest ever Customer Satisfaction score, and an 8th consecutive year of achieving the top 5 Star rating.

Other accolades during the year included a Bronze for 'Best Medium

Housebuilder' at the WhatHouse? Awards, underlining the quality of our product. We were delighted to see Site Manager John Pendleton receive an NHBC Pride in the Job Quality Award for his work at our Bower Lodge development in Shirley. In addition, our property management and Careline teams both achieved Gold Awards for Customer Service at the prestigious ARMA Ace Awards.

## Land & Planning

A strong pipeline of consented land continues to play a fundamental role in positioning the business for the future. The land market remained

competitive during the year, and with economic uncertainty and build cost inflation presenting challenges from an early stage, we adjusted our land buying strategy in order to focus on maintaining a steady flow of new opportunities whilst at the same time conserving cash.

Despite this more cautious approach, we continued to acquire excellent new sites across all regions, with exchange of contracts on 17 new sites in total, equating to c.782 new units. Of the 17 sites acquired, 94% were either option agreements or were conditional on achieving a successful planning permission (2022: 87%).



## Operational Overview

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Our work has led to near unanimity amongst politicians on the need for more specialist housing for older people

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Burlington Lodge, Swanley

As at 30th June 2023, our forward land stock position stood at 3,603 units across 114 sites, with a potential gross development value of c£1.3 billion. This gives us sufficient stock and WIP to meet our medium term objectives, with 4 years of sales already under our control.

Our in-house planning consultancy Planning Issues Limited continued to face an unprecedented array of challenges, with the majority of Local Planning Authorities remaining severely under-resourced. Increasing technical factors, red tape and delays mean the average time taken to achieve a successful planning permission is now at an all-time high.

Despite this, we continued to deliver successful consents for 771 new units across 16 sites during the period, an increase of 24% on the previous year (2022: 624 units, 13 sites).

We maintained our strategy of appealing for non-determination where necessary to avoid costly

delays, and we were pleased to achieve success in 10 out of 12 planning appeal decisions during the year, giving us a success rate well above the national average. We also took a healthy planning pipeline into the current year, with 8 applications in the planning system, 7 appeals running, and 13 applications under preparation at the period end.

As the only high-volume retirement housebuilder to have a permanent office in Westminster, we continued to work proactively with both central and local government to encourage better understanding of the many social and economic benefits of our product, and to ensure that housing for older people gets the recognition it deserves despite the relatively small percentage of the new housing market it currently represents.

Our work has led to near unanimity amongst politicians on the need for more specialist housing for older people, with the delivery of more retirement housing being deemed

“critical” in national planning guidance, and the creation of an Older Person’s Housing Taskforce in April.

By proactively working with politicians and influencers both nationally and locally, including through respected think tanks, All Party Parliamentary Groups, trade bodies and special interest groups, we remain at the vanguard of making specialist retirement housing a mainstream priority.

### Commercial & Construction

Our business model is focused on achieving exceptional construction quality whilst maintaining rigorous control over costs, and we are proud to have succeeded in maintaining this approach during the year. This was despite the continued rise in the cost of raw materials, transport, labour and energy, as well as additional costs created by the myriad of regulation changes totalling c.6% for the year

## Operational Overview



Our in-house Plant Services team continued to play a vital part in our strategy to combat these factors, giving us greater flexibility over when to buy, store and transport materials to site, sometimes well in advance.

We worked hard with our network of suppliers to increase our options when faced with price increases, and to communicate with our supply chain partners around our upcoming demands.

With new Part L building regulations coming into force at the end of the period, and a number of major new building regulations in the pipeline including the new Future Homes Standard, we continued to keep our specification under constant review to ensure we deliver the best possible product for our Customers, whilst maintaining our margins.

### Sales & Marketing

Declining consumer confidence created an increasingly challenging sales environment as the year progressed. Despite this, we maintained a proactive programme of sales and marketing activity to encourage enquiries and visitors to our developments throughout the year.

This included an increased focus on targeted online activity, balanced with more traditional channels such as print media and signage which remain crucial to reach our Customer base. Our regular programme of in-person events also played a key role in promoting the lifestyle on offer at our developments, helping to make tangible the total value that the Customer gets.

Our total of 431 unit sales was a disappointing reduction on last year (2022: 543). However, we successfully sold out at 11 sites during the year, and saw positive improvements in key areas. Our Eastern Region achieved a strong year-on-year improvement, and our Northern Region also performed well, continuing to develop and establish our presence in this important part of the country.

Our part exchange service remained an extremely important tool for our Customers and was used to assist 48% of sales during the year (2022: 47%). Importantly, 100% of this activity was conducted through our trusted third party providers, meaning no impact on our balance sheet.

### People

Recruiting and retaining a strong team of people remains essential to our future plans. We put a hold on all non-essential recruitment midway through the year as it became clear that market conditions were deteriorating. Nevertheless the Group's total average headcount grew to 702 Colleagues (2022: 651), ensuring that we are well resourced with the right people in place to achieve our future plans.

At the Year End 61% of all Colleagues were female, and 29% of senior management roles were female, reflecting the diversity of our workforce. We awarded 35 internal promotions during the year, and were delighted to see 79 Colleagues celebrating milestones of 10 or more years with the business. To have more than 10% of Colleagues with this longevity of service is a testament to the way we look after our team.

Our dedicated in-house Training Academy continued to support Colleagues' ongoing learning and development, with 3,964 days of training and 4,186 e-learning courses completed during the year.



## Operational Overview



To support Colleagues' wellbeing we have trained 46 Mental Health First Aiders across the business, including Managing Director Clinton McCarthy, equipping these Colleagues to provide direct support to others within the business. Alongside this, our Employee Assistance Programme (EAP) continued to provide 24/7 assistance for Colleagues and their families.

Our TORCH Values of Trust, Openness, Respect, Communication and Honesty are embedded throughout the Group, and reinforced through a quarterly peer-to-peer recognition and awards scheme we call 'Churchill Heroes'.

Our status as an excellent employer received external recognition in the Sunday Times Best Places to Work Awards 2023, where we achieved a Top 10 ranking in the best large

organisation category, and also in the Inspiring Workplaces Awards 2023, where we were commended for all aspects of our workplace culture and employee experience.

To ensure we continued to attract the best people across the business, we implemented a Group-wide annual pay increase of 3% during the year, and in November 2022 we awarded a one-off cost of living support payment of £1,000 to every Colleague across the Group.

### Outlook

There is no doubt that cost of living concerns, inflationary pressures and rising interest rates will continue to have an impact on the housing market, and in turn on our Customers and our business operations during the year ahead.

However, our business continues to be underpinned by strong fundamental long term growth drivers, and we expect to see demand increase strongly over the medium to long term, as the benefits of our product continue to become more widely recognised by our Customers and their families.

We will maintain our prudent and highly disciplined approach, and be in a strong position to respond quickly and return to growth as soon as market conditions improve.

**Clinton J McCarthy**  
Managing Director

**Martin Young**  
Chief Operating Officer

**Gary Day**  
Land, Design and Planning  
Director

# Environmental, Social & Governance

## Our Commitment to ESG & Sustainability

From an environmental perspective, our developments help to preserve greenfield land since we build 100% of them on brownfield sites, and our business model is based on sustainably regenerating previously developed land. We remove old and disused buildings, clean up the land and put in place new housing and landscaping which improve important environmental factors such as biodiversity, energy consumption and air quality.

For many years our developments have led the way in energy-efficiency and renewable energy generation technology. Our developments also help to reduce car usage due to their central locations. We are proud to be one of the first companies to

fully embrace renewable energy as a primary energy source in new buildings, through ground or air source heat pump technology, and more recently through solar panels.

In 2022 we formed a dedicated Environmental, Social and Governance (ESG) Committee, made up of senior Colleagues from across the business, to measure and track how environmentally and socially sustainable we are as a business. The Committee helps to ensure we embrace our obligations, set a clear agenda for our ESG activity, strengthen the positive impact we have on the world around us, and promote inclusion, diversity and welfare across our organisation.

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## Three pillars

Specific ESG factors facing the Company under each of the three ESG pillars are:

ESG Pillar	Environment	Social	Governance
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Key Value	<i>Protecting our planet</i>	<i>Looking after our people</i>	<i>Being responsible</i>
Key Priorities	<p>Climate change/TCFD compliance</p> <hr/> <p>Best use of urban land</p> <hr/> <p>Sustainability of materials</p> <hr/> <p>Futureproofing our products</p> <hr/> <p>Energy efficiency</p> <hr/> <p>Carbon emissions</p> <hr/> <p>Waste management</p> <hr/> <p>Biodiversity</p>	<p>Health and safety</p> <hr/> <p>Customer satisfaction</p> <hr/> <p>Wellbeing of Colleagues and Customers</p> <hr/> <p>Good working conditions</p> <hr/> <p>Diversity, equality and human rights</p> <hr/> <p>Stakeholder engagement</p> <hr/> <p>Community engagement</p>	<p>Legal compliance and responsibility</p> <hr/> <p>Ethical business practices</p> <hr/> <p>Prudent risk management</p> <hr/> <p>Accountability</p> <hr/> <p>Conflicts of interest</p> <hr/> <p>Transparency</p> <hr/> <p>Board diversity</p>

## Environmental, Social & Governance

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### Churchill Foundation

Our own registered charity, the Churchill Foundation, enables us to support the local communities where we build as well as a wide range of national and regional charities, focusing on three core areas:

- **The relief of sickness, disease and human suffering**
- **The promotion of health amongst the elderly**
- **The support and wellbeing of the young**

The Churchill Foundation is proud to have raised over £2 million and supported over 300 different charities since it was set up in 2015.

This impressive total has been achieved thanks to the ongoing support of Churchill Colleagues, Owners and Business Partners, which has enabled the Foundation to emerge strongly from the pandemic. In the last year alone the Foundation has supported 79 charities around the country, including over £60,000

donated to Macmillan Cancer Support in 2022.

As well as large scale fundraising for charities like Macmillan, the Foundation also makes a difference to many more through its Small Grants Programme and Colleague match funding, providing one-off donations and match funding to good causes put forward by people with a connection to Churchill.

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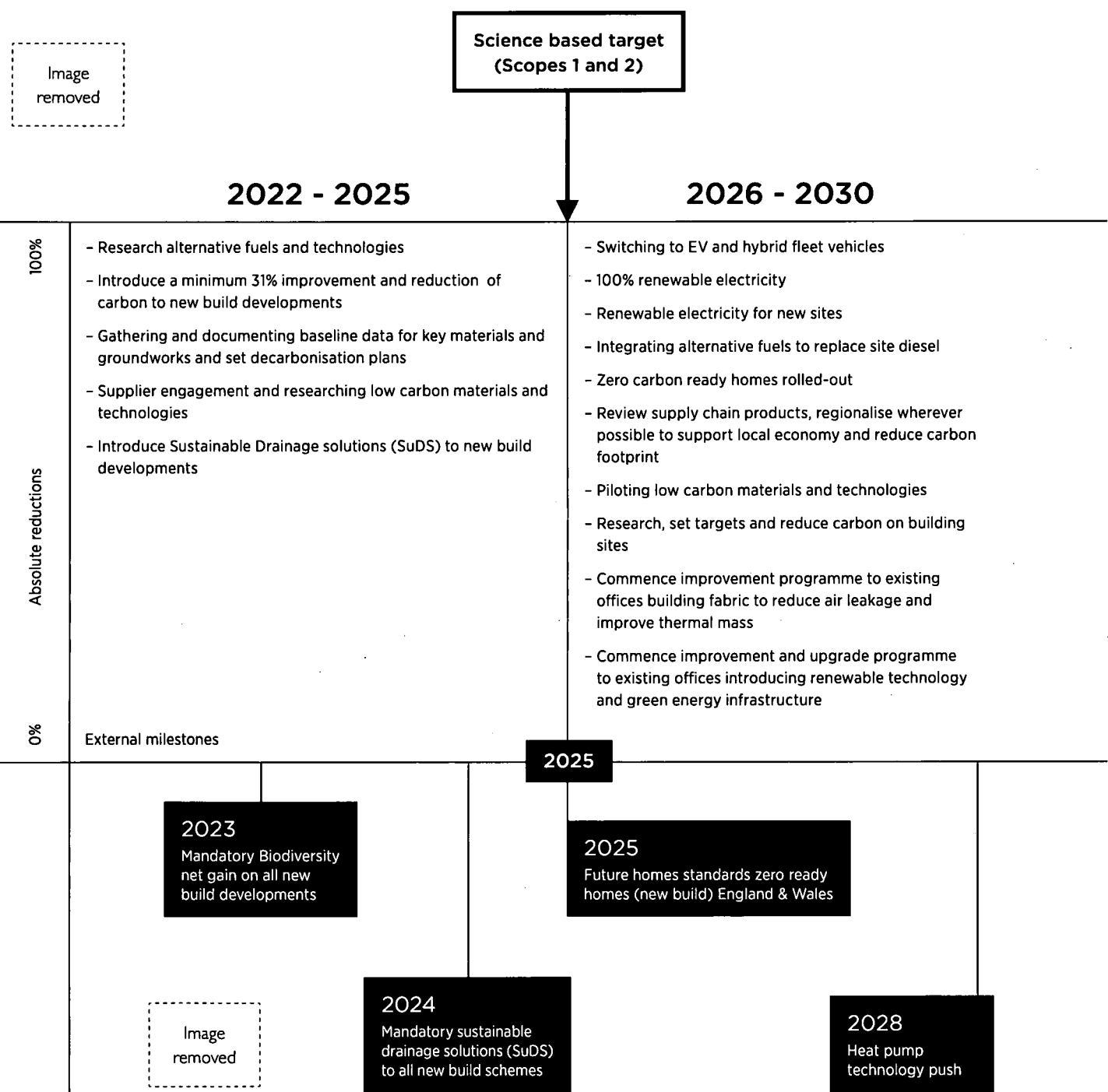
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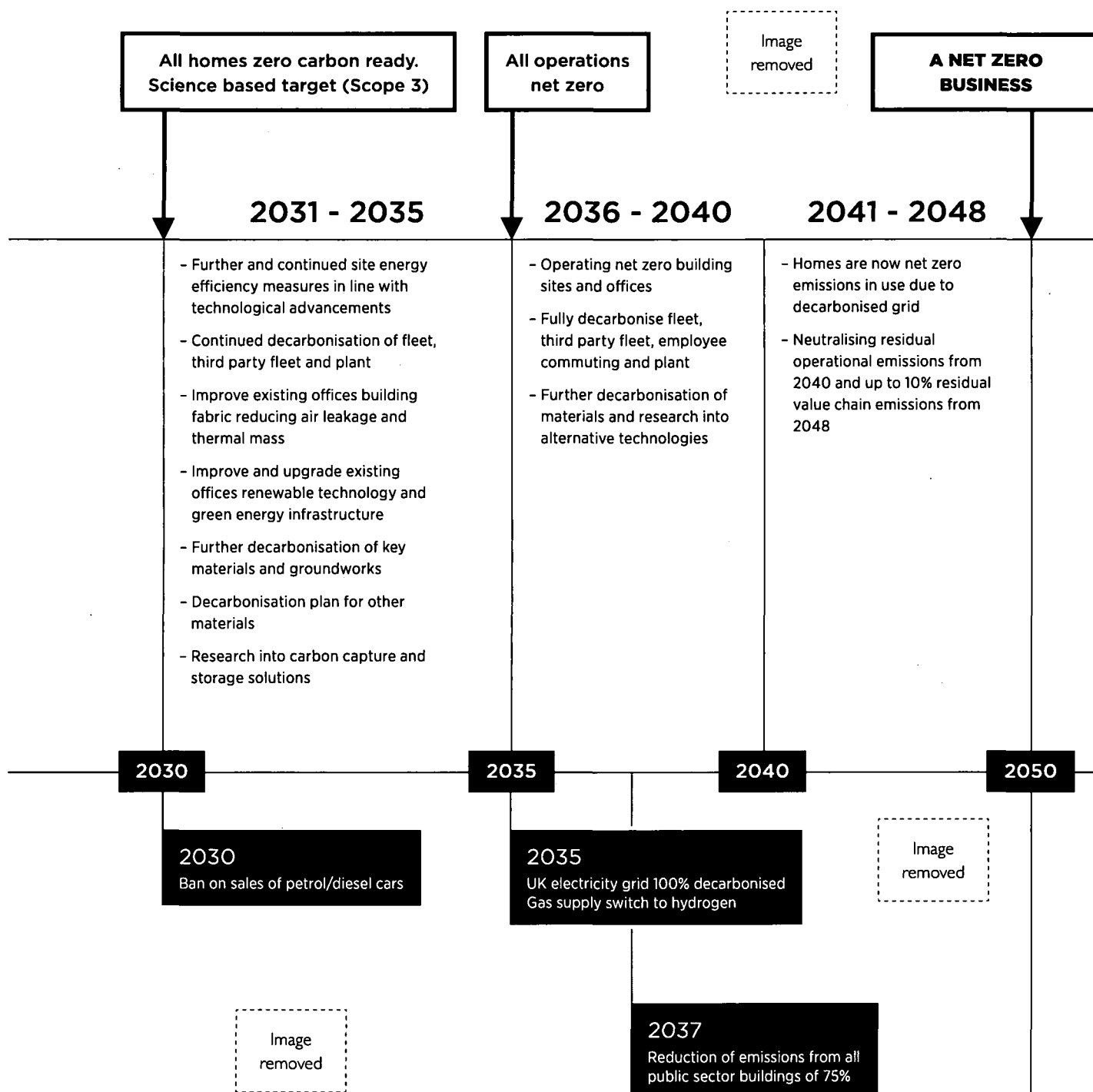
# Environmental, Social & Governance

## Net Zero Roadmap

With the help of our dedicated internal Environmental, Social and Governance (ESG) Committee, the Board has set out the following roadmap to achieving net zero by 2050, in line with the Government's objectives. This ensures that ESG and sustainable development principles are integrated across our business activities and decision-making process, ensuring that we comply with all applicable legal and regulatory requirements and codes of best practice as our ESG journey evolves.



## Environmental, Social &amp; Governance

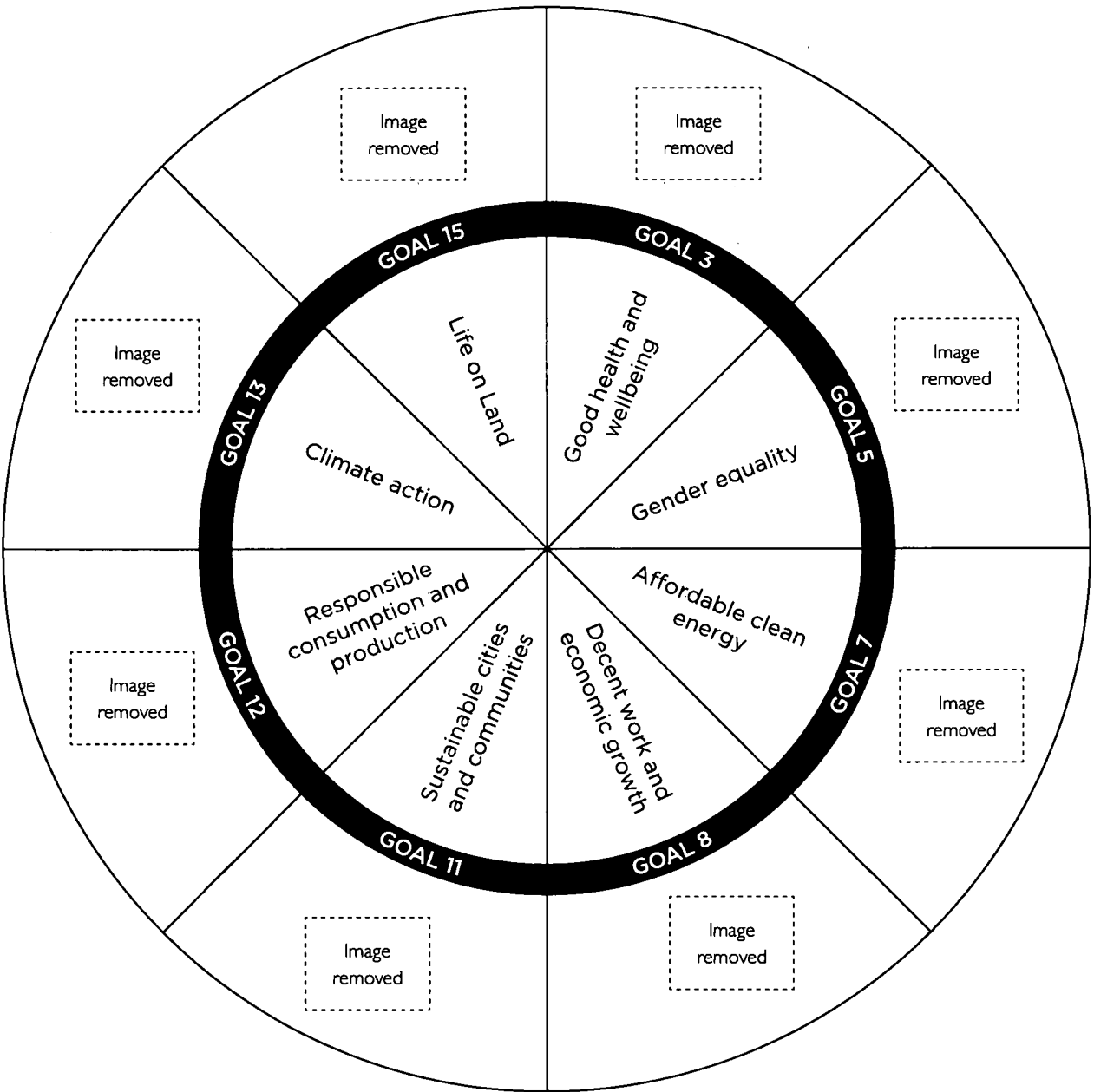


# Environmental, Social & Governance

## UN Sustainable Development Goals

In September 2015, all 193 Member States of the United Nations adopted a plan for achieving a better future for all — laying out a path to end extreme poverty, fight inequality and injustice, and protect our planet. At the heart of this plan are the 17 Sustainable Development Goals (SDGs) which define the world we want — applying to all nations and leaving no one behind.

In order to focus our efforts on those that are most material to our business and where we have the greatest ability to deliver meaningful positive impact, the ESG Committee has identified eight of these goals as being most relevant to us. The following table shows these eight goals and their related targets, which we can contribute towards as part of our ESG strategy, all of which is set out in detail in our ESG Report 2023.



## Environmental, Social & Governance

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# Environmental, Social & Governance

## Energy usage and carbon emissions

The Company is committed to year-on-year improvements in its operational energy-efficiency, which is closely tracked as shown by the data below. We look to achieve this by continually improving energy and carbon efficiency in our construction processes and our supply chains, and by ensuring our developments are built to be as energy-efficient as possible.

The table below includes a breakdown of the Company's Scope 1-3 emissions. Scope 1 emissions are the direct emissions that the Company produces, for example through running our own vehicles or construction machinery. Scope 2 and

3 emissions are indirect emissions produced as a consequence of the Company's activities, but occurring from sources not directly owned or controlled by Churchill, for example through our supply chain. These are calculated in line with the UK Government environmental reporting guidance 2019.

We achieved a strong reduction in Gas & LPG emissions during the year, as we consumed less of these carbon intensive energy sources, and moved towards the adoption of more electricity-based energy sources. Overall we have seen a small increase in carbon emissions and energy consumption during the

year, which is due to increased levels of operational activity across the Company.

The most important metric we focus on is our carbon intensity ratio, which is the amount of carbon dioxide equivalent (CO<sub>2</sub>e) we produce per £m of turnover. Unfortunately this figure increased during the year due to the reduction in turnover combined with the increase in operational activity referred to above. However, we remain committed to reducing this figure in the years ahead as we continue to adopt more sustainable ways of working and improve our carbon efficiency as a business.


UK Greenhouse gas emissions and energy use data for the period 1 July 2022 to 30 June 2023		2023	2022
Energy consumption used to calculate emissions (kWh)		5,618,221	5,381,235
Energy consumption break down (kWh):			
• Gas & LPG		184,234	275,824
• Grid-Supplied Electricity		1,826,046	1,854,243
• Transport		3,607,941	3,251,168
Scope 1 emissions in metric tonnes CO <sub>2</sub> e			
• Gas & LPG		37	53
• Transport		436	408*
Total Scope 1		474	461*
Scope 2 emissions in metric tonnes CO <sub>2</sub> e		379	363*
Scope 3 emissions in metric tonnes CO <sub>2</sub> e		382	343*
Total gross emissions in metric tonnes CO <sub>2</sub> e		1,234	1,167
Intensity ratio in metric tonnes CO <sub>2</sub> e per £m		7.08	5.83

Scope 1, 2 and 3 consumption and CO<sub>2</sub>e emissions data has been calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Business Council for Sustainable Development and World Resources Institute, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019a); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Government Emissions Factor Database 2023 version 1.1 has been used, utilising the published kWh gross calorific value (CV) and kgCO<sub>2</sub>e emissions factors relevant for reporting period 01/07/2022 – 30/06/2023.

Flycorp Aviation LLP and Careline Support Ltd is a joint venture that does not meet the SECR thresholds i.e., exceeds two of the three criteria, therefore has been excluded from this report. There are also a number of dormant subsidiaries which have been excluded, as they do not meet the SECR threshold and do not consume energy.

Due to delays incurred in sourcing consumption data from suppliers, a significant proportion of property energy data has been required to be estimated for this reporting year. Churchill Retirement Living Limited plans to restate 2022/23 values in the 2023/24 annual report once verifiable data has been made available by suppliers for the portfolio.

Carbon & Consumption	YOY change	Overall
<b>Gas</b> 184,234 kWh • 37.37 tCO <sub>2</sub> e	<b>-29.49% ↓</b>	<b>7.08 tCO<sub>2</sub>e per £m +21.44%</b> Carbon: YOY <b>+5.77%</b> Consumption: YOY <b>+4.40%</b> 
<b>Electricity</b> 1,826,046 kWh • 378.13 tCO <sub>2</sub> e	<b>+4.46% ↑</b>	
<b>Transport &amp; Plant</b> 3,607,941 kWh • 818.86 tCO <sub>2</sub> e	<b>+8.39% ↑</b>	

\*Restated

YOY = tCO<sub>2</sub>e year-on-year change

Metric = Turnover £m



## Environmental, Social & Governance

### Section 172 statement

The Companies (Miscellaneous Reporting) Regulations 2018 require Directors to explain how they have considered the interests of all stakeholders of the business and the broader matters set out in Section 172 (1) (A) to (F) of the Companies Act 2006 ('S172'). This includes considering the interests of other stakeholders which will have an impact on the long-term success of the Company.

This Statement explains how the Directors of Churchill Retirement Plc have fulfilled their duties under the S172 requirements for the year ended 30th June 2023 through:

- Engagement with Colleagues, suppliers, Customers, and other stakeholders of the business; and
- Maintaining regard for Colleagues' interests, the need to foster the Company's business relationships with its suppliers, sub-contractors, customers and other stakeholders and the part they all play in the success of the Company. All principal decisions taken by the Directors on behalf of the Group have had regard to these interests and have sought to balance them accordingly.

#### Decision making of the Board

When making decisions, each Director, and the Board collectively, ensures that they act in a way they consider to be in good faith, to promote the long-term success of the Company, in accordance with its strategy, for the benefit of its Colleagues, Customers, suppliers, and other stakeholders of the business. This is reflected in the Board minutes.

#### Colleagues

Engagement with Colleagues is of primary importance and the Directors ensure that they include them in key business updates, provide a forum for and listen to their feedback and concerns, and provide them with regular updates on the progress of the business. We are aware that there is a strong correlation between happy Colleagues and satisfied Customers,

and this is shown in the feedback received, the Group's HBF 5 Star rating and our inclusion in the official Sunday Times Best Places to Work list 2023. The Churchill Training Academy continues to offer our Colleagues best-in-class learning and development opportunities that support both career progression and the Company's future growth. Recent investment in Colleagues' personal development and wellbeing can be demonstrated by various new training programmes, including 'Managers' essentials coaching for success' course, which is being rolled out for all colleagues with management responsibilities and will serve to promote the success of individuals, teams, and the Company alike.

#### Meeting our Customers' needs

As part of the Sales & Marketing function and in conjunction with the Design team, regular Customer feedback and research is conducted to ensure that every detail of our retirement developments is specifically designed to meet the needs of our customers. As a result, Churchill's developments are built to a high standard with specifications designed around this insightful feedback and research. A review committee is in place to continually assess our offering, ensuring our customers' changing needs remain pivotal in everything we do. Our subsidiary, Careline Support continues to offer our customers post sale, with a dedicated helpline team available to assist them, 24 hours a day.

#### Suppliers and subcontractors

The Group has built and maintains strong relationships with a network of trusted suppliers and subcontractors across all its regions who can produce high quality outputs in line with the Group's requirements and specifications. This ensures high standards and efficiencies are consistently met and ensures value for money is being obtained, particularly in a period of high build cost inflation.

#### Financial stakeholders

The Directors are completely transparent with the Group's financial stakeholders and provide timely information to ensure investors and secured creditors alike are aware of the Group's performance and funding requirements to enable the business to operate at its full potential.

#### Environmental, Social and Governance

Churchill recognises the growing importance of and continues to incorporate social responsibility and promote sustainability throughout its processes, and as compatible with its strategy. This is governed by the Environmental, Social & Governance (ESG) Committee headed by Board Director, Gary Day. The Committee has continued to progress in identifying and measuring key ESG factors which are a priority to our business operations. The Company also recognises the importance of Colleague input specifically with ESG matters and has launched their 'Lean and Green Efficiency Bonus' as well as the appointment of 'ESG Champions' throughout all areas of the business.

#### Business conduct

The Churchill Group has built an industry-leading reputation as a high-quality, multi-award-winning business. Protecting and enhancing this reputation is extremely important. To maintain this, the Directors are continually focused on ensuring that the business delivers upon the Churchill brand and values and requires every Colleague to represent those values in a positive way, delivering a consistent high-quality product and service while meeting the needs of Churchill's stakeholders.

#### Acting fairly between business owners

The Company has just one class of voting share in issue and so all voting shareholders benefit from the same rights, as set out in the Company's articles of association.

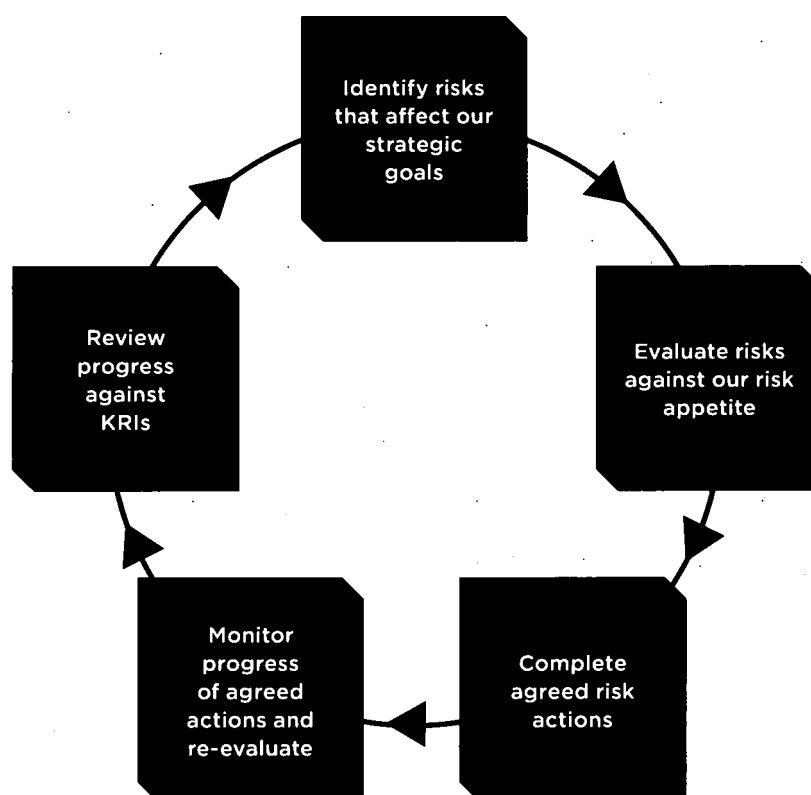
# Risk Management

## The Risk Management Process

Effective risk management is more than risk management policies and processes. The Board recognises the importance of a risk aware culture and that behaviours of its Colleagues and business partners will have an impact on the overall effectiveness of the risk management framework.

The overall risk management process and governance has not changed during the year. The process is set out in the risk management strategy to ensure consistency across the Group and is summarised below;

- **The Board is responsible for setting and monitoring the risk appetite for the Group when pursuing its strategic objectives.**
- **Management reviews these risks including emerging risks and are also responsible for ensuring that adequate mitigating actions are in place to reduce risks to within the Boards appetite.**
- **Management are responsible for monitoring key risk indicators ("KRI's"), which are designed to provide an alert to risks that are increased or not within appetite.**
- **Internal Audit is responsible for providing assurance on how effectively the risk management framework is designed and operating.**



Understanding all of our principle risks and uncertainties, and any changes in their likelihood or impact evaluation, is fundamental in setting and monitoring our strategic goals as well as assessing the longer term trends and outlook.

## Risk Management



Customer Satisfaction



Financial Performance and Growth



Colleague Satisfaction



Operational Excellence







Company Reputation




The PLC Board has assessed the risks which could affect the delivery of the strategic goals. The most significant risks are recorded below, together with the movement since last year and the mitigation in place.

RISK	IMPACT	MITIGATION	LEVEL
<b>Health &amp; Safety</b> 	<p>The Group works in inherently risky environments. H&amp;S failures could result in:</p> <ul style="list-style-type: none"> <li>• Injury or death to our Colleagues, Owners, contractors or the public;</li> <li>• Reputational damage</li> <li>• Imprisonment of Business Owners and or Colleagues</li> <li>• Financial damage relating to legal actions, fines, claims and project progression</li> </ul>	<p>H&amp;S is a key priority in everything that we do.</p> <p>In the year we have:</p> <ul style="list-style-type: none"> <li>• Continued to evolve our procedures to ensure legal compliance and best practice is maintained</li> <li>• Engaged with staff, contractors, Owners and other affected by our activities</li> <li>• Provided H&amp;S training and CPD to maintain competency standards</li> <li>• Engaged consultancy SSUK to provide regular construction site safety inspections</li> <li>• Entered into a Primary Fire Authority Partnership with West Sussex Fire and Rescue</li> <li>• Fire risk assessed all properties and ensured they maintain a high level of compliance</li> </ul>	<p>↔ High Risk</p>
<b>People &amp; Culture</b> 	<p>The Group recognises the importance of attracting, developing, motivating and retaining talented people, in the right roles.</p> <p>The loss of key senior management may result in the loss of knowledge in our niche market.</p>	<p>Colleague health and wellbeing remains a key priority. We have grown the number of Mental Health First Aiders across the group to 46 and remain committed to providing a health screening benefit for all Colleagues.</p> <p>In relation to retention, 133 (18%) of our 722 Colleagues (at year end) have long service awards of 10 years or more.</p> <p>79 (11%) of our Colleagues hold a Senior Management position. 29% of these roles are held by females.</p> <p>We promoted 35 Colleagues in the year (46% being female).</p> <p>Remuneration packages are benchmarked across the industry to ensure we stay competitive.</p> <p>Our training academy has been key in supporting ongoing development with 3,964 training days delivered in the year. In addition, 4,186 e-learning courses were completed.</p> <p>Colleague feedback is important. Our Chairman Q&amp;A sessions were particularly well received with several new initiatives being implemented.</p>	<p>↔ Medium Risk</p>

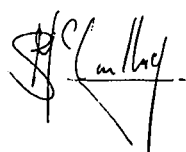
# Risk Management

RISK	IMPACT	MITIGATION	LEVEL
<b>Competition, Markets and Customers</b> 	<p>The economic outlook is uncertain. The UK has experienced rising costs of living, increased inflation and interest rates, which has slowed the wider housing market.</p> <p>This in turn impacts the housing chains and our ability to achieve our growth goals.</p> <p>With an aging population, our Customers remain needs driven but cautious.</p>	<p>We monitor the markets and Customer engagement levels very closely as we know that we operate in a cyclical market.</p> <p>Our strategy to mitigate the risks relating to this include maintaining a strong financial position and adapting our business activity in line with our market condition assessments.</p>	<p>→↔ High Risk</p>
<b>Government Policy, Political risks, Regulation &amp; Compliance</b> 	<p>The Group continues to be challenged with changing laws and regulations whilst protecting its brand, reputation and shareholder value.</p> <p>The planning system and local authority resourcing continue to impact the business.</p>	<p>Whilst we can't control changes in Government Policy or Regulations, our Communications Director, responsible for public affairs, and our Group Land, Design and Planning Director make representations to Government against any change which may adversely affect the business and the wider retirement sector.</p> <p>During the last year our workflow has been adversely impacted by the time it now takes to secure local planning consents. However, we have achieved a commendable 83% rate of appeal successes and will continue to utilise the appeal process to our best advantage.</p> <p>Our business model continues to focus on operations within England and Wales, which protects the Group from exposure to overseas regulatory changes.</p> <p>The Group undertakes internal regulatory compliance reviews and seeks to continually improve its processes.</p>	<p>→↔ High Risk</p>
<b>Brand Damage</b> 	<p>Dissatisfied Customers could have a significant impact on the Group's brand which may ultimately damage our reputation.</p>	<p>We operate several internal quality handover processes plus an independent run survey scheme with all Owners. Results show over 97% would recommend us, giving us the maximum NHBC 5 Star Rating for the 9th year in succession.</p> <p>All feedback, including complaints and those which are not related to build quality concerns, are analysed by our Feedback Supervisor and scrutinised by the Board so that relevant action can be taken.</p>	<p>→↔ Medium Risk</p>
<b>Financial Control and Availability of Funding</b> 	<p>Should funding not be available it could result in the failure of the business or an entity within it, the inability to achieve the planned margins or fund our growth plans.</p>	<p>A banking facility with covenants is in place and closely monitored.</p> <p>Cashflow and scenario planning is in place.</p>	<p>→↔ Low Risk</p>

## Risk Management

RISK	IMPACT	MITIGATION	LEVEL
<b>IT Systems, Data &amp; Cyber Security and Business Continuity</b> 	<p>As the Group relies upon IT systems the risks relating to their use increases.</p> <p>Globally, businesses are seeing more complex cyber-attacks.</p>	<p>Investment into more modern ways of working and security around this has been the focus for the year.</p> <p>The Incident Management Plan has been updated.</p>	<p>↔↔ High Risk</p>
<b>Development Cycle &amp; Supply Chain Disruption</b> 	<p>Impact the Group's ability to meet its growth strategy by;</p> <ul style="list-style-type: none"> <li>• not securing viable land deals in the right locations</li> <li>• planning delays or refusals</li> <li>• lack of material supply or available trades, causing delaying or extending construction periods and</li> <li>• decreased sales rates</li> </ul>	<p>The Group's Approvals Committee, comprising of the Executive Directors, ensures that the company's development criteria are adhered to, and authorises the allocation of capital through the key stages of the land and development process.</p> <p>The Group has a clear land policy and internal controls to minimise associated purchase risks. Planning applications are handled by our in-house specialist town planning consultancy, (Planning Issues Ltd), which has extensive experience and expertise in addressing the issues that arise when seeking planning consents for our developments.</p> <p>Material supply chains are regularly assessed.</p> <p>National subcontractor contracts help secure required skills at the right time.</p> <p>Build costs and programmes are closely monitored.</p> <p>Sales and marketing KPI's are closely monitored to assess confidence in the market and our products.</p>	<p>↔↔ High Risk</p>
<b>Corporate, Social Responsibility, Environment and Sustainability</b> 	<p>Insufficient focus on our Environmental, Social and Governance (ESG) responsibilities may hinder the Group's ability to fulfil legal requirements, gain planning permission, and may not meet the sustainability demands of our Customers and other stakeholders.</p>	<p>In the year, our ESG Committee developed and published our first annual ESG Report.</p> <p>The Committee has established dedicated working groups that are focused on specific opportunities for performance improvement and Colleagues have volunteered to be ESG Champions, to help raise the importance and benefits of our corporate social responsibilities throughout our business units.</p> <p>The Board has also adopted the UN Sustainable Development Goals (SDG), where relevant to our business, and developed a Net Zero "Roadmap".</p>	<p>↔↔ Low Risk</p>

The Strategic Report was approved by the Board on 14 December 2023 and signed on its behalf by:



Spencer J McCarthy  
Chairman & Chief Executive Officer

## Board of Directors

# Executive

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**Spencer J McCarthy**  
**Chairman and Chief Executive**  
**Officer - Aged 57**

Date of appointment to the board:  
Co-founded the Company in 1994

Spencer has been in the retirement sector all his working life, boasting over 36 years' experience. Having co-founded the Company with his brother, Clinton, Spencer is responsible for the strategy and growth of the business with specific responsibility for land, planning, design, marketing and sales.

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**Clinton J McCarthy**  
**Managing Director - Aged 59**

Date of appointment to the board:  
Co-founded the Company in 1994

Clinton has spent most of his life in the construction sector and, having co-founded the Company, has over 28 years' experience in the retirement sector. Clinton takes specific responsibility for construction, plant services and Customer services.

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**Dean Marlow FCCA**  
**Chief Financial Officer - Aged 52**

Date of appointment to the board:  
1 October 2003

Dean joined the Company in 2000 having qualified as a Certified Chartered Accountant with Smith & Williamson. He was appointed to the Board in 2003. As well as leading all debt raising to support the Group's growth, Dean is responsible for all financial reporting, budgetary control, information & communication technology and human resources.

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**Martin Young**  
**Chief Operating Officer - Aged 69**

Date of appointment to the board:  
31 July 2015

Martin has worked in the retirement sector since 1980 and ran his own retirement building business for 16 years. He joined CRL in 2013 as a Regional Managing Director, before his promotion to the Board as Chief Operating Officer, overseeing regional activity.

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**Gary Day**  
**Land, Design and Planning Director**  
**- Aged 64**

Date of appointment to the board:  
4 May 2021

Gary has a wealth of experience and expertise in the retirement housing sector. Prior to joining the Company in May 2021, he spent over 32 years working at McCarthy Stone, the last 20 of which as Group Land and Planning Director.

## Board of Directors

## Non-Executive



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**John S McCarthy FCI0B, MBE**  
**Non-Executive (Investor) Director**  
**- Aged 83**

Date of appointment to the board:  
 1 July 2004

John retired from McCarthy & Stone (the company he co-founded in 1963) in 2004 and, in the same year, was appointed as a Non-Executive Director of the Company. Over his 54 year career in the building industry, John has received many business accolades, including an MBE for his contribution to the elderly.



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**Bill Oliver**  
**Non-Executive Deputy Chairman -**  
**Aged 67**

Date of appointment to the board:  
 1 December 2016

Bill has over 35 years of housebuilding experience. A qualified Chartered Accountant, he held roles at Barratt Developments, Alfred McAlpine, The Rutland Group and Dwyer Estates, before joining St Modwen as Finance Director in 2000. Bill retired from St Modwen in 2016 after 13 years as Chief Executive and 17 years on its Board.



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**Harry Harrison**  
**Non-Executive Director - Aged 75**

Date of appointment to the board:  
 1 January 2004

Harry joined McCarthy & Stone in 1972 and became a Plc Director. In 1992 Harry formed his own property consultancy and has provided advice to CRL over many years. He was elected a Non-Executive Director in 2004.



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**Simon Boadle**  
**Non-Executive Director - Aged 65**

Date of appointment to the board:  
 3 January 2017

Simon Boadle has been a corporate finance adviser for over 35 years, and is currently a Senior Adviser to Stonehage Fleming, the international multi-family office adviser. Previously he was a Partner with PwC Corporate Finance and a Director with NatWest Markets. He has extensive experience of mergers and acquisitions, restructurings, IPOs and capital raisings, both in the UK and internationally.





**CHURCHILL RETIREMENT PLC****Report and consolidated financial statements for the year ended 30 June 2023**

Country of incorporation of parent company	England and Wales	
Legal form	Public limited company	
Directors	S J McCarthy (Chairman and Chief Executive Officer) C J McCarthy (Managing Director) D Marlow (Chief Financial Officer) M A Young (Chief Operations Officer) G N Day (Land Design and Planning Director) J S McCarthy (Non Executive Director) R M Harrison (Non Executive Director) W A Oliver (Non Executive Director) S H Boadle (Non Executive Director)	
Secretary and registered office	R S Small Churchill House Parkside Ringwood Hampshire England BH24 3SG	
Company number	07428858	
Auditor	KPMG LLP Gateway House Tollgate Chandlers Ford SO53 3TG	
Banker	HSBC Bank plc Pall Mall London SW1Y 5EZ	
Solicitors	Moore Barlow LLP Gateway House Tollgate Chandlers Ford SO53 3TG	Linklaters LLP One Silk Street London EC2Y 8HQ

# CHURCHILL RETIREMENT PLC

## Directors' report for the year ended 30 June 2023

The Directors present their report and audited consolidated financial statements of Churchill Retirement Plc 'the Group' for the year ended 30 June 2023.

### PRINCIPAL ACTIVITIES

The principal activities of the Group and its subsidiaries are that of designing, constructing and selling one and two bedroom retirement apartments and their associated freehold reversionary interests, planning consultancy, the collection of ground rents on freehold investment properties and estate management.

### RESULTS REVIEW

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs).

The Group has made a profit from operations of £25.8 million for the year to 30 June 2023 (2022 - £39.0 million). Profit from operations includes the disposal of freehold reversionary interests that generated profit before taxation of £3.7million (2022 - £Nil).

### GOING CONCERN

The Group meets its day to day working capital requirements through cash in hand and a £130 million revolving credit facility (detailed in note 18). The current 5-year facility was renewed in November 2022.

The Group operates a range of forecasts covering the 12 months from the date of signing these financial statements (the "going concern assessment period") to include both an expanding and a contracting market. We monitor information regarding enquiries, visits and reservations on a regular basis as part of our normal operating procedures. A fall in these indicators would inform us that mitigating actions may be required.

Our assumptions for the contracting market forecast are based on previous recessions and reflects the Directors' view of the potential worst-case impact on unit sales as a result of a potential recession, taking into account their view on changes in interest rates and the impact on consumer spending. During such times, we have tried, tested and controllable mitigating actions we are able to take such as delaying land purchases and construction starts to manage cashflow, as well as reducing head count and non-critical expenditure. As part of our forecasting for the contracting market noted above, we have modelled a number of these mitigating actions, along with agreed amendments to the terms of our Tracker Shares and revolving credit facility interest cover covenant. This forecast shows the Group has the liquidity to continue to operate throughout the going concern assessment period and comply with all covenants relating to the revolving credit facility.

On the basis of these reviews, the Directors consider it is appropriate for the Group and Parent Company to continue to adopt the going concern basis in preparing its financial statements.

### FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk, interest rate risk, and price risk. The Group does not use derivative financial instruments to manage its financial risk, and as such no hedge accounting is applied.

#### • Liquidity risk

The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations.

#### • Interest rate risk

The Group has interest bearing liabilities, which exposes the Group to interest rate risk. Given the size and nature of the Group's operations, the Directors regard such risk to not have any adverse implications on the financial statements.

#### • Price risk

The Group is exposed to price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group has no exposure to equity securities price risk as it holds no listed or other equity investments. Price risk is discussed further in the UK Market Opportunity section of the Strategic Report.

### DIVIDEND

During the year a dividend of £NIL per share was declared (2022 - £45.83).

### COLLEAGUES

Our people give us our competitive advantage. To maintain that advantage, our People Strategy aims to develop a committed and flexible workforce that want to learn new skills, take on new tasks and are able to do so. To support this the Group has structured its Human Resources team with a focus on human resource business partnering and providing expertise in the HR cornerstones of reward and recognition, learning and development, managerial capability, communication and recruitment and talent and therefore we are well placed to continually improve our team here at Churchill and provide them with a place they want to work.

All Colleagues participate in an annual bonus scheme, with targets linked to performance of their particular responsibilities or business unit. The bonus is first linked to achieving budgeted profits, which keeps all Colleagues focused on our financial targets.

The Group promotes equal opportunities and treatment throughout all its Companies by applying procedures and practices as set out in our equal opportunities policy covering disabled people, which does not discriminate and which provides equality and opportunity for all job applicants and Colleagues. The Group will not discriminate in opportunities for recruitment, training, promotion and transfer of employees. Employees will be given recruitment and selection training on

## CHURCHILL RETIREMENT PLC

### Directors' report for the year ended 30 June 2023 (continued)

the application of the policy relating to their responsibilities.

#### DIRECTORS

The following Directors have held office since 1 July 2022 and up to the date of signing the financial statements:

**S J McCarthy**  
**C J McCarthy**  
**D Marlow**  
**M A Young**  
**G N Day**  
**J S McCarthy**  
**R M Harrison**  
**W A Oliver**  
**S H Boadle**

The Group purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

The following Company Secretary has held office since 1 July 2022 and up to the date of signing the financial statements:

**R S Small**

#### POLITICAL DONATIONS

During the financial year the Group made political donations of £Nil (2022 - £Nil).

#### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, STRATEGIC REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted

international accounting standards;

- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

#### OTHER INFORMATION

Details of significant events after the balance sheet date are included in note 28.

#### DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

#### INDEPENDENT AUDITOR

The auditor, KPMG LLP have indicated their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting.



On behalf of the Board  
**C J McCarthy**  
 Director

14 December 2023

## Independent auditor's report to Members of Churchill Retirement Plc

### OPINION

We have audited the financial statements of Churchill Retirement PLC ("the Company") for the year ended 30 June 2023, which comprise the consolidated statement of profit or loss and other comprehensive income, the consolidated and company statements of financial position, the consolidated statement of cash flows, the consolidated and company statements of changes in equity and related notes, including the accounting policies in note 1.

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 30 June 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### GOING CONCERN

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time

they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

### FRAUD AND BREACHES OF LAWS AND REGULATIONS - ABILITY TO DETECT

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management/ directors
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressure to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries,
- the risk of bias in accounting estimates and judgements.
- the risk that revenue from the sale of retirement apartments is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks. We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash entries made to unexpected accounts.
- Assessing significant accounting estimates for bias.
- Testing a sample of revenue transactions recognised around year-end.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

## Independent auditor's report to Members of Churchill Retirement Plc (continued)

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, GDPR compliance, numerous design requirements and building regulations and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## STRATEGIC REPORT AND DIRECTORS' REPORT

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required 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; or

We have nothing to report in these respects.

## DIRECTORS' RESPONSIBILITIES

As explained more fully in their statement set out on page 48, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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.

**Caroline Griffiths (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
Gateway House,  
Tollgate,  
Chandlers Ford,  
SO53 3TG

15 December 2023

## CHURCHILL RETIREMENT PLC

### Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2023

	<i>Notes</i>	Year ended 30 June 2023 £,000	Year ended 30 June 2022 £,000
Revenue	4	174,312	200,140
Cost of sales		(109,507)	(127,370)
<b>Gross profit</b>		<b>64,805</b>	<b>72,770</b>
Other operating income	5	203	167
Administrative expenses		(39,200)	(33,934)
<b>Profit from operations</b>	6	<b>25,808</b>	<b>39,003</b>
Finance expense	8	(8,077)	(4,373)
Finance income	8	11	19
<b>Profit before taxation</b>		<b>17,742</b>	<b>34,649</b>
Tax on profit	9	(5,103)	(7,685)
<b>PROFIT FOR THE YEAR AFTER TAXATION</b>		<b>12,639</b>	<b>26,964</b>
<b>Profit for the year after taxation attributable to:</b>			
Owners of the parent		12,673	27,091
Non-controlling interest		(34)	(127)
		<b>12,639</b>	<b>26,964</b>

## CHURCHILL RETIREMENT PLC

## Consolidated statement of financial position as at 30 June 2023

	Notes	30 June 2023 £,000	30 June 2022 £,000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	19,749	20,786
Investment property and freehold reversionary interests	12	7,107	7,508
Trade and other receivables	16	8,313	8,443
<b>Total non-current assets</b>		<b>35,169</b>	<b>36,737</b>
<b>Current assets</b>			
Inventories	14	337,814	283,814
Held-for-sale investment property	15	390	390
Trade and other receivables	16	19,923	27,250
Corporation tax receivable		614	2,607
Cash and cash equivalents	27	21,882	21,335
<b>Total current assets</b>		<b>380,623</b>	<b>335,396</b>
<b>TOTAL ASSETS</b>		<b>415,792</b>	<b>372,133</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	35,703	42,042
Loans and borrowings	18	1,367	53,201
<b>Total current liabilities</b>		<b>37,070</b>	<b>95,243</b>
<b>Non-current liabilities</b>			
Loans and borrowings	18	147,334	58,693
Provisions	19	782	633
Deferred tax liability	20	2,012	1,873
<b>Total non-current liabilities</b>		<b>150,128</b>	<b>61,199</b>
<b>TOTAL LIABILITIES</b>		<b>187,198</b>	<b>156,442</b>
<b>NET ASSETS</b>		<b>228,594</b>	<b>215,691</b>
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	21	539	537
Share Premium Account	23	801	839
Share based payment reserve	22	2,100	1,800
Capital redemption reserve	23	2,000	2,000
Retained earnings		222,640	209,967
		<b>228,080</b>	<b>215,143</b>
<b>Non-controlling interest</b>		<b>514</b>	<b>548</b>
<b>TOTAL EQUITY</b>		<b>228,594</b>	<b>215,691</b>

The financial statements on pages 51 to 82 were approved and authorised for issue by the Board of Directors on 14 December 2023 and were signed on its behalf by:



**Dean Marlow**  
Chief Financial Officer

Registered number: 07428858

The notes on pages 55 to 82 form part of these financial statements.

## CHURCHILL RETIREMENT PLC

### Consolidated statement of cash flows for the year ended 30 June 2023

	Notes	Year ended 30 June 2023 £,000	Year ended 30 June 2022 £,000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year		12,639	26,964
Adjustments for:			
Depreciation of property, plant and equipment	11	2,537	2,305
Share based payment charge	22	300	300
Finance income	8	(11)	(19)
Finance expense	8	8,077	4,373
Gain on sale of property, plant and equipment		(346)	(125)
Income tax expense	9	5,103	7,685
Decrease/(increase) in trade and other receivables		7,417	(14,564)
(Increase)/decrease in inventories		(54,000)	15,047
Increase/(decrease) in trade and other payables		8,821	(2,446)
Increase/(decrease) in provisions		150	(157)
<b>Cash (used in)/generated from operations</b>		<b>(9,313)</b>	<b>39,363</b>
Income taxes paid		(2,972)	(10,932)
Interest received		11	19
Interest paid		(4,150)	(2,127)
<b>Net cash flows from operating activities carried forward</b>		<b>(16,424)</b>	<b>26,323</b>
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(232)	(2,010)
Sale of property, plant and equipment		1,815	174
<b>Net cash flows from investing activities</b>		<b>1,583</b>	<b>(1,836)</b>
<b>FINANCIAL ACTIVITIES</b>			
Issue of share capital		3	15
Purchase of own shares		(71)	-
Proceeds/(repayment) of bank borrowings		35,352	(21,715)
Capital repayments of lease liabilities		(1,673)	(1,551)
Repayment of preference shares		-	(2,000)
Dividends paid to the shareholders of the Parent Company		(18,223)	(2,622)
<b>Net cash used in financing activities</b>		<b>15,388</b>	<b>(27,873)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>547</b>	<b>(3,386)</b>
Cash and cash equivalents at beginning of year		21,335	24,721
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	27	<b>21,882</b>	<b>21,335</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE</b>			
Cash at bank and in hand		21,882	21,335
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>21,882</b>	<b>21,335</b>



## CHURCHILL RETIREMENT PLC

## Consolidated statement of changes in equity for the year ended 30 June 2023

	Notes	Share capital £,000	Share premium account £,000	Share based payment reserve £,000	Capital redemption reserve £,000	Retained earnings £,000	Total attributable to equity holders of parent £,000	Non- controlling interest £,000	Total equity £,000
<b>1 July 2022</b>		<b>537</b>	<b>839</b>	<b>1,800</b>	<b>2,000</b>	<b>209,967</b>	<b>215,143</b>	<b>548</b>	<b>215,691</b>
<b>Comprehensive Income for the year</b>									
Profit for the year		-	-	-	-	12,673	12,673	(34)	12,639
<b>Total comprehensive Income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,673</b>	<b>12,673</b>	<b>(34)</b>	<b>12,639</b>
<b>Contributions by and distributions to owners</b>									
Issue of share capital	21	3	32	-	-	-	35	-	35
Purchase of own shares	21	(1)	(70)	-	-	-	(71)	-	(71)
Redemption of preference shares	18	-	-	-	-	-	-	-	-
Share based payment charge	22	-	-	300	-	-	300	-	300
<b>Total contributions by and distributions to owners</b>		<b>2</b>	<b>(38)</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>264</b>	<b>-</b>	<b>264</b>
<b>30 JUNE 2023</b>		<b>539</b>	<b>801</b>	<b>2,100</b>	<b>2,000</b>	<b>222,640</b>	<b>228,080</b>	<b>514</b>	<b>228,594</b>
<b>1 July 2021</b>		<b>522</b>	<b>-</b>	<b>1,500</b>	<b>-</b>	<b>207,791</b>	<b>209,813</b>	<b>675</b>	<b>210,488</b>
<b>Comprehensive Income for the year</b>									
Profit for the year		-	-	-	-	27,091	27,091	(127)	26,964
<b>Total comprehensive Income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,091</b>	<b>27,091</b>	<b>(127)</b>	<b>26,964</b>
<b>Contributions by and distributions to owners</b>									
Dividends	10	-	-	-	-	(22,915)	(22,915)	-	(22,915)
Issue of share capital	21	15	839	-	-	-	854	-	854
Redemption of preference shares	18	-	-	-	2,000	(2,000)	-	-	-
Share based payment charge	22	-	-	300	-	-	300	-	300
<b>Total contributions by and distributions to owners</b>		<b>15</b>	<b>839</b>	<b>300</b>	<b>2,000</b>	<b>(24,915)</b>	<b>(21,761)</b>	<b>-</b>	<b>(21,761)</b>
<b>30 JUNE 2022</b>		<b>537</b>	<b>839</b>	<b>1,800</b>	<b>2,000</b>	<b>209,967</b>	<b>215,143</b>	<b>548</b>	<b>215,691</b>

The notes on pages 55 to 82 form part of these financial statements.

# CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023

## 1 ACCOUNTING POLICIES

### BASIS OF PREPARATION

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to the year presented, unless otherwise stated.

The consolidated financial statements are presented in Sterling, which is also the Group's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

The Group financial statements have been prepared and approved by the directors in accordance with UK-adopted international accounting standards ("UK-adopted IFRS").

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

### GOING CONCERN

The Group meets its day to day working capital requirements through cash in hand and a £130 million revolving credit facility (detailed in note 18). The current 5-year facility was renewed in November 2022.

The Group operates a range of forecasts covering the 12 months from the date of signing these financial statements (the "going concern assessment period") to include both an expanding and a contracting market. We monitor information regarding enquiries, visits and reservations on a regular basis as part of our normal operating procedures. A fall in these indicators would inform us that mitigating actions may be required.

Our assumptions for the contracting market forecast are based on previous recessions and reflects the Directors' view of the potential worst-case impact on unit sales as a result of a potential recession, taking into account their view on changes in interest rates and the impact on consumer spending. During such times, we have tried, tested and controllable mitigating actions we are able to take such as delaying land purchases and construction starts to manage cashflow, as well as reducing head count and non-critical expenditure. As part of our forecasting for the contracting market noted above, we have modelled a number of these mitigating actions, along with agreed amendments to the terms of our Tracker Shares and revolving credit facility interest cover covenant. This forecast shows the Group has the liquidity to continue to operate throughout the going concern assessment period and comply with all covenants relating to the revolving credit facility.

On the basis of these reviews, the Directors consider it is appropriate for the Group and Parent Company to continue to adopt the going concern basis in preparing its financial statements.

### BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on an historical cost basis, except for the following items (refer to individual accounting policies for details):

- Investment property

### ALTERNATIVE PERFORMANCE MEASURES ('APMS')

Within the Annual Report, the Directors have adopted various APMs. These measures are not defined by IFRS. The Directors are of the opinion that the separate presentation of these items provides helpful information about the Group's underlying business performance.

The APMs that the Group has used are as follows:

- Return of capital employed ('ROCE')

ROCE is a measure used to ensure efficient and effective use of capital and is a key metric in determining the performance of the Group. ROCE is also a comparable metric used by our peer housebuilder group.

Reconciliations between the statutory results and ROCE are calculated in the glossary of terms on page 91

### REVENUE

Revenue comprises a number of elements. The Group's principal revenue stream is from the sale of residential properties. Properties are treated as sold and profits are recognised at the point control of the unit is passed to the Customer, which has been determined as the point of legal completion. The sale of associated freehold reversionary interests is recognised upon the legal transfer to another party. Turnover in relation to estate management represents the value of administration services (net of discounts) and excluding value added tax provided during the financial year. The administration services fee is recognised evenly over the contractual period. Ground rental income on investment properties (including freehold reversionary interests retained on the balance sheet), that is

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 *(continued)*

### 1 ACCOUNTING POLICIES (CONTINUED)

earned but not necessarily invoiced to clients during the financial year is also recognised in revenue net of discounts and excluding value added tax, with a corresponding amount being recorded in the balance sheet under prepayments and accrued income. Part exchange deals are completed through third parties and therefore not accounted for in the Group's balance sheet.

#### BASIS OF CONSOLIDATION

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- the size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- substantive potential voting rights held by the Company and by other parties;
- other contractual arrangements; and
- historic patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

#### NON-CONTROLLING INTERESTS

The Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

#### FINANCIAL ASSETS

The Group classifies its financial assets as loans and receivables. The Group has not classified any of its financial assets as held to maturity, available for sale, or fair value through profit or loss.

The Group's accounting policy is as follows:

##### LOANS AND RECEIVABLES

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to Customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less allowances for expected credit losses, using the simplified approach under IFRS 9.

Expected credit loss allowances are based on an individual assessment of each receivable, which is informed by past experience, and are recognised at amounts equal to the losses expected to result from all possible default events over the expected life of the financial asset. The Group also performs analysis on a case-by-case basis for particular trade receivables based on historic activity or irregular payment patterns.

The Group's financial assets comprise trade and other receivables, and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities in the consolidated statement of financial position.

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 1 ACCOUNTING POLICIES (*CONTINUED*)

#### FINANCIAL LIABILITIES

The Group classifies its financial liabilities as other financial liabilities, there are none classified as fair value through profit or loss.

Other financial liabilities include the following items:

- Bank borrowings and the Group's preference shares are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

#### SHARE CAPITAL

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

#### SHARE-BASED PAYMENTS

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share based payments are set out in note 22.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

#### DEFINED CONTRIBUTION SCHEMES

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

#### LEASED ASSETS

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### RIGHT OF USE ASSETS

At the lease commencement date a right of use asset is measured at cost comprising the following: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs; and restoration costs to return the asset to its original condition.

The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

#### LEASE LIABILITIES

Lease liabilities are initially measured at their present value which amounts to the minimum lease payments, discounted using the interest rate implicit in the lease. If that rate cannot be determined, the company's incremental borrowing rate of 2.81% is used.

Each lease payment is allocated between the principal and finance cost. The finance cost is charged to the Income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period.

The company has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and those leases of low-value assets. Payments associated with short-term leases and leases of low-value assets are recognised on a straight line basis as an expense in the Income statement.

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 1 ACCOUNTING POLICIES (*CONTINUED*)

#### DIVIDENDS

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Dividends on the preference shares, which are classified as a financial liability, are treated as finance costs and are recognised on an accruals basis when an obligation exists at the reporting date.

#### INVESTMENT PROPERTY

Investment properties are measured initially at cost, including related transaction costs. After initial recognition at cost, investment properties are accounted for in accordance with IAS 40 Investment Property and are held at fair value. Any surplus or deficit on revaluation is recognised in the Income Statement. The annual valuations are based upon estimates and subjective judgements that may vary from the actual values and sales prices that may be realised by the Group upon ultimate disposal.

The critical assumptions made relating to valuations have been disclosed in note 12 and note 3 to the financial statements. Properties are treated as acquired at the point when the Group assumes the significant risks and returns of ownership and as disposed of when these are transferred to the buyer. This generally occurs on unconditional exchange or on completion, particularly if this is expected to occur significantly after exchange or the Group has significant outstanding obligations between exchange and completion. Additions to investment properties consist of costs of a capital nature and certain internal staff and associated costs directly attributable to the management of major schemes during the construction phase.

Rent receivable is recognised on a straight-line basis over the period of the lease.

#### TAXATION

Income tax is recognised or provided at amounts expected to be recovered or to be paid using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

In respect of deferred tax assets arising from investment property measured at fair value, the presumption that recovery will be through sale rather than use has not been rebutted.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group Company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 1 ACCOUNTING POLICIES (*CONTINUED*)

#### PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold buildings	-	2% per annum straight line
Leasehold improvements	-	Over the length of the lease
Plant and machinery	-	3%-25% per annum straight line
Fixtures and fittings	-	20% per annum straight line
Motor vehicles	-	25% per annum reducing balance
Right of Use Assets	-	Over the length of the lease

#### INVENTORIES

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. On initial purchase of a site the cost of land is split between various types of properties the company intends to develop such as investment properties and stock.

#### NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification

Non-current assets are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs of disposal.

Following their classification as held for sale, non-current assets are not depreciated.

#### PROVISIONS

The Group has recognised provisions for liabilities of uncertain timing or amount for warranty claims. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Estimates and judgements*

- Fair value measurement

The fair value measurement of the Group's investment property utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data)

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

- Land held for development and work in progress

The Group holds inventories which are stated at the lower of cost and net realisable value. To assess the net realisable value of these inventories, the Group maintains a financial appraisal for each development that includes the expected revenues and costs based on current market conditions, to ensure that revenues exceed costs. The Company has very strict guidelines over the required margins that must be achieved when contracts are exchanged on a site that mitigates the revenues falling below costs; therefore all inventories are stated at cost.

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 3 FINANCIAL INSTRUMENTS - CAPITAL MANAGEMENT AND RISK MANAGEMENT

The Group is exposed through its operations to the following financial risks:

- Housing market risk
- Interest rate risk
- Credit risk
- Liquidity risk
- Fair value of investment properties
- Legislative risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

#### (I) PRINCIPAL FINANCIAL INSTRUMENTS

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Bank overdrafts
- Floating-rate bank loans
- Preference shares

#### (II) FINANCIAL INSTRUMENTS BY CATEGORY

		Loans and receivables	
	Notes	2023 £,000	2022 £,000
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	27	21,882	21,335
Trade and other receivables excluding prepayments	16	25,240	29,651
<b>TOTAL FINANCIAL ASSETS</b>		<b>47,122</b>	<b>50,986</b>

		Financial liabilities at amortised cost	
	Notes	2023 £,000	2022 £,000
<b>FINANCIAL LIABILITIES</b>			
Trade and other payables	17	35,703	42,042
Loans and borrowings	18	148,701	111,894
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>184,404</b>	<b>153,936</b>



## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 3 FINANCIAL INSTRUMENTS - CAPITAL MANAGEMENT AND RISK MANAGEMENT (*CONTINUED*)

#### (III) OTHER FINANCIAL INSTRUMENTS

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates to their fair value.

#### GENERAL OBJECTIVES, POLICIES AND PROCESSES

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular reports from the Group Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's internal auditor also reviews the risk management policies and processes and reports their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

##### **Capital Management**

The Group finances its operations by a combination of shareholders' funds, working capital and, where appropriate, borrowings. The Group's objective when managing capital is to maintain an appropriate capital structure in the business to allow management to focus on creating sustainable long-term value for its shareholders, with flexibility to take advantage of opportunities as they arise in the short and medium-term. This allows the Group to take advantage of prevailing market conditions by investing in land opportunistically and work in progress at the right point in the cycle, and deliver returns to shareholders through dividends.

The Group monitors capital levels principally by monitoring net cash/debt levels, cash flow forecasts and return on average capital employed. The Group considers capital employed to be net assets adjusted for net cash/debt.

Capital employed at 30 June 2023 was £339.7 million (2022: £290.8 million).

The Group's financial instruments comprise financial assets being trade receivables and cash and cash equivalents and financial liabilities being bank loans, trade payables, deposits and on account contract receipts, lease liabilities and accruals and deferred income. Cash and cash equivalents and borrowings are the principal financial instruments used to finance the business. The other financial instruments highlighted arise in the ordinary course of business.

##### **Housing market risk management**

The Group's activities expose it primarily to macroeconomic risks such as deflation and the cyclical nature of UK property prices. A deterioration in the economic outlook could have a significant impact on the Group's financial performance and the Group has the following procedures which mitigate its market related operational risk:

- The Group closely monitors industry indicators and assesses the potential impact of different economic scenarios
- The Group undertakes a weekly review of sales enquiries, visits and reservations to highlight any market trends
- All decisions on investing in a new site purchase are made with the approval of Main Board Directors and each site must meet the minimum operating profit hurdle rate
- The Group aims to maintain a wide geographic spread of developments to ensure it is not reliant on any localised markets

##### **Interest rate risk management**

Interest rate risk reflects the Group's exposure to fluctuations in interest rates in the market. The risk arises because the Group's revolving credit facility is subject to floating rates based on SONIA (2022: SONIA). The low level of interest rates throughout the year has meant no mitigating action has had to be taken to limit the exposure to interest rate risk.

If interest rates on the Group's debt balances had increased by 2.5% throughout the year ended 30 June 2023, based on the average debt balances throughout the year there would not be a material impact to the statement of profit and loss.

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 3 FINANCIAL INSTRUMENTS - CAPITAL MANAGEMENT AND RISK MANAGEMENT (*CONTINUED*)

#### *Credit risk management*

Credit risk is the risk of financial loss to the Group if a Customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group has a low exposure to credit risk due to the nature and legal framework of the UK housing market. As stated in the Group's accounting policy for revenue recognition, a sale is only recognised upon legal completion and this is accompanied by full cash receipt in virtually all cases.

In certain circumstances the Group offers sales incentives resulting in a long term debt being recognised under which the Group will receive a proportion of the resale proceeds of an apartment. The Group's equity share is protected by a registered entry on the title and usually represents the first interest in the property.

Trade receivables consist of a large number of Customers, spread across different regions and ongoing credit evaluation is performed on the financial condition of trade receivables.

The Group does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. There is no material concentration of credit risk in respect of one individual Customer.

The carrying amount recorded for financial assets in the financial statements is net of impairment losses and represents the Group's maximum exposure to credit risk.

#### *Liquidity risk*

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Board reviews rolling 12-month cash flow projections on a regular basis as well as information regarding cash balances to ensure it has the cash to meet its short term liabilities. The principal risk with these cash flows relates to achieving the level of sales volumes and prices in line with these projections.

The following are the contractual maturities of the financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest, contractual interest and exclude the effect of netting agreements:

FINANCIAL LIABILITIES	Carrying amount £,000	Contractual cash flows £,000	Due within 1 year £,000	Due between 1 to 2 years £,000	Due over 2 years £,000
Trade and other payables	35,703	35,703	35,703	-	-
Secured revolving credit facility	87,352	118,088	6,147	6,147	105,794
Lease liabilities	3,318	3,601	1,296	987	1,318
Sale and Leaseback	1,025	1,195	261	261	673
Tracker shares	57,006	69,125	4,040	4,040	61,045
<b>AT 30 JUNE 2023</b>	<b>184,404</b>	<b>227,712</b>	<b>47,447</b>	<b>11,435</b>	<b>168,830</b>

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 3 FINANCIAL INSTRUMENTS - CAPITAL MANAGEMENT AND RISK MANAGEMENT (*CONTINUED*)

#### *Fair value of investment properties and freehold reversionary interests*

The following table provides an analysis of assets that are measured subsequent to initial recognition at fair value. The grouping into Levels 1 to 3 is based on the degree to which their fair value is observable:

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data)

The assets held by the Group that are measured at fair value are investment properties and freehold reversionary interests. The fair value adjustments through profit and loss (FVTPL) use methods associated with Level 3.

	Level 1 £,000	Level 2 £,000	Level 3 £,000	Total £,000
<b>INVESTMENT PROPERTIES AND FREEHOLD REVERSIONARY INTERESTS</b>				
2022	-	-	7,508	7,508
<b>2023</b>	-	-	<b>7,107</b>	<b>7,107</b>

There were no transfers between Levels 1, 2 or 3 in the year.

The Group's investment property consists of apartments and commercial property the same as those which it sells in the normal course of business.

The Directors estimate the fair value of the investment property and freehold reversionary interest portfolio on the following basis:

- The Group recognises the apartments and commercial property based on average sales value achieved on similar properties taking into account the location.
- The Group recognises the freehold reversionary interest (FRI) as an inherent part of the purchase of any development site. The Group bifurcates, on land acquisition, the purchase cost of each site between freehold reversionary interest in the course of construction and stock based on a ratio of estimated sales value and freehold reversionary interest value at the time of the purchase. The amount relating to a development site is subsequently transferred to freehold reversionary interests on the legal transfer to a third party and is valued by the Directors as a multiple of the ground rents which is considered to represent fair value.

The difference between the values and the carrying values of the asset is recorded against the carrying value of the assets and recognized directly in the Consolidated Statement of Comprehensive Income.

The following tables represent the changes in Level 3 assets for the year ended 30 June 2023 and 2022.

	2023 £,000	2022 £,000
<b>INVESTMENT PROPERTIES AND FREEHOLD REVERSIONARY INTERESTS</b>		
Opening balance	7,508	7,508
Disposals	(401)	-
<b>CLOSING BALANCE</b>	<b>7,107</b>	<b>7,508</b>

The sensitivities that would impact on the fair value of investment properties would be new build premium and house price inflation. Any considered change in this assumption would not be material to the value in the accounts. The change required in these assumptions which would result in a material impact to the financial statements is considered to be highly unlikely.

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 4 REVENUE

All revenue is derived from activities within the United Kingdom.

	Year ended 30 June 2023 £,000	Year ended 30 June 2022 £,000
Sale of retirement apartments	159,519	189,957
Sale of land	5,105	5,230
Sale of freehold reversionary interests	4,221	-
Estate management	4,133	3,090
Rental income	346	513
Other	988	1,350
	<b>174,312</b>	<b>200,140</b>

### 5 OTHER OPERATING INCOME

Other operating income mainly comprised miscellaneous rebates and local authority grants. Since this is not considered to be part of the main revenue generating activities, the Group presents this income separately from revenue.

	Year ended 30 June 2023 £,000	Year ended 30 June 2022 £,000
Other	203	167
	<b>203</b>	<b>167</b>

### 6 PROFIT FROM OPERATIONS

	Year ended 30 June 2023 £,000	Year ended 30 June 2022 £,000
<b>Profit from operations is stated after charging/(crediting):</b>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	1,045	1,130
Leased	1,492	1,175
Profit on sale of fixed assets	(346)	(125)
Hire of other assets – operating leases	384	391
Cost of inventories recognised as an expense	94,114	112,161
<b>Auditor's remuneration:</b>		
Fees payable to the Company's current auditor for the audit of the Parent Company	19	17
Fees payable to the Company's current auditor for the audit of the consolidated financial statements	119	108
	<b>138</b>	<b>125</b>

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 7 EMPLOYEE NUMBERS AND BENEFIT EXPENSES

	Year ended 30 June 2023 Number	Year ended 30 June 2022 Number
<b>Numbers by activity:</b>		
Land, planning and design	65	67
Commercial and construction	104	121
Sales and Customer services	156	122
Estate management	310	321
Office and administration support	85	68
	<b>720</b>	<b>699</b>

Included in the estate management figures above are 243 (2022: 270) Lodge Managers who are employed by the Group, however 100% of the costs of these Lodge Managers are recharged to the developments that the Group manages, and are therefore not included in the costs below.

The aggregate payroll costs for the Group are as follows:

	Year ended 30 June 2023 £,000	Year ended 30 June 2022 £,000
<b>Employee benefit expenses (including Directors) comprise:</b>		
Wages and salaries	29,309	25,393
Defined contribution pension cost	1,510	957
Social security contributions and similar taxes	3,690	3,188
Share based payment charge	300	300
	<b>34,809</b>	<b>29,838</b>

### KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

	Year ended 30 June 2023 £,000	Year ended 30 June 2022 £,000
Salary including benefits in kind	7,400	6,560
Defined contribution pension scheme costs	152	137
Share based payment charge	284	284
	<b>7,836</b>	<b>6,981</b>

### DIRECTORS' REMUNERATION

	Year ended 30 June 2023 £,000	Year ended 30 June 2022 £,000
Salary including benefits in kind	4,352	3,818
Share based payment charge	284	284
	<b>4,636</b>	<b>4,102</b>

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 7 EMPLOYEE NUMBERS AND BENEFIT EXPENSES (*CONTINUED*)

#### HIGHEST PAID DIRECTOR

	Year ended 30 June 2023 £,000	Year ended 30 June 2022 £,000
Salary including benefits in kind	1,559	1,202
	<b>1,559</b>	<b>1,202</b>

### 8 FINANCE INCOME AND EXPENSE

	Year ended 30 June 2023 £,000	Year ended 30 June 2022 £,000
<b>Finance income</b>		
<b>OTHER INTEREST RECEIVED</b>	<b>11</b>	<b>19</b>
<b>Finance expense</b>		
Bank loans	4,066	2,053
Tracker shares including redemption premium	3,079	1,835
Lease interest	193	104
Other interest	739	381
<b>TOTAL FINANCE EXPENSE</b>	<b>8,077</b>	<b>4,373</b>

### 9 TAX EXPENSE

	Year ended 30 June 2023 £,000	Year ended 30 June 2022 £,000
<b>Current tax expense</b>		
Current tax expense on profit for the year	4,963	6,894
Adjustment for over provision in prior periods	1	(204)
<b>Total current tax</b>	<b>4,964</b>	<b>6,690</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	111	964
Adjustment in respect of previous periods	28	31
<b>Total deferred tax (note 20)</b>	<b>139</b>	<b>995</b>
<b>TOTAL TAX</b>	<b>5,103</b>	<b>7,685</b>

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 9 TAX EXPENSE (*CONTINUED*)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year/period are as follows:

	Year ended 30 June 2023 £,000	Year ended 30 June 2022 £,000
Profit on ordinary activities before taxation	17,742	34,649
Tax charge at a hybrid UK corporation tax rate of 20.5% (2022 – 19%)	3,637	6,583
Expenses not deductible for tax purposes	685	480
Changes in UK tax rate	-	450
Residential Property Developers Tax (RPDT)	105	-
Share based payment charge	62	57
Adjustments in respect of preference share interest	631	349
Adjustments in respect of contaminated land relief	(46)	(61)
Adjustment for under provision in previous periods	29	(173)
<b>TOTAL TAX EXPENSE</b>	<b>5,103</b>	<b>7,685</b>

#### *Changes in tax rates and factors affecting the future tax charge*

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021 which will increase the Company's future current tax charge accordingly. Deferred tax has been calculated at 25%, reflecting the expected timing of reversal of the related temporary differences (2022: 25%).

### 10 DIVIDENDS

	Year ended 30 June 2023 £,000	Year ended 30 June 2022 £,000
<b>DIVIDEND OF £NIL (2022 - £45.83) PER ORDINARY SHARE DECLARED DURING THE YEAR</b>	-	<b>22,915</b>

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 11 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £,000	Plant machinery and motor vehicles £,000	Fixtures and fittings £,000	Leasehold improvements £,000	Total £,000
<b>Cost or valuation</b>					
<b>At 1 July 2021</b>	<b>13,093</b>	<b>14,737</b>	<b>4,617</b>	<b>708</b>	<b>33,155</b>
Additions	83	4,541	195	79	4,898
Disposals	-	(499)	-	-	(499)
<b>AT 30 JUNE 2022</b>	<b>13,176</b>	<b>18,779</b>	<b>4,812</b>	<b>787</b>	<b>37,554</b>
Additions	619	1,589	349	10	2,567
Disposals	(1,300)	(1,197)	-	-	(2,497)
<b>AT 30 JUNE 2023</b>	<b>12,495</b>	<b>19,171</b>	<b>5,161</b>	<b>797</b>	<b>37,624</b>
<b>Accumulated depreciation</b>					
<b>At 1 July 2021</b>	<b>2,528</b>	<b>8,341</b>	<b>3,982</b>	<b>63</b>	<b>14,914</b>
Depreciation	387	1,614	289	15	2,305
Disposals	-	(451)	-	-	(451)
<b>AT 30 JUNE 2022</b>	<b>2,915</b>	<b>9,504</b>	<b>4,271</b>	<b>78</b>	<b>16,768</b>
Depreciation	359	1,897	265	16	2,537
Disposals	(315)	(1,115)	-	-	(1,430)
<b>AT 30 JUNE 2023</b>	<b>2,959</b>	<b>10,286</b>	<b>4,536</b>	<b>94</b>	<b>17,875</b>
<b>Net book value</b>					
<b>AT 30 JUNE 2022</b>	<b>10,261</b>	<b>9,275</b>	<b>541</b>	<b>709</b>	<b>20,786</b>
<b>AT 30 JUNE 2023</b>	<b>9,536</b>	<b>8,885</b>	<b>625</b>	<b>703</b>	<b>19,749</b>

The net carrying amount of property, plant and equipment includes the following amounts recognised as a Right-of-Use asset:

	2023 £,000	2022 £,000
Plant, machinery and motor vehicles	3,170	4,025
Land and buildings	560	52
	<b>3,730</b>	<b>4,077</b>



**CHURCHILL RETIREMENT PLC**Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)**12 INVESTMENT PROPERTY AND FREEHOLD REVERSIONARY INTERESTS**

	Freehold reversionary interests receivable £,000	Lodge manager apartments £,000	Commercial property £,000	Total £,000
<b>At 1 July 2021</b>	<b>351</b>	<b>6,810</b>	<b>347</b>	<b>7,508</b>
<b>AT 30 JUNE 2022</b>	<b>351</b>	<b>6,810</b>	<b>347</b>	<b>7,508</b>
Disposals	-	(318)	(83)	(401)
<b>AT 30 JUNE 2023</b>	<b>351</b>	<b>6,492</b>	<b>264</b>	<b>7,107</b>

**(I) OPERATING LEASE ARRANGEMENTS**

Refer to note 24 for details of operating leases related to investment properties.

**(II) ITEMS OF INCOME AND EXPENSE**

During the year £346,496 (2022 - £512,808) was recognised in the consolidated statement of comprehensive income in relation to rental income from the investment properties. There were no direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income in the current or previous periods. There were no direct operating expenses, including repairs and maintenance, arising from investment property that did not generate rental income during the current or previous periods.

**(III) RESTRICTIONS AND OBLIGATIONS**

At 30 June 2023 and 30 June 2022 there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. There are currently no obligations to construct or develop the existing investment properties. At 30 June 2023 and 30 June 2022 there were no contractual obligations to purchase investment property.

**VALUATION PROCESS**

Further information on the valuation techniques used to value investment property is disclosed in note 3.

The valuation of Lodge Manager's apartments and commercial property at 30 June 2023 has been carried out in accordance with The Royal Institution of Chartered Surveyors' ("RICS") Appraisal and Valuation Standards (the "Red Book"), Seventh Edition, by the Directors. The valuations have been prepared in accordance with the Red Book on the basis of market value.

All valuation of investment property is considered to be the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value of freehold reversionary interests receivable at 30 June 2023 has been completed by the Directors and is based on a multiple of ground rent.

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 13 INVESTMENTS

#### SUBSIDIARIES

The subsidiaries of Churchill Retirement Plc, all of which have been included in these consolidated financial statements, are as follows:

Subsidiary undertaking	Registered office	Class	Share held %
<b>Direct Holdings</b>			
Churchill Retirement (Group) Limited	*	Ordinary £1	100
<b>Indirect Holdings</b>			
Churchill Retirement Living Limited**	*	Ordinary £1	100
Churchill Estates Management Limited**	*	Ordinary £1	100
Planning Issues Limited**	*	Ordinary £1	100
McCarthy Investments Limited**	*	Ordinary £1	100
Careline Support Limited**	*	Ordinary £1	100
Emlor Property No.28 Limited**	*	Ordinary £1	100
Churchill Sales & Lettings Limited	*	Ordinary £1	100
Churchill Affordable Living Limited	*	Ordinary £1	100
Churchill Retirement Management Limited	*	Ordinary £1	100
Churchill Retirement Rentals Limited	*	Ordinary £1	100
Emlor Homes Limited	*	Ordinary £1	100
Emlor Limited	*	Ordinary £1	100
Emlor Property No.3 Limited	*	Ordinary £1	100
Emlor Property No.10 Limited	*	Ordinary £1	100
Churchill Property Holdings (No.17) Limited (Formerly Emlor Property No.17 Limited)**	*	Ordinary £1	100
Churchill Property Holdings (No.26) Limited (Formerly Emlor Property No.19 Limited)	*	Ordinary £1	100
Emlor Property No.20 Limited	*	Ordinary £1	100
Emlor Property No.22 Limited	*	Ordinary £1	100
Emlor Property No.23 Limited	*	Ordinary £1	100
Emlor Property No.24 Limited	*	Ordinary £1	100
Emlor Property No.25 Limited	*	Ordinary £1	100
Emlor Property No.26 Limited	*	Ordinary £1	100
Emlor Property No.27 Limited	*	Ordinary £1	100
Lifetime Living Limited	*	Ordinary £1	100
McCarthy Retirement Homes Limited	*	Ordinary £1	100
McCarthy Retirement Limited	*	Ordinary £1	100
McCarthy Retirement Living Limited	*	Ordinary £1	100
McCarthy & McCarthy Limited	*	Ordinary £1	100
Millstream Management Services Limited	*	Ordinary £1	100
Nursery Care (Shirley) Limited	*	Ordinary £1	100
Retirement Living Limited	*	Ordinary £1	100
Flycorp Aviation LLP**	*	Partnership assets	62.8

All the above companies are dormant with the exception of:

- Churchill Retirement (Group) Limited, an intermediate holding company;
- Churchill Retirement Living Limited, which develops and sells sheltered housing;
- Churchill Estates Management Limited, which provides estate management services;
- Planning Issues Limited, which provides planning consultancy;
- McCarthy Investments Limited, which is a property investment company;
- Flycorp Aviation LLP, which provides an aeroplane for chartering;
- Emlor Property No.28 Limited, which buys and sells land;
- Careline Support Limited; Which provides 24 Hour emergency support to retirement housing residents; and
- Churchill Property Holdings (No.17) Limited, which buys and sells land.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

- \* The registered office is the same as the registered office of the ultimate parent undertaking as disclosed at the front of these accounts.
- \*\* Exempt from audit by virtue of S479A of the Companies Act 2006.

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 14 INVENTORIES

	2023 £,000	2022 £,000
Land for development	73,136	43,690
Sites in the course of construction	79,967	60,152
Finished stock	184,711	179,972
	<b>337,814</b>	<b>283,814</b>

During the year following an operational review, it was concluded that a number of sites would no longer be progressed and therefore land and planning costs incurred to date had no value. As a result, included in the above inventory figure is an impairment totalling £2,249,625.

### 15 HELD-FOR-SALE INVESTMENT PROPERTY

	2023 £,000	2022 £,000
At 1 July	<b>390</b>	<b>390</b>
<b>AT 30 JUNE</b>	<b>390</b>	<b>390</b>

### 16 TRADE AND OTHER RECEIVABLES

	2023 £,000	2022 £,000
Trade receivables - net	17,342	23,559
Other receivables	7,898	6,092
<b>Total financial assets other than cash and cash equivalents classified as loans and receivables</b>	<b>25,240</b>	<b>29,651</b>
Prepayments and accrued income	2,996	6,042
<b>Total trade and other receivables</b>	<b>28,236</b>	<b>35,693</b>
Less: amount due after one year	(8,313)	(8,443)
<b>AMOUNT DUE WITHIN ONE YEAR</b>	<b>19,923</b>	<b>27,250</b>

The carrying value of trade and other receivables classified as loans and receivables approximates to fair value.

Trade and other receivables due after one year relate to a deferred payment plan scheme which is offered as an incentive to Customers. The Group has a legal charge on the properties to which these loans relate.

### 17 TRADE AND OTHER PAYABLES

	2023 £,000	2022 £,000
Trade payables	13,204	4,650
Other payables	10,724	27,420
Other accruals and deferred income	10,593	8,687
Other payables - tax and social security payments	1,182	1,285
<b>TOTAL TRADE AND OTHER PAYABLES</b>	<b>35,703</b>	<b>42,042</b>

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates to fair value.

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 18 LOANS AND BORROWINGS

The book value of loans and borrowings are as follows:

	2023 £,000	2022 £,000
<b>Non-Current</b>		
Bank loans - secured	87,352	-
Preference shares	57,006	56,327
Lease liabilities ( <i>note 24</i> )	2,146	2,366
Sale and leaseback	830	-
	<b>147,334</b>	<b>58,693</b>
<b>Current</b>		
Bank loans - secured	-	52,000
Lease liabilities ( <i>note 24</i> )	1,172	1,201
Sale and leaseback	195	-
	<b>1,367</b>	<b>53,201</b>
<b>TOTAL LOANS AND BORROWINGS</b>	<b>148,701</b>	<b>111,894</b>

The book value of loans and borrowings measured at amortised cost approximates to fair value.

All of the Group's borrowings are denominated in sterling.

Total debt issue costs of £1,148,333 (2022: £NIL) are offset against the bank loan balance and are amortised over the life of the loan.

#### BANK BORROWINGS

At 30 June 2023 the Group had in place a new £130m revolving credit facility, having signed the agreement in November 2022 covering a 5 year period with a maturity date of November 2027.

Security was held by HSBC Corporate Trustee Company (UK) Limited for the bank loan facility and overdrafts by way of fixed and floating charges over the assets of Churchill Retirement Plc, Churchill Retirement (Group) Limited, Churchill Retirement Living Limited and Planning Issues Limited and McCarthy Investments Limited.

Terms of the facility including financial covenants were consistent with the previous facility of which the Group remained in full compliance with throughout the year.

The new and previous and revolving credit facilities bear interest of 2.45% and 2.1% above SONIA respectively.

During the year the effective interest applied was 2.29% above SONIA (2022 - 2.1 above SONIA).

The maturity of the Group's loan position at the end of the year was as follows:

	Floating rate £,000
<b>2023</b>	
Expiry within 1 year	-
Expiry within 1 and 2 years	-
Expiry in more than 2 years	87,352
<b>TOTAL</b>	<b>87,352</b>
<b>2022</b>	
Expiry within 1 year	52,000
Expiry within 1 and 2 years	-
Expiry in more than 2 years	-
<b>Total</b>	<b>52,000</b>

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 18 LOANS AND BORROWINGS (*CONTINUED*)

#### TRACKER SHARES

	2023 No. Thousands	2022 No. Thousands	2023 £,000	2022 £,000
<b>Group - allotted and fully paid</b>				
5% redeemable preference shares of £1 each	-	-	-	-
A1 tracker shares of £0.9995 each	44,400	44,400	44,378	44,378
A2 tracker shares of £0.0005 each	44,400	44,400	22	22
	<b>88,800</b>	<b>88,800</b>	<b>44,400</b>	<b>44,400</b>

During the prior year 2,000,000 redeemable preference shares of £1 each were redeemed.

	2023 £,000	2022 £,000
Nominal value at 30 June	44,400	44,400
Interest accrued	12,606	11,927
<b>BOOK VALUE AT 30 JUNE</b>	<b>57,006</b>	<b>56,327</b>

### 19 PROVISIONS

	Warranty provision	
	2023 £,000	2022 £,000
<b>At 1 July</b>	<b>633</b>	<b>790</b>
Charged to profit or loss	953	905
Utilised in year	(1,100)	(1,156)
Released in year	296	94
<b>AT 30 JUNE</b>	<b>782</b>	<b>633</b>

Warranty provisions reflect the expected value of future costs that will be incurred in relation to the three year warranty provided on all apartment completions. The full provision on each apartment is expected to be 1% of total cost per apartment, this estimate is based on our experience of costs incurred in previous periods. Any unutilised provision is released at the end of the three year period.

Within the warranty provision above, in addition to the maintenance provision, is £272,700 (2022 - £Nil) for future costs to meet our obligations relating to changes in health and safety legislation.

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 20 DEFERRED TAX

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021 which will increase the Company's future current tax charge accordingly. Deferred tax has been calculated at 25%, reflecting the expected timing of reversal of the related temporary differences (2022: 25%).

The movement on the deferred tax account is as shown below:

	2023 £,000	2022 £,000
<b>At 1 July</b>	<b>1,873</b>	<b>878</b>
Recognised in profit and loss		
Tax expense/(credit)	139	995
<b>AT 30 JUNE</b>	<b>2,012</b>	<b>1,873</b>

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities during the year are shown below.

Details of the deferred tax liability and amounts recognised in profit or loss are as follows:

	Assets 2023 £,000	Liability 2023 £,000	Net 2023 £,000	(Charged)/credited to profit or loss 2023 £,000
Accelerated capital allowances	191	(997)	(806)	(102)
Revaluations	-	(1,206)	(1,206)	(37)
<b>NET TAX ASSET/(LIABILITIES)</b>	<b>191</b>	<b>(2,203)</b>	<b>(2,012)</b>	<b>(139)</b>

	Assets 2022 £,000	Liability 2022 £,000	Net 2022 £,000	(Charged)/credited to profit or loss 2022 £,000
Accelerated capital allowances	230	(934)	(704)	(720)
Revaluations	-	(1,169)	(1,169)	(275)
<b>NET TAX ASSET/(LIABILITIES)</b>	<b>230</b>	<b>(2,103)</b>	<b>(1,873)</b>	<b>(995)</b>

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 21 SHARE CAPITAL

			Authorised	
	2023 Number Thousands	2023 £,000	2022 Number Thousands	2022 £,000
Ordinary shares of £1 each	500	500	500	500
Growth shares of £1 each	39	39	37	37
	<b>539</b>	<b>539</b>	<b>537</b>	<b>537</b>

			Issued and fully paid	
	2023 Number Thousands	2023 £,000	2022 Number Thousands	2022 £,000
Ordinary shares of £1 each	500	500	500	500
Growth shares of £1 each	39	39	37	37
	<b>539</b>	<b>539</b>	<b>537</b>	<b>537</b>

Details of Preference shares are disclosed in note 18.

### RIGHTS ATTACHING TO SHARES

For definitions of terms referred to in this note, refer to the Articles of Association.

### INCOME

The profits of the Company in respect of any financial year shall be applied:

- (i) first, in paying to the holders of the A1 Tracker Shares a preferential dividend per annum equal to:
  - (A) in respect of all periods up to and including 30 June 2022, 0.0235117547.
  - (B) in respect of the period that commenced on 1 July 2022 and expiring on 30 June 2023, 0.02851426; and
  - (C) in respect of all periods on or after 1 July 2023, 0.03351676.
- (ii) second, in paying to the holders of the A2 Tracker Shares a preferential dividend of such amount per annum as is equal to (X \* 2,000) of the capital paid up on them (including any premium) (where: X = such percentage as shall be equal to 0.50% below the Base Rate for Tracker Shares provided that:
  - (A) if and for so long as the Base Rate for Tracker Shares is equal to or less than 0.50%, X = 0.00%; and
  - (B) if and for so long as the Base Rate for Tracker Shares is more than 4.00%, X = 3.50%), to be paid half yearly on 1 June and 1 December each year and on redemption of any such shares.
- (iii) third, in paying to the holders of the Ordinary Shares such dividend as the Directors shall determine.
- (v) fourth, in paying to the holders of the Growth Shares such dividend as the Directors shall determine but subject to written consent of holders of 75% or more of the total number of Ordinary Shares in issue.

### CAPITAL

On a return of capital, the assets of the Company remaining after the payment of its liabilities shall be applied:

- (a) first, in paying to:
  - (i) the holders of the A1 Tracker Shares the par value of such shares together with any arrears, deficiency or accruals of dividends on such shares or any debts arising in respect of the same.

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 21 SHARE CAPITAL (*CONTINUED*)

- (ii) the holders of the A2 Tracker Shares such amount as shall be equal to:
  - a. the par value of such shares.
  - b. a premium amounting to the aggregate of 10% of such amount as shall be equal to 2,000 multiplied by the par value of such shares; and
  - c. additional interest at the rate of:
    - (1) 2% per annum accruing on a daily basis commencing 30 November 2012 and expiring on 30 November 2017; and
    - (2) 1.50% per annum accruing on a daily basis commencing 1 December 2017, such interest being payable on such amount as shall be equal to 2,000 multiplied by the par value of such shares, together with any arrears, deficiency, or accruals of dividends on such shares or any debts arising in respect of the same.
- (b) second, in paying to the holders of the Ordinary Shares, from the balance of the assets remaining after the payment of its liabilities and making the payments referred to at (a) and (b) above (the "Relevant Return of Capital Balance") an amount equal to the lowest hurdle amount, as determined by the holders of 75% or more of the Ordinary Shares in issue, in proportion to the number of Ordinary Shares held by each Ordinary Shareholder;
- (c) third, in paying to the holders of the Growth Shares, in proportion to the number of Growth Shares held by each Growth Shareholder, the value attributable to the respective classes of Growth Shares (in each case as a class) in respect of the return of capital by applying the formula:  $N$  divided by 55,555, multiplied by  $V$ , multiplied by 10%, where  $N$  = the number of Growth Shares in issue immediately prior to the date of the return of capital, and  $V$  = the Relevant Return of Capital Balance less the relevant Growth Share hurdle amount except that  $V$  shall not be less than zero;
- (d) fourth, in paying to the Ordinary Shareholders an amount equal to the balance of such assets in proportion to the number of Ordinary Shares held by each Ordinary Shareholder until an amount equal to £100 million in respect of each Ordinary Share in issue has been distributed.
- (e) fifth, in paying an amount equal to the balance of such assets amongst the holders of the Deferred Shares in proportion to the number of Deferred Shares held by each Deferred Shareholder.
- (f) sixth, in paying to the Ordinary Shareholders an amount equal to the balance of such assets in proportion to the number of Ordinary Shares held by each Ordinary Shareholder.

#### VOTING

Neither the A1 and A2 Tracker Shares nor the Growth Shares have any rights to receive notice of or to be present and speak at any general meeting of the Company or any voting rights. The Ordinary Shares confer voting rights.

#### REDEMPTION

- (a) A holder or holders of:
  - (i) an A1 Tracker Share or A2 Tracker Share shall have the option to redeem all or any of the A1 Tracker Shares or A2 Tracker Shares held by it or them on, or at any time:
    - (A) after;
      - (1) an IPO; or
      - (2) a Sale Date; or
    - (B) at any time during the period commencing on 1 July 2023 and expiring on 31 December 2023 subject to a maximum number of 10,000,000 A1 Tracker Shares and 10,000,000 A2 Tracker Shares\*.
    - (C) at any time during the period commencing on 1 July 2024 and expiring on 31 December 2024 subject to a maximum number of 12,200,000 A1 Tracker Shares and 12,200,000 A2 Tracker Shares; and
    - (D) at any time after 30 June 2025 subject to a maximum number of 22,200,000 A1 Tracker Shares and 22,200,000 A2 Tracker Shares
  - (ii) a Growth Share shall have the option to redeem all, or any Growth Shares held by it or them on, or after, an IPO.



## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 21 SHARE CAPITAL (CONTINUED)

- (b) Tracker Shares and Growth Shares shall be redeemed on payment of the par value of such shares being redeemed together with all arrears, deficiency, or accrual of dividends in respect of such shares or any debts arising in respect of the same, except that A2 Tracker Shares shall be redeemed upon payment of the following additional amounts:
- (i) a premium amounting to the aggregate of 10% of such amount as shall be equal to 2,000 multiplied by the par value of the A2 Tracker Shares being redeemed; and
  - (ii) additional interest at a rate of:
    - (1) 2% per annum accruing on a daily basis commencing 30 November 2012 and expiring on 30 November 2017; and
    - (2) 1.5% per annum accruing on a daily basis commencing 1 December 2017, such interest being payable on such amount as shall be equal to 2,000 multiplied by the par value of the A2 Tracker Shares being redeemed.
- (c) the Company shall have the option, exercisable at any time, to redeem any or all of the A Tracker Shares in tranches of not less than the lesser of:
- (i) £100,000 par value provided that, in the case of the redemption of A Tracker Shares, the same number of A2 Tracker Shares as A1 Tracker Shares are redeemed (and vice versa); and
  - (ii) the aggregate nominal amount of all the A Tracker Shares being redeemed in issue, upon payment of the redemption amount referred to in (b).
- (d) the Company shall have the option, exercisable on or at any time after an IPO, to redeem any or all of the Growth Shares upon payment of the amount that the holders of the Growth Shares would be entitled to receive on a Sale.

\*In April 2023 the Company agreed with the holders of the tracker shares that the redemption date would be extended to beyond 30 June 2024.

#### SALE

On a Sale, without prejudice to the rights of the holders of the Tracker Shares to redeem their shares, each selling shareholder of the Company shall share in the Exit Value (which is determined by the Directors of the Company) as follows:

- (a) if the Exit Value is less than or equal to the lowest Growth Share hurdle amount, the whole of the Exit Value shall be paid to the Ordinary Shareholders;
- (b) if the Exit Value is more than the lowest Growth Share hurdle amount, the Exit Value shall be applied:
  - (i) first, paying to those selling shareholders who are Ordinary Shareholders an amount equal to the lowest Growth Share hurdle amount.
  - (ii) second, paying to those selling shareholders who are Growth Shareholders a value attributable to the Growth Shares in respect of a Sale by applying the formula:  $N \text{ divided by } 55,555, \text{ multiplied by } V, \text{ multiplied by } 10\%$  where  $N$  = the number of Growth Shares in issue immediately prior to the date of such Sale (such aggregate number not exceeding 55,555) and  $V$  = the balance of the Exit Value less the hurdle amount except that  $V$  shall not be less than zero; and
  - (iii) third, paying to those selling shareholders who are Ordinary shareholders an amount equal to the balance of the Exit Value.

#### CONVERSION

- (a) Without prejudice to the rights of the holders of the Tracker Shares to redeem their shares in accordance with the articles of association of the Company:
  - (i) each Growth shareholder shall have the option to convert all of the Growth Shares held by him or her immediately before but conditional on completion of an IPO; and
  - (ii) the Company shall have the option to convert all of the Growth Shares held by a Growth shareholder immediately before but conditional on completion of an IPO.
- (b) Growth Shares to which such options relate shall convert into such number of Ordinary Shares on the date of completion of the IPO as shall, at the Realisation Price (being the value of the Ordinary Share immediately prior to an IPO determined by reference to the price at which Ordinary Shares are sold, placed or marketed under the IPO, as determined by the Directors of the Company, acting reasonably and in good faith and with the advice of financial advisors), be equal to the Exit Value as if there was a Sale on the date of completion of the IPO.
- (c) Unless otherwise determined by the Board, if a Growth Shareholder becomes a Growth Share Leaver, all of the Growth Shares held by such Growth Shareholder will automatically convert into Deferred Shares on the basis of one Deferred Share for each Growth Share held.
- (d) Upon the bankruptcy of a member holding Growth Shares, all of the Growth Shares held by such member will automatically convert into Deferred Shares on the basis of one Deferred Share for each Growth Share held.

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 22 SHARE-BASED PAYMENTS

The Group has operated a growth share scheme since June 2016, where 22,867 shares were originally issued and an additional 14,350 issued in the year ended 30 June 2022.

During the year a further 3,525 growth shares were issued and 1,200 repurchased by the company with a total of 39,542 remaining in place at 30 June 2023.

Under the scheme the Group issues growth shares which will be converted to ordinary shares of the Company at the end of their contractual life which is the time of an exit event such as an IPO or sale, subject to the ordinary share price performance compared to a pre-determined hurdle rate of £250 million.

Rights attracting to the growth shares are detailed in note 21.

The shares issued in the current and prior year were granted at the respective fair values and therefore not subject to a share based payment charge.

The scheme valued the original growth shares using the Black-Sholes option pricing model at the grant dates with the following assumptions:

	24 June 2016
Share value at grant date (total £million)	370
Hurdle rate (total £million)	250
Number of shares in issue	22,867
Time to forecasted maturity (years)	11
Expected volatility (%)	20%
Risk free rate (%)	0.5%

The expected volatility has been determined based on the movement in share price of other similar listed companies. A discount has been applied to take account of the fact that shares only have a value if the Company reaches an exit event. The expected total value of the shares at the grant date was £3,300,000.

The Group recognised an expense of 300,000 (2022: £300,000) related to equity-settled share based payments. The cumulative value of the expense recognised at the year end is £2,100,000 (2022: 1,800,000).

### 23 RESERVES

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Represents the nominal value of shares issued
Share Premium Account	Account subscribed for share capital in excess of nominal value
Share based payment reserve	Represents the share based payment on growth shares from the date of share issue
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere
Capital redemption reserve	Amounts transferred from share capital on redemption of shares

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)**24 LEASES****As a lessee**

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 11):

<b>Right of Use Assets</b>	Land and Buildings £,000	Plant, machinery and motor vehicles £,000	Total £,000
Valuation at 1 July 2022	52	4,025	4,077
Additions	617	493	1,110
Depreciation	(109)	(1,348)	(1,457)
Derecognition of ROU assets	-	-	-
<b>Net book value at 30 June 2023</b>	<b>560</b>	<b>3,170</b>	<b>3,730</b>

<b>Lease liabilities</b>	Land and Buildings £,000	Plant, machinery and motor vehicles £,000	Total £,000
Valuation at 1 July 2022	53	3,514	3,567
Additions	617	493	1,110
Payments	(132)	(1,388)	(1,520)
Interest	45	116	161
<b>Lease liability at 30 June 2023</b>	<b>583</b>	<b>2,735</b>	<b>3,318</b>

The Group has elected not to recognise a lease liability for short term leases and therefore the associated payments have been expensed on a straight-line basis.

The following amounts have been recognised in profit or loss for which the Group is a lessee:

	2023 £,000	2022 £,000
Short-term leases	384	391
Interest expense on lease liabilities	161	104
Depreciation of right-of-use assets	1,457	1,175
	<b>2,002</b>	<b>1,670</b>

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 24 LEASES (CONTINUED)

Future lease payments are due as follows:

	Lease payments £,000	Interest £,000	Present value £,000
<b>2023</b>			
Less than one year	1,296	(124)	1,172
One to two years	987	(78)	909
Two to three years	696	(46)	650
Three to four years	402	(21)	381
Four to five years	110	(10)	100
More than five years	110	(4)	106
	<b>3,601</b>	<b>(283)</b>	<b>3,318</b>
<b>2022</b>			
Less than one year	1,309	(108)	1,201
One to two years	1,037	(70)	967
Two to three years	727	(38)	689
Three to four years	486	(17)	469
Four to five years	245	(4)	241
	<b>3,804</b>	<b>(237)</b>	<b>3,567</b>

#### As a lessor

##### Operating lease

The Group leases out its investment property which has been classified as operating leases as they do not transfer the risks and rewards incidental to ownership of the assets.

During the year the Group recognised £346,496 (2022: £512,808) as rental income.

The following table sets out the maturity analysis of lease payments showing the undiscounted lease payments to be received after the reporting date:

Operating lease	2023 £,000	2022 £,000
Less than one year	17	35
One to two years	17	17
Two to three years	17	17
Three to four years	17	17
Four to five years	17	17
More than five years	1,673	1,690
<b>Total undiscounted lease payments</b>	<b>1,758</b>	<b>1,793</b>

## CHURCHILL RETIREMENT PLC

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

### 25 RELATED PARTY TRANSACTIONS

During the financial year the Group paid £1,000,000 (2022 - £1,000,000) as part of the annual marketing spend to Emlor S Polo LLP, an LLP in which S J McCarthy has 50% ownership. Additionally the Group pays for certain expenses on behalf of Emlor S Polo LLP and recharges these accordingly. At the year end the Group was owed £Nil (2022 - £Nil) by Emlor S Polo LLP.

During the financial year the Group paid £450,000 (2022 - £450,000) as part of the annual marketing spend to Emlor C Polo LLP, an LLP in which C J McCarthy has 50% ownership. Additionally the Group pays for certain expenses on behalf of Emlor C Polo LLP and recharges these accordingly. At the year end the Group was owed £Nil (2022 - £Nil) by Emlor C Polo LLP.

During the financial year, Churchill Retirement Living Limited provided additional services with respect to its building project, on behalf of Forest Oaks Equestrian Centre LLP, an LLP in which S J McCarthy has 34% ownership. Costs and income recognised in the year ended 30 June 2023 were £56,059 (2022 - £5,346,897) and £133,031 (2022 - £4,690,000) respectively. At the year end, the amounts payable to Churchill Retirement Living was £Nil (2022 - £Nil).

### 26 TRANSACTIONS WITH DIRECTORS

Included within other creditors is £9,086,167 (2022 - £25,202,628) due to the Directors and their families. The maximum balance owed to the Group during the period was £Nil (2022 - £Nil). Included in the balance is interest of £735,012 (2022: £379,346) charged to the Group.

During the financial year, Churchill Retirement Living Limited, a 100% owned subsidiary of Churchill Retirement Plc, rented a storage site owned by S J McCarthy and C J McCarthy. Rent accrued and paid during the financial year was £109,648 (2022 - £114,268).

During the previous financial year, C J McCarthy entered into a new contract with Churchill Retirement Living Limited for a personal building project. The amount of costs to date are included in work in progress and totalled £4,292,844 (2022 - £1,429,664).

### 27 NOTES SUPPORTING STATEMENT OF CASH FLOWS

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2023 £,000	2022 £,000
Cash at bank and in hand available on demand	21,882	21,335
	<b>21,882</b>	<b>21,335</b>

Significant non-cash transactions are as follows:

	2023 £,000	2022 £,000
Financing activities		
Assets acquired under lease agreement	1,110	2,933

### 28 POST BALANCE SHEET EVENTS

Following the year-end a settlement was reached relating to an ongoing legal dispute with another Company. The financial element of the settlement saw the Group receive a compensatory payment of £7 million. A portion of this settlement will cover costs currently carried as a receivable on the balance sheet.

## CHURCHILL RETIREMENT PLC

Parent Company statement of financial position as at 30 June 2023

	<i>Notes</i>	30 June 2023 £,000	30 June 2022 £,000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,743	2,554
Investments in subsidiaries	4	69,410	69,410
Deferred tax asset	8	53	77
<b>Total non-current assets</b>		<b>72,206</b>	<b>72,041</b>
<b>Current assets</b>			
Trade and other receivables	5	239,155	196,209
Cash and cash equivalents		908	239
<b>Total current assets</b>		<b>240,063</b>	<b>196,448</b>
<b>TOTAL ASSETS</b>		<b>312,269</b>	<b>268,489</b>
<b>Current liabilities</b>			
Trade and other payables	6	14,719	31,433
Loans and borrowings	7	200	52,194
<b>Total current liabilities</b>		<b>14,919</b>	<b>83,627</b>
<b>Non-current liabilities</b>			
Loans and borrowings	7	145,996	58,165
<b>Total non-current liabilities</b>		<b>145,996</b>	<b>58,165</b>
<b>TOTAL LIABILITIES</b>		<b>160,915</b>	<b>141,792</b>
<b>NET ASSETS</b>		<b>151,354</b>	<b>126,697</b>
<b>Capital and reserves</b>			
Share capital		539	537
Share Premium Account		801	839
Share based payment reserve		2,100	1,800
Capital redemption reserve		2,000	2,000
Retained earnings		145,914	121,521
<b>TOTAL EQUITY</b>		<b>151,354</b>	<b>126,697</b>

The financial statements of Churchill Retirement plc (07428858) on pages 83 to 90 were approved by the Board on 14 December 2023 and signed on its behalf by



**Dean Marlow**  
Chief Financial Officer

## CHURCHILL RETIREMENT PLC

## Parent Company statement of changes in equity for the year ended 30 June 2023

	Share capital £,000	Share Premium Account £,000	Share based payment reserve £,000	Retained earnings £,000	Capital redemption reserve £,000	Total £,000
<b>At 30 June 2022</b>	<b>537</b>	<b>839</b>	<b>1,800</b>	<b>121,521</b>	<b>2,000</b>	<b>126,697</b>
<b>Comprehensive Income for the year</b>						
Profit	-	-	-	24,393	-	24,393
<b>Total comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,393</b>	<b>-</b>	<b>24,393</b>
<b>Contributions by and distributions to owners</b>						
Dividends	-	-	-	-	-	-
Issue of share capital	3	32	-	-	-	35
Purchase of own shares	(1)	(70)	-	-	-	(71)
Redemption of preference shares	-	-	-	-	-	-
Share based payment charge	-	-	300	-	-	300
<b>Total contributions by and distributions to owners</b>	<b>2</b>	<b>(38)</b>	<b>300</b>	<b>-</b>	<b>-</b>	<b>264</b>
<b>30 JUNE 2023</b>	<b>539</b>	<b>801</b>	<b>2,100</b>	<b>145,914</b>	<b>2,000</b>	<b>151,354</b>
<b>At 30 June 2021</b>	<b>522</b>	<b>-</b>	<b>1,500</b>	<b>121,009</b>	<b>-</b>	<b>123,031</b>
<b>Comprehensive Income for the year</b>						
Profit	-	-	-	25,427	-	25,427
<b>Total comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,427</b>	<b>-</b>	<b>25,427</b>
<b>Contributions by and distributions to owners</b>						
Dividends	-	-	-	(22,915)	-	(22,915)
Issue of share capital	15	839	-	-	-	854
Redemption of preference shares	-	-	-	(2,000)	2,000	-
Share based payment charge	-	-	300	-	-	300
<b>Total contributions by and distributions to owners</b>	<b>15</b>	<b>839</b>	<b>300</b>	<b>(24,915)</b>	<b>2,000</b>	<b>(21,761)</b>
<b>30 JUNE 2022</b>	<b>537</b>	<b>839</b>	<b>1,800</b>	<b>121,521</b>	<b>2,000</b>	<b>126,697</b>

The notes on pages 85 to 90 form part of these financial statements.

# CHURCHILL RETIREMENT PLC

## Notes to the Parent Company financial statements for the year ended 30 June 2023

### 1 ACCOUNTING POLICIES

#### BASIS OF PREPARATION

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

#### GOING CONCERN

The Company meets its day to day working capital requirements through cash in hand and intercompany debt. The Group prepares detailed forecasts and projections covering the 12 months from the date of signing these financial statements (the "going concern assessment period"), which consider possible changes in trading performance. The resulting forecasts show that the Group and the Company will be able to operate within the level of its current facilities and therefore continues to adopt the going concern basis in preparing its financial statements. For further details refer to page 55 of the consolidated financial statements.

The financial statements have been prepared on an historical cost basis. The presentation currency used is sterling and amounts have been presented in round thousands ("£,000s").

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account. The Company recorded a profit for the period of £24,416,583 (2022 – £25,427,136).

#### DISCLOSURE EXEMPTIONS ADOPTED

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by UK - adopted international accounting standards;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the Group headed by Churchill Retirement Plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Churchill Retirement Plc. These financial statements do not include certain disclosures in respect of:

- share based payments;
- business combinations;
- assets held for sale and discontinued operations;
- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- impairment of assets.

#### JUDGEMENTS AND KEY AREAS OF ESTIMATION UNCERTAINTY

The preparation of financial statements in compliance with FRS 101, requires the use of certain critical accounting estimates. It also requires the Company's Directors to exercise judgement in applying the Company's accounting policies. There are no areas where significant judgements and estimates have been made in preparing the financial statements.

#### LEASED ASSETS

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### Right of Use Assets

At the lease commencement date a ROU asset is measured at cost comprising the following: the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs; and restoration costs to return the asset to its original condition.

The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.



## CHURCHILL RETIREMENT PLC

Notes to the Parent Company financial statements for the year ended 30 June 2023 (*continued*)

### 1 ACCOUNTING POLICIES (*CONTINUED*)

#### Lease Liabilities

Lease liabilities are initially measured at their present value which amounts to the minimum lease payments, discounted using the interest rate implicit in the lease. If that rate cannot be determined, the company's incremental borrowing rate of 2.81% is used.

Each lease payment is allocated between the principal and finance cost. The finance cost is charged to the Income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period.

The Company has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and those leases of low-value assets. Payments associated with short-term leases and leases of low-value assets are recognised on a straight line basis as an expense in the Income statement.

#### DEFERRED TAXATION

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

In respect of deferred tax assets arising from investment property measured at fair value, the presumption that recovery will be through sale rather than use has not been rebutted.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group Company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

#### PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Freehold buildings	-	2% per annum straight line
Fixtures and fittings	-	20% per annum straight line
Assets in the course of construction	-	Nil
Motor vehicles	-	25% per annum reducing balance
Right of Use Assets	-	Over the length of the lease

#### INVESTMENTS

Investments in Group undertakings are included in the statement of financial position at cost less any provision for impairment.

## CHURCHILL RETIREMENT PLC

Notes to the Parent Company financial statements for the year ended 30 June 2023 (*continued*)

### 2 EMPLOYEE NUMBERS AND BENEFIT EXPENSES

	2023 £,000	2022 £,000
<b>Numbers by activity:</b>		
Office and administration support	52	49
	<b>52</b>	<b>49</b>
	2023 £,000	2022 £,000
<b>Employee benefit expenses (Including Directors) comprise:</b>		
Wages and salaries	7,371	6,407
Defined contribution pension cost	558	149
Social security contributions and similar taxes	1,105	934
Share based payment charge	300	300
	<b>9,334</b>	<b>7,790</b>

### 3 PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings £,000	Office equipment £,000	Motor vehicles £,000	Total £,000
<b>Cost</b>				
<b>At 1 July 2021</b>	<b>2,066</b>	<b>2,735</b>	<b>202</b>	<b>5,003</b>
Additions	-	554	-	554
Disposals	-	(130)	-	(130)
<b>At 30 June 2022</b>	<b>2,066</b>	<b>3,159</b>	<b>202</b>	<b>5,427</b>
Additions	-	263	447	710
Dispersals	-	-	(183)	(183)
<b>At 30 June 2023</b>	<b>2,066</b>	<b>3,422</b>	<b>466</b>	<b>5,954</b>
<b>Depreciation</b>				
<b>At 1 July 2021</b>	<b>275</b>	<b>2,172</b>	<b>89</b>	<b>2,536</b>
Charge for the year	138	257	28	423
Disposals	-	(86)	-	(86)
<b>At 30 June 2022</b>	<b>413</b>	<b>2,343</b>	<b>117</b>	<b>2,873</b>
Charge for the year	138	226	89	453
Disposals	-	-	(115)	(115)
<b>At 30 June 2023</b>	<b>551</b>	<b>2,569</b>	<b>91</b>	<b>3,211</b>
<b>Net book value</b>				
<b>At 30 June 2023</b>	<b>1,515</b>	<b>853</b>	<b>375</b>	<b>2,743</b>
<b>At 30 June 2022</b>	<b>1,653</b>	<b>816</b>	<b>85</b>	<b>2,554</b>

**CHURCHILL RETIREMENT PLC**Notes to the Parent Company financial statements for the year ended 30 June 2023 (*continued*)**3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

The net carrying amount of property, plant and equipment includes the following amounts recognised as a Right-of-Use asset:

	2023 £,000	2022 £,000
Office equipment	353	364
Land and buildings	1,515	1,653
	<b>1,868</b>	<b>2,017</b>

**4 INVESTMENTS IN SUBSIDIARIES**

Shares held by the Company in unlisted subsidiary undertakings

	2023 £,000	2022 £,000
<b>COST AND NET BOOK VALUE AT 30 JUNE (CHURCHILL RETIREMENT (GROUP) LIMITED)</b>	<b>69,410</b>	<b>69,410</b>

The Group's principal subsidiary undertakings are listed in note 13 to the consolidated financial statements.

**5 TRADE AND OTHER RECEIVABLES**

	2023 £,000	2022 £,000
Trade receivables	354	68
Amounts owed by Group undertakings	231,435	191,508
Other debtors	6,285	3,777
Prepayments and accrued income	1,081	856
<b>TOTAL TRADE AND OTHER RECEIVABLES</b>	<b>239,155</b>	<b>196,209</b>

**6 TRADE AND OTHER PAYABLES**

	2023 £,000	2022 £,000
Trade payables	200	-
Amounts owed to Group undertakings	3,718	4,212
Other payables	9,535	26,134
Accruals	970	780
Other payables – tax and social security payments	296	307
<b>TOTAL TRADE AND OTHER PAYABLES DUE WITHIN ONE YEAR</b>	<b>14,719</b>	<b>31,433</b>

## CHURCHILL RETIREMENT PLC

Notes to the Parent Company financial statements for the year ended 30 June 2023 (*continued*)

### 7 LOANS AND BORROWINGS

	2023 £,000	2022 £,000
<b>Non-current</b>		
Bank loans – secured	87,352	-
Preference shares	57,006	56,327
Lease liabilities ( <i>Note 8</i> )	1,638	1,838
	<b>145,996</b>	<b>58,165</b>
<b>Current</b>		
Bank loans – secured	-	52,000
Lease liabilities ( <i>Note 8</i> )	200	194
	<b>200</b>	<b>52,194</b>

Details of the bank loans and preference shares are provided in the note 18 to the consolidated financial statements.

Total debt issue costs of £1,148,333 (2022:Nil) are offset against the bank loan balance and are amortised over the life of the loan.

### 8 DEFERRED TAX

	2023 £,000	2022 £,000
<b>Details of the deferred tax asset are as follows:</b>		
<b>DECELERATED CAPITAL ALLOWANCES</b>	<b>53</b>	<b>77</b>

### 9 LEASES

#### As a lessee

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 2):

<b>Right of Use Assets</b>	Land and Buildings £,000	Office equipment £,000	Total £,000
Valuation at 1 July 2022	1,653	364	2,017
Additions	-	-	-
Depreciation	(138)	(11)	(149)
<b>Net book value Cfwd</b>	<b>1,515</b>	<b>353</b>	<b>1,868</b>
<b>Lease liabilities</b>	Land and Buildings £,000	Office equipment £,000	Total £,000
Valuation at 1 July 2022	1,717	315	2,032
Additions	-	-	-
Payments	(170)	(82)	(252)
Interest	47	11	58
<b>Lease liability Cfwd</b>	<b>1,594</b>	<b>244</b>	<b>1,838</b>

## CHURCHILL RETIREMENT PLC

Notes to the Parent Company financial statements for the year ended 30 June 2023 (*continued*)

### 9 LEASES (*CONTINUED*)

The Company has elected not to recognise a lease liability for short term leases and therefore the associated payments have been expensed on a straight-line basis.

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	2023 £,000	2022 £,000
Short-term leases	-	2
Interest expense on lease liabilities	58	62
Depreciation of right-of-use assets	149	164
	<b>207</b>	<b>228</b>

Future lease payments are due as follows:

2023	Lease payments £,000	Interest £,000	Present value £,000
Less than one year	252	(52)	200
One to two years	252	(45)	207
Two to three years	252	(38)	214
Three to four years	182	(32)	150
Four to five years	170	(28)	142
More than five years	1,005	(80)	925
	<b>2,113</b>	<b>(275)</b>	<b>1,838</b>
2022			
Less than one year	252	(58)	194
One to two years	252	(52)	200
Two to three years	252	(45)	207
Three to four years	252	(38)	214
Four to five years	182	(32)	150
More than five years	1,175	(108)	1,067
	<b>2,365</b>	<b>(333)</b>	<b>2,032</b>

### 10 RELATED PARTIES

In the current year the Company was charged £244,200 (2022: £222,000) by Flycorp Aviation LLP, an LLP in which McCarthy Investments Limited, a wholly owned subsidiary in the Group owns a 62.8% share, for the chartering of an aeroplane. The total amount that was due to the Company by Flycorp Aviation LLP at the period end was £570,632 (2022 - £570,632).

The Company is exempt from disclosing transactions with wholly owned subsidiaries in the Group. Other related party transactions are included within those given in note 25 of the Group consolidated financial statements.

# CHURCHILL RETIREMENT PLC

## Glossary of terms

'Capital turn'	- Calculated by dividing revenue by the average opening and closing tangible gross asset value in the year
'FRI'	- Freehold reversionary interest being the freehold of each of the Group's developments in England and Wales which include the future income stream of ground rents
'GDV'	- Gross development value – total expected sales revenue from the sale of retirement apartments
'Gearing'	- Gearing is calculated by dividing net debt/cash by net assets
'HBF'	- Home Builders Federation
'Land bank'	- Includes owned sites and exchanged sites
'Land stock'	- Total number of units of finished stock, work in progress and expected on sites where we have exchanged land contracts but have not started construction
'Net ASP'	- Net average selling price – the average price agreed for sales of apartments in the year after deducting list price discounts, part exchange top-ups and other cash incentives
'Net assets'	- Net assets is calculated as total assets less total liabilities
'Net bank debt/cash'	- Cash and cash equivalents less long-term and short-term bank borrowings (excluding unamortised debt issue costs)
'NHBC'	- National House-Building Council
'Operating margin'	- Profit from operations divided by revenue
'ROCE'	- Return on capital employed – calculated by dividing profit from operations by the average opening and closing tangible gross asset value in the year
'SONIA'	- Sterling Overnight Index Average
'Tangible Gross Assets Value' (Capital employed)	- Tangible gross asset value – calculated as follows:

	Notes	2023 £,000	2022 £,000
Net assets		228,594	215,691
Cash	27	(21,882)	(21,335)
Bank loans	18	87,352	52,000
Debt issue costs	18	1,148	-
Preference shares allotted	18	44,400	44,400
		<b>339,612</b>	<b>290,756</b>

'WIP'	- Work in progress
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