

Registered number: 09095920

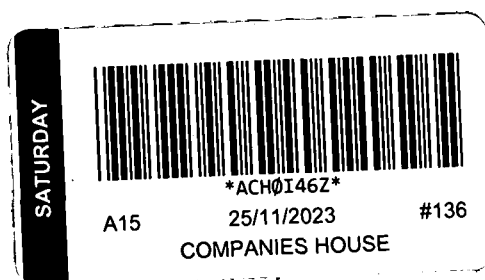
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**ST. MODWEN HOMES LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2022**



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**ST. MODWEN HOMES LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Robert Evans David Smith Lisa Minns
<b>Registered number</b>	09095920
<b>Registered office</b>	Two Devon Way Longbridge Birmingham B31 2TS
<b>Independent auditors</b>	KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH

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**ST. MODWEN HOMES LIMITED**

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## ST. MODWEN HOMES LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their strategic report for the year ended 31 December 2022.

#### PRINCIPAL ACTIVITY

The company acquires land and creates value through the planning and construction of residential sites. Revenue is generated through the sale of new homes, the sale of land and revenue from part-exchanges.

#### FINANCIAL REVIEW

The company traded well throughout the year and reported turnover of £368m, £29m higher than the 13 month financial period for 2021. Following the mini-budget in late September, new sales reservations declined to approximately 50% of normal levels for the remainder of the year. However, most homes due for legal completion in 2022 had already been reserved by this point, meaning the impact on 2022 revenue was marginal. Pre-tax profits decreased to £5.4m, a decrease of £36.2m compared to 2021 which was primarily due to a loss on disposal of £29.9m recognised on sale of a property to St Modwen Developments Limited. Profitability was also impacted by an increase in preliminary costs resulting from expected project prolongation. This followed the slow-down in sales rates after the mini-budget, which lead to a commensurate expectation of slower development delivery on live projects. Net assets increased as a result of the purchase of land and continued construction activity across a larger number of sites as well as acquiring subsidiary undertakings in the year.

#### KEY PERFORMANCE INDICATORS

The financial and non-financial key performance indicators used to assess the financial performance and financial position of the company are as follows:

	2022 £	2021 £
Turnover (£'000)	367,775	338,869
Profit before tax (£'000)	5,366	41,584
Net assets (£'000)	145,935	138,394
Number of units sold	1,313	1,209
HBF rating (star)	5	5

#### BUSINESS REVIEW

The company acquired land during the year at Coalville, Wantage and Yatton. Development on these sites is due to start during 2023 or 2024.

1,313 units were sold in the year, an increase on 2021 as the company seeks to grow in size year on year. 2022 sales were from, on average, 24 active sales sites throughout the year which is 3 more than 2021.

A piece of land at Coed Darcy in South Wales was sold to St. Modwen Properties Limited for a loss of £29.9m. The evolving local plan in this area no longer foresees residential development on this land in the foreseeable future, meaning it is no longer of interest to St. Modwen Homes and hence was sold to St. Modwen Properties Limited. The loss on disposal represents the diminution in the market value of the land following the change in planning potential.

The company continues to monitor the emerging building safety levy, however this is not expected to have any significant impact on the business. The building safety pledge has been signed by St. Modwen Group Holding Company Limited, albeit given St. Modwen Homes Limited has no in scope projects, no provision is required to be recorded in these financial statements.

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**ST. MODWEN HOMES LIMITED**

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**FUTURE DEVELOPMENTS**

The future strategy of the company is to continue with residential property development both using the pipeline of land from St. Modwen Properties Limited and bidding for land on the open market. The company's landbank comprises of around 4,500 plots and based on recent levels of housebuilding and forecast growth projections, the pipeline equates to at least 4 years' worth of activity for St. Modwen Homes. We expect to deliver approximately 800 units in 2023, a decrease from 2022 due to higher interest rates and the cost of living crisis impacting demand for new homes.

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## ST. MODWEN HOMES LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### PRINCIPAL RISKS AND UNCERTAINTIES

There are several potential risks and uncertainties which could significantly impact the company's and the St Modwen Group Holding Company Limited Group objectives, reputation, and/or financial strength. These risks include, but are not limited to:

##### **Market Cyclicality**

###### *Risk description*

Market uncertainty leading to a reduction in demand for housing purchases, an increase in the cost of debt impacting property values and margins and the ability to develop housing sites at the appropriate time in the property cycle.

###### *Risk mitigations*

- Monitoring of economic and business KPIs
- Completion of horizon scanning, scenario planning and cash flow forecasting to continuously assess the impact of changing market conditions
- Commercial initiatives and targets are identified to recover profitability and accelerate sales through innovative action
- Full reviews of the cost of construction and design code have been completed to identify improvements
- Active members of local business and community groups as well as industry and professional bodies
- Slowing down build delivery to match demand

##### **Catastrophic Business Event**

###### *Risk description*

A critical emergency, including pandemic disease, cybercrime or power shortage could severely disrupt global markets (including property and finance) and cause significant damage to our external demand, operations, and our people.

###### *Risk mitigations*

- Comprehensive Group and Site Business Continuity Plans, crisis management plans and IT Disaster Recovery plans regularly tested
- Appropriate insurance in place across the company
- Robust Health and Safety Management system and governance in place
- Supplier relationship management and dialogue with our supply chain partners

##### **People and Talent**

###### *Risk description*

Inability to attract, retain, and develop the right people and skills required to achieve business objectives in a culture and environment where employees can thrive.

###### *Risk mitigations*

- People plan includes recruitment, retention and talent management strategies and we continue to work towards Diversity and inclusion targets.
- Continued review and recruitment to key positions and areas of skill needed
- We have developed our people using competencies and appraisals aligned to learning and development solutions including Leadership and People Management Programmes
- Embedded Health and Wellbeing strategy and support as part of Responsible Business
- On-going Mental Health training and support including mental health first aiders, and regular wellbeing communications
- Continue to embed agile working to promote flexibility and reduce stress
- Salaries and benefits are regularly benchmarked and aligned to Group and individual performance
- Regular employee engagement surveys
- Succession plans for senior and critical roles

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## ST. MODWEN HOMES LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Climate Change and Environment

##### *Risk description*

Failure to properly identify and mitigate risks from climate change, leading to a negative impact on our reputation, disruption in our operations and potentially stranded assets.

##### *Risk mitigations*

- Responsible Business Framework and plans embedded within each business unit
- Annual environmental risk assessments and audit
- Environmental management and contamination remediation plans
- Warranties for professional and remediation contractors

#### Customers

##### *Risk description*

The need to meet customer expectations to ensure demand and enhance the customer journey

##### *Risk mitigations*

- Improved e-commerce offerings and product innovation enables improvement in customer offerings and enhance the customer journey
- Customer segments reviewed and products tailored to markets
- Customer feedback regularly assessed

#### Political, Legal, Regulatory and Compliance

##### *Risk description*

The Group must anticipate significant political, legal, tax or other regulatory changes including planning changes at national or local level. As strategy is assessed and governance structures aligned, the Group must be aware of the associated tax risks.

##### *Risk mitigations*

- Dedicated Health & Safety (H&S) Function, Risk Register and Committee with H&S KPIs monitored, reported, and actioned and H&S Training
- Dedicated Tax Function and Tax Risk Register with support from PwC
- Standard Terms and Conditions and robust process for approving deviation from these
- Strong relationships with respect to local planning
- In-house and outsourced legal support
- Mandatory training in place

#### Portfolio and Capital Investment Strategy

##### *Risk description*

Financing strategy must support the portfolio strategy and there are inherent risks in relation to investment, access to capital, and covenant compliance, in meeting investment and operational requirements, particularly as the cost of debt is increasing in current market conditions

##### *Risk mitigations*

- Regular management calls assessing covenant compliance and cashflow forecasting
- New reporting and monitoring structures embedded
- The scale and quality of our business enable us to access a diverse range of sources of finance
- We have supportive shareholders who have strong external relationships with lenders
- We maintain good long-term relationships with our key financing partners

#### Health, Safety and Environment

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## ST. MODWEN HOMES LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### *Risk description*

Failure to identify, mitigate and/or react effectively to a major health, safety or security incident.

#### *Risk mitigations*

- Internal Health and Safety team in place to develop systems and provide advice and support to the business
- Health and Safety Management system accredited to ISO45001 standard
- Mandatory training in place for high-risk topics

#### **Information Systems/Cyber Security**

#### *Risk description*

Loss of data, or disruption to business systems and processes, resulting in a negative impact (reputational, operational, regulatory or financial).

#### *Risk mitigations*

- Dedicated Information Security and Governance team
- Information and Data Security Management in place, including network resilience, back up, system monitoring, incident management, penetration testing, and multi factor authentication and cyber training
- Business continuity, crisis management and IT disaster recovery plans in place that are tested regularly

#### **Supply Chain Management**

#### *Risk description*

Returns from the Group's investments are reduced due to delays and cost increases caused by a major subcontractor defaulting during the project.

#### *Risk mitigations*

- We regularly review supply chain risk and act where necessary (e.g., through diversification/insurance etc.)
- Regular monitoring of our subcontractors is undertaken, including their financial health
- Subcontractors are paid promptly
- Key construction packages are entered into early in a project's life to reduce the risks associated with later default
- We have a well-established supply chain, with strong working relationships

#### **Transformation/Volume of Change**

#### *Risk description*

We fail to deliver the benefits associated with large business transformation programmes.

#### *Risk mitigations*

- Experienced internal team supplemented by strong transformational professionals where required
- Standard project management methodology in place that is aligned with best practice
- Strong governance structures in place on large scale projects with subject matter expert involvement

#### **Control Environment/Fraud**

#### *Risk description*

The Group does not have in place an effective control environment that looks to reduce the risk of misstatement and fraud and error.

#### *Risk mitigations*

- We have key business policies in place, which are regularly reviewed
- We have established and well understood processes in place, which will be enhanced and automated through our business transformation programme

#### **Financial**



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## ST. MODWEN HOMES LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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During August 2021 following the acquisition of the St. Modwen group by Blackstone Inc., the Group repaid in full its external borrowings and subsequently is now funded by shareholder loans. This provides the company with the headroom and flexibility to respond to changes in the economic environment and development plans.

The Group banking relationships remain strong, appropriate facilities are in place and the Group continue to focus on the management of operational costs.

#### **Management of Health & Safety**

The nature of our operations means that ensuring effective health and safety arrangements remains a priority as the company has no appetite for health and safety risk exposure. Health and safety is discussed at various levels within the company and group structure.

#### **FINANCIAL RISK MANAGEMENT**

Both the company and St. Modwen Group Holding Company Limited, on behalf of itself and its subsidiaries, manage financial risks that affect the company.

The company's operations and financing arrangements expose it to financial risks that are discussed below.

#### **Liquidity risk**

Liquidity risk is the risk that the company will be unable to meet its liabilities as they fall due. The company relies upon the banking facilities of the Group parented by St. Modwen Group Holding Company Limited, which manages its liquidity risk by continuously monitoring forecast and actual cash flows, matching the maturity profiles of financial assets and liabilities using fixed rate bilateral facilities, overdrafts and cash with a range of maturity dates to ensure continuity of funding.

#### **Credit risk**

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations as they fall due. The company is exposed to credit risk on its financial assets, namely its trade and other receivables. The company's debtors primarily relate to the contract assets relating to ongoing housebuilding developments so there is minimal credit risk that could cause a material impact on the financial performance of the company.

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## ST. MODWEN HOMES LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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#### Section 172 statement

The Directors are committed to compliance with reporting regulations and are pleased to provide a statement that supports Section 172(1) of the Companies Act 2006.

This requires that the Directors promote the success of the Company for the benefit of the members as a whole, having regard to the interests of stakeholders in their decision making. In particular, we are required to make a statement describing how the directors have had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 when performing their duties under section 172.

St. Modwen Homes Limited is a wholly owned subsidiary company of St. Modwen Group Holding Company Limited. Decisions and policies affecting Group employees, environmental considerations, wider stakeholders and key areas of business conduct and culture are largely taken at Group level and details can be found in the St. Modwen Group Holding Company Limited financial statements for the year ended 31 December 2022. This includes its S.172 statement, available at [www.stmodwen.co.uk](http://www.stmodwen.co.uk). As is normal for large companies, we delegate authority for day-to-day management of the Company to senior management, overseeing execution of the business strategy, financial and operational performance related matters and related policies that are specific to that of St. Modwen Homes Limited.

Set out below are some details of how St. Modwen Homes Limited has had due regard to the matters set out in Section 172(1):

#### **The likely consequences of any decision in the long term and the desirability of the company to maintain a reputation for high standards of business conduct**

The strategy of the Group applies to the Company, as a member of the Group, and shapes the Company's business operations and activities. In relation to housebuilding, our purpose of 'Changing Places. Creating Better Futures' underpins all of our activities. We consider the social and human impact of our work, turning spaces into places that allow people, communities and businesses to thrive. Many policies and practices are applied throughout the Group via management teams and a common corporate governance framework. One of the Company's key values is doing the right thing. To ensure the highest level of compliance with all applicable legal and regulatory requirements the Company operates within the parameters of Group policies such as the anti-bribery policy and gifts and hospitality policy as well as adopting measures to prevent Modern Slavery in its business activities.

As a subsidiary of St. Modwen Group Holding Company Limited, the Company holds the same values and principles, which underpin all of its operations. By considering these alongside set strategic priorities for residential development and a governance framework, we aim to make reasoned and cogent decisions.

#### **Interests of employees**

St. Modwen Homes Limited provides resources and frameworks for employees employed under the Group that specifically work on St. Modwen Homes projects. These employees are provided with targeted support in their training and development to enhance their knowledge and skills and further their careers. There is also a clear competency framework to ensure health and safety training and support is easily accessible and relevant to their roles. Management is also committed to encouraging and supporting careers via apprenticeships and building relationships with colleges to provide work placements and enable young people entry to the housebuilding sector.

#### **Promoting the success of the Company**

By monitoring and considering trends relevant to the residential property industry, we know and understand what attracts our house-buying customers; thoughtful design and innovation, customer care and a commitment to first-time buyers underpins the Company's approach.

With regards to commercial contracts, decisions align to Group core values and strategy, the financial case, and our approach to risk management, which included the internal control framework and risk evaluations (climate risk also included). Further details on our risk management can be found in St. Modwen Group Holding Company Limited's financial statements for the year ended 31 December 2022.

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**ST. MODWEN HOMES LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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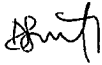
**The need to foster the Company's business relationships with suppliers, customers and others**

Understanding and engaging with our stakeholders is key. Management places significant focus on stakeholder considerations throughout decision making. We aim to know our customers and partners and take stakeholder feedback into consideration when making decisions. Ongoing focus on customer service and satisfaction means St. Modwen Homes ranked as one of the highest housebuilders in the UK for net promoter score and NHBC customer recommendations.

To ensure business continuity we maintain a resilient supply chain, with trusted and verified suppliers via a supplier selection process. With responsible operating practices we maintain good relationships, for example through prompt payment practices and terms and a focus on safety for our partners, customers and the group's employees; our responsible business approach is to positively impact working practices.

In accordance with requirements, this section 172(1) statement will be published on St. Modwen Homes' website [www.stmodwenhomes.co.uk](http://www.stmodwenhomes.co.uk).

This report was approved by the board on 28th September 2023 and signed on its behalf.



**David Smith**  
Director

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## ST. MODWEN HOMES LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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The directors present their report and the financial statements for the year ended 31 December 2022.

#### Key events

On 4 November 2022, St. Modwen Homes Limited was acquired by St. Modwen Group Holding Company Limited for the consideration of £165.4m resulting in a change of the immediate parent company, as disclosed in note 18.

#### Results and dividends

The profit for the year, after taxation, amounted to £3,223,681 (2021 - £34,185,499).

No dividends will be distributed for the year ended 31 December 2022 (2021: £nil).

#### Directors

The directors who served during the year were:

Robert Evans  
David Smith  
Rachel Kentleton (resigned 31 March 2023)  
Lisa Minns (appointed 21 October 2022)

#### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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 company and to prevent and detect fraud and other irregularities.

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**ST. MODWEN HOMES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Going concern**

Following the signing of these financial statements, the Company may be sold. The directors acknowledge that this potential change in ownership creates a material uncertainty as to the Company's future plans and any possible acquirer's intention and ability to provide financial support as required. However, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts (based on the current ownership) in order to assess going concern which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due during the going concern assessment period.

Whilst the intentions of any potential acquirer of the company are currently unknown the directors are not aware of any plans for the Company to cease operations including via a transfer of trade and assets following a sale or that the potential acquirer would not intend, or be able to, provide sufficient appropriate financial support should the Company require it.

The company is reliant on the support of its immediate parent company, St. Modwen Group Holding Company Limited and this is evidenced by a letter of support from St. Modwen Group Holding Company Limited, which states its intent to provide the necessary financial support to ensure that the company is a going concern for at least twelve months from the date of signing of these financial statements.

**Disclosure of information to auditors**

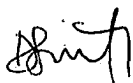
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28th September 2023 and signed on its behalf.



David Smith  
Director

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. MODWEN HOMES LIMITED

## Opinion

We have audited the financial statements of St. Modwen Homes Limited ("the Company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company 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.

## Material uncertainty related to going concern

We draw attention to note 2.2 to the financial statements which indicates there is uncertainty in relation to the future plans for this company pending a potential change in the ownership structure, along with uncertainty over any acquiring company's intention and ability to provide support as and when necessary as this support has not been given contractually. These events and conditions constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

## Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

## 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 Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- 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 our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we

do not believe there is a fraud risk related to revenue recognition because there are limited incentives, rationalisations and opportunities to fraudulently adjust revenue.

We also identified a fraud risk related to inappropriate recognition of housebuilding cost of sales as a result of inaccurate revenue and cost forecasts in response to possible pressures to meet profit targets.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management.
- Assessing significant accounting estimates for bias.

#### *Identifying and responding to risks of material misstatement related to 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, and through discussion with the directors and other management (as required by auditing standards), 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.

The Company 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.

The Company is subject to many other laws and regulations where the consequences of noncompliance 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, UK planning and building and fire safety regulations and certain aspects of company legislation recognising the nature of the Company's activities. 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.

#### **Directors' report**

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

Our responsibility is to read 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 directors' report;

- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 8, 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 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 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.



**Gordon Docherty (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snow Hill

Snow Hill Queensway

Birmingham

B4 6GH

29/9/23

**ST. MODWEN HOMES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2022**

		<b>31 December 2022</b>	<i>13 month period ended 31 December 2021</i>
	<b>Note</b>	<b>£</b>	<b>£</b>
Turnover (includes £3,578,550 of exceptional revenue (2021: £nil) - note 2.15)	3	<b>371,353,839</b>	338,869,222
Cost of sales (includes £33,360,686 of exceptional costs (2021:£nil) - note 2.15)		<b>(344,511,544)</b>	(279,883,692)
<b>Gross profit</b>		<b>26,842,295</b>	58,985,530
Administrative expenses		<b>(19,443,423)</b>	(17,574,727)
Other operating income	4	<b>123,570</b>	164,290
<b>Operating profit</b>	5	<b>7,522,442</b>	41,575,093
Interest receivable and similar income		<b>46,866</b>	8,696
Interest payable and expenses	7	<b>(2,203,682)</b>	-
<b>Profit before tax</b>		<b>5,365,626</b>	41,583,789
Tax on profit	8	<b>(2,141,945)</b>	(7,398,290)
<b>Profit for the financial year</b>		<b>3,223,681</b>	34,185,499

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 19 to 31 form part of these financial statements.

**ST. MODWEN HOMES LIMITED**  
**REGISTERED NUMBER: 09095920**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	9	5,628,351	1,813,378
Investments	10	12,617,406	-
<b>Current assets</b>			
Stocks	11	437,611,089	446,476,867
Debtors	12	33,630,974	34,362,307
Cash at bank and in hand		67,167,815	32,762,967
		<u>538,409,878</u>	<u>513,602,141</u>
Creditors: amounts falling due within one year	13	381,896,803)	364,719,058)
<b>Net current assets</b>		<u>156,513,075</u>	<u>148,883,083</u>
<b>Total assets less current liabilities</b>		<u>174,758,832</u>	<u>150,696,461</u>
Creditors: amounts falling due after more than one year	14	(28,159,290)	(11,209,866)
		<u>146,599,542</u>	<u>139,486,595</u>
<b>Provisions for liabilities</b>			
Deferred taxation	15	(664,863)	(1,092,680)
		<u>(664,863)</u>	<u>(1,092,680)</u>
<b>Net assets</b>		<u><u>145,934,679</u></u>	<u><u>138,393,915</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	2	2
Profit and loss account		145,934,677	138,393,913
		<u><u>145,934,679</u></u>	<u><u>138,393,915</u></u>

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**ST. MODWEN HOMES LIMITED**  
**REGISTERED NUMBER: 09095920**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2022**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28th September 2023



Director

**ST. MODWEN HOMES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 December 2020</b>	<b>2</b>	<b>104,208,414</b>	<b>104,208,416</b>
<b>Changes in equity</b>			
Profit for the period	-	34,185,499	34,185,499
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>34,185,499</b>	<b>34,185,499</b>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 1 January 2022</b>	<b>2</b>	<b>138,393,913</b>	<b>138,393,915</b>
<b>Changes in equity</b>			
Profit for the year	-	3,223,681	3,223,681
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3,223,681</b>	<b>3,223,681</b>
<b>Contributions by and distributions to owners</b>			
Capital contributions	-	4,317,083	4,317,083
<b>Total transactions with owners</b>	<b>-</b>	<b>4,317,083</b>	<b>4,317,083</b>
<b>At 31 December 2022</b>	<b>2</b>	<b>145,934,677</b>	<b>145,934,679</b>

The notes on pages 19 to 31 form part of these financial statements.

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## ST. MODWEN HOMES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1. Statutory information

St. Modwen Homes Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Accounting Standards in conformity with the requirements of the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The company has taken advantage of the disclosure exemptions included within paragraph 8 of FRS 101. The main impact of these disclosure exemptions is that these financial statements do not include a cash flow statement, financial instruments, fair value and related party disclosures, disclosures regarding compensation of Key Management Personnel or comparative information in respect of certain assets. Where required, equivalent disclosures are given in the consolidated financial statements of St. Modwen Group Holding Company Limited. The accounting policies below have, unless stated otherwise, been consistently applied across all periods presented within these financial statements.

##### 2.2 Going concern

Following the signing of these financial statements, the Company may be sold. The directors acknowledge that this potential change in ownership creates a material uncertainty as to the Company's future plans and any possible acquirer's intention and ability to provide financial support as required. However, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts (based on the current ownership) in order to assess going concern which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due during the going concern assessment period.

Whilst the intentions of any potential acquirer of the company are currently unknown the directors are not aware of any plans for the Company to cease operations including via a transfer of trade and assets following a sale or that the potential acquirer would not intend, or be able to, provide sufficient appropriate financial support should the Company require it.

The company is reliant on the support of its immediate parent company, St. Modwen Group Holding Company Limited and this is evidenced by a letter of support from St. Modwen Group Holding Company Limited, which states its intent to provide the necessary financial support to ensure that the company is a going concern for at least twelve months from the date of signing of these financial statements.

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## ST. MODWEN HOMES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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## 2. Accounting policies (continued)

### 2.3 Turnover

Turnover is recognised when performance obligations are satisfied by transferring a promised good or service to a customer. Turnover is measured at the fair value of the consideration received excluding discounts, VAT and other sales taxes or duty. Any non-cash consideration is measured at fair value and any deferred consideration is measured at present value, unless the deferral is for a period of one year or less, in which case no adjustment is made to the consideration.

### 2.4 Sale of property held in inventory

Revenue is recognised on legal completion of the sale of the property. Such disposals are typically for a fixed cash consideration received on completion, although part of this consideration may be on deferred terms or, in the case of housebuilding, in the form of a part-exchange property that is measured at fair value.

### 2.5 Construction contracts

This includes housebuilding contract income and pre-sold property construction contract income where the Group is providing construction services, resulting in a completed developed property, on land that is not controlled by the Group during the development.

Revenue is recognised over time, with reference to the stage of completion of the contract. The stage of completion is determined using input methods that reflect the development work certified as a proportion of the total expected development cost as the amount of costs incurred is considered proportionate to the satisfaction of the performance obligation. These contracts are typically for a fixed cash consideration received in stage payments over the duration of the contract that broadly, but not exactly, match the satisfaction of the performance obligation over time.

### 2.6 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

### 2.7 Trade and other debtors

Trade and other debtors are initially recognised at fair value and subsequently carried at amortised cost less any allowance for expected credit losses. The expected credit losses on trade and other debtors are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the individual debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Balances are written off when the probability of recovery is assessed as being remote.

### 2.8 Cash and cash equivalents

Cash and cash equivalents comprises cash balances and short-term deposits with banks with initial maturity less than three months.

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## ST. MODWEN HOMES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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## 2. Accounting policies (continued)

### 2.9 Trade and other creditors

Trade and other creditors are initially recognised at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method. Where payment is on deferred terms the liability is initially recorded by discounting the nominal amount payable to net present value. The discount to nominal value is amortised over the period of the deferred arrangement and charged to finance costs.

### 2.10 Stocks

All stocks are carried at the lower of cost and realisable value.

Cost comprises land, direct material and, where applicable, direct labour costs that have been incurred in bringing the stocks to their present location and condition. Net realisable value represents the estimated selling price less any further costs expected to be incurred to completion and disposal.

### 2.11 Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Full payment is made for transfer pricing adjustments and group relief surrendered between group undertakings.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, using the rates of tax expected to apply based on legislation enacted or substantively enacted at the balance sheet date.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws substantively enacted at the balance sheet date.

### 2.12 Key sources of estimation uncertainty

In the application of the company's accounting policies outlined above, the directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and so actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may 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.



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## **ST. MODWEN HOMES LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **2. Accounting policies (continued)**

##### **2.13 Net realisable value of inventories**

In order to determine the profit that the Company is able to recognise on its developments in any given year, the Company has to allocate land and site-wide development costs between units sold in the current year and those to be sold in future years, which has an impact on the carrying value of inventories. The Company has ongoing procedures for assessing the carrying value of inventories and identifying where this is in excess of net realisable value with reference to estimates of costs to complete and remaining revenues. The assumptions and estimates for both revenue and costs are based on conditions existing at the balance sheet date, with reference to recent experience on similar properties and site-specific knowledge. Any subsequent adverse changes in market conditions may result in additional provisions being required. Furthermore, the Company is required to make estimates in accounting for housebuilding development costs and margin. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change. The sensitivity of the carrying amount of inventories to the assumptions and estimates used is disclosed in note 12 to the Company financial statements.

##### **2.14 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.15 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

During the year the company sold land at Coed Darcy to St. Modwen Developments Ltd for proceeds of £3.6m, resulting in a loss of £29.8m which has been disclosed as an exceptional item in the Statement of Comprehensive Income. The effect of taxation on the exceptionals is a tax credit of £5.7m based on a tax rate of 19%.

The land sale is considered to be a one off transaction back to the Group. The company has made a one off loss on this sale due to having to transact on a group basis and this is not considered to be in the the ordinary course of the company's business.

##### **2.16 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The intangible assets are being amortised over a period of 5 years.

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**ST. MODWEN HOMES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**2. Accounting policies (continued)**

**2.17 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**2.18 Associates and joint ventures**

Associates and Joint Ventures are held at cost less impairment.

**3. Turnover**

An analysis of turnover by class of business is as follows:

	<b>31 December 2022 £</b>	<i>13 month period ended 31 December 2021 £</i>
Transferred at a point in time	<b>351,991,197</b>	296,266,263
Transferred over time	<b>10,508,055</b>	18,509,866
Non-housebuilding income	<b>8,854,587</b>	24,093,093
	<b>371,353,839</b>	338,869,222

	<b>31 December 2022 £</b>	<i>13 month period ended 31 December 2021 £</i>
United Kingdom	<b>371,353,839</b>	338,869,222
	<b>371,353,839</b>	338,869,222

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**ST. MODWEN HOMES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**4. Other operating income**

	<b>31 December 2022 £</b>	<i>13 month period ended 31 December 2021 £</i>
Other operating income	<b>123,570</b>	<b>164,290</b>
	<b><u>123,570</u></b>	<b><u>164,290</u></b>

**5. Operating profit**

The audit fee was borne by the intermediate parent company, St. Modwen Properties Limited and not recharged. £169,350 of the audit fee was specifically attributable to the company (2021: £nil).

The company had no employees or staff costs for the current financial year or the prior financial period.

None of the directors received any remuneration paid by the company during the current financial year or the prior financial period. The remuneration of the directors is paid by other associated undertakings and no part of their remuneration is specifically attributable to their services to this company.

**6. Directors' remuneration**

Directors' remuneration during the year was £820,381 (2021: £509,400).

Amounts receivable under long term incentive schemes were £nil (2021: £382,778).

Total directors remuneration was therefore £820,381 (2021: £892,178).

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £479,423 (2021: £512,259).

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**ST. MODWEN HOMES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**7. Interest payable and similar expenses**

	31 December 2022 £	13 month period ended 31 December 2021 £
Discount on deferred payment arrangements	1,149,011	-
Discount on deferred payment to related parties	1,054,671	-
	<u>2,203,682</u>	<u>-</u>

**8. Taxation**

	31 December 2022 £	13 month period ended 31 December 2021 £
<b>Corporation tax</b>		
Current tax on profits for the year/period	2,569,762	7,599,741
	<u>2,569,762</u>	<u>7,599,741</u>
<b>Total current tax</b>	<u>2,569,762</u>	<u>7,599,741</u>
<b>Deferred tax</b>		
Temporary differences	(254,046)	(179,522)
Adjustments in respect of prior years	(173,771)	(21,929)
<b>Total deferred tax</b>	<u>(427,817)</u>	<u>(201,451)</u>
<b>Taxation on profit on ordinary activities</b>	<u>2,141,945</u>	<u>7,398,290</u>

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**ST. MODWEN HOMES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**8. Taxation (continued)**

**Reconciliation of total tax charge included in the Statement of Comprehensive Income**

The tax assessed for the year/period is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	31 December 2022 £	13 month period ended 31 December 2021 £
Profit on ordinary activities before tax	<b>5,365,626</b>	<b>41,583,789</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	<b>1,019,469</b>	<b>7,900,920</b>
<b>Effects of:</b>		
Non-deductible or taxable expenses and credits	<b>(320,485)</b>	<b>(380,000)</b>
Capital allowances for year/period in excess of depreciation	<b>(197,404)</b>	-
Change in rate used for provision of deferred tax	<b>290,182</b>	-
Movement in recognition of deferred tax on losses	<b>278,288</b>	-
Adjustments to tax charge in respect of prior periods	<b>1,071,895</b>	<b>(122,630)</b>
<b>Total tax charge for the year/period</b>	<b>2,141,945</b>	<b>7,398,290</b>

**Factors that may affect future tax charges**

Since 1 April 2020, the UK corporation tax rate applicable has been at 19%. A change to the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023 was announced in the Budget on 3 March 2021, and was substantively enacted on 24 May 2021. Accordingly, UK deferred tax has been provided at a rates between 19% and 25% (2021:19% and 25%), reflecting the applicable tax rate at the point when the timing difference is expected to reverse.

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**ST. MODWEN HOMES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**9. Intangible assets**

	Development expenditure £
<b>Cost</b>	
At 1 January 2022	2,319,045
Additions - external	3,852,983
At 31 December 2022	<u>6,172,028</u>
<b>Amortisation</b>	
At 1 January 2022	505,667
Charge for the year on owned assets	38,010
At 31 December 2022	<u>543,677</u>
<b>Net book value</b>	
At 31 December 2022	<u><u>5,628,351</u></u>
At 31 December 2021	<u><u>1,813,378</u></u>

Intangibles are stated at cost less accumulated amortisation and accumulated impairment losses. Such cost includes the purchase price and costs directly attributable to the asset. Amortisation is provided on the intangible at a rate calculated to write off the cost of the asset evenly over the software license term.

**10. Fixed asset investments**

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
<b>Cost or valuation</b>			
Additions	12,617,405	1	12,617,406
At 31 December 2022	<u><u>12,617,405</u></u>	<u><u>1</u></u>	<u><u>12,617,406</u></u>

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**ST. MODWEN HOMES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**10. Fixed asset investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
Uttoxeter Estates Limited	Two Devon Way, Longbridge, B31 2TS	Ceased trading	100%
St. Modwen Developments (Longbridge) Limited	Two Devon Way, Longbridge, B31 2TS	Property Investment	100%
St. Modwen Developments (Longbridge East Works) Limited	Two Devon Way, Longbridge, B31 2TS	Property Investment	100%
Hendrefoilan Park Management Company Limited	Two Devon Way, Longbridge, B31 2TS	Property Management	100%
St. Andrews (Phase 4 Uxbridge) Estate Management Company Limited	Two Devon Way, Longbridge, B31 2TS	Property Management	100%
St. Leonards Stafford Estate Management Company Limited	Two Devon Way, Longbridge, B31 2TS	Property Management	100%
Trentham Manor Estate Management Company Limited	Two Devon Way, Longbridge, B31 2TS	Property Management	100%
Weogoran Park Management Company Limited	Two Devon Way, Longbridge, B31 2TS	Property Management	100%

On 4 November 2022, St. Modwen Homes Limited was acquired by St. Modwen Group Holding Company Limited for the consideration of £165.4m.

On 4 November 2022, St. Modwen Homes Limited acquired a 50% share in the joint venture VSM Estates (Ashchurch) Limited.

On 31 December 2022, St. Modwen Homes Limited acquired the above entities for the consideration of £12,617,405.

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**ST. MODWEN HOMES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**11. Stocks**

	2022 £	2021 £
Stocks	9,682,879	7,052,925
Work-in-progress	427,928,210	439,423,942
	<u>437,611,089</u>	<u>446,476,867</u>

Impairment of stocks to net realisable value of £4,044,280 (2021: £381,740) was recognised in cost of sales. There were no reversal of impairments in the current year or previous financial years.

The directors consider all inventories to be current in nature. The operational cycle is such that a proportion of inventories will not be realised within 12 months. It is not possible to determine with accuracy when specific inventory will be realised as this will be subject to a number of issues including the strength of the property market.

The company considered the sensitivity analysis for the key source of estimation uncertainty (see note 2.13) with the resulting increase/(decrease) in the carrying value of inventories at 31 December 2022:

Change in house prices of 10.0% - increase in sensitivity - £nil

Change in house prices of 10.0% - (decrease) in sensitivity - £752,365

Change in housebuilding costs and impact on work in progress of 10.0% - increase in sensitivity - £(31,970,000)

Change in housebuilding costs and impact on work in progress of 10.0% - (decrease) in sensitivity - £31,970,000

**12. Debtors**

	2022 £	2021 £
Trade debtors	2,754,298	1,700,913
Amounts owed by group undertakings	4,465,248	4,740,471
Other tax and social security	4,492,353	7,966,301
Prepayments	14,464,632	12,854,047
Contract assets	7,454,443	7,100,575
	<u>33,630,974</u>	<u>34,362,307</u>

All amounts owed by group undertakings are interest free and repayable on demand.



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**ST. MODWEN HOMES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**13. Creditors: Amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>18,780,333</b>	<b>21,472,927</b>
Amounts owed to group undertakings	<b>17,575</b>	<b>292,364,504</b>
Amounts owed to related parties	<b>69,230,050</b>	-
Amounts owed to owners	<b>248,966,839</b>	-
Corporation tax	<b>2,191,514</b>	<b>6,876,276</b>
Other taxation and social security	<b>101,433</b>	<b>335,036</b>
Other creditors	<b>21,379,356</b>	<b>23,234,169</b>
Accruals and deferred income	<b>21,229,703</b>	<b>20,436,146</b>
	<b>381,896,803</b>	<b>364,719,058</b>

All amounts owed to group undertakings are interest free and repayable on demand. The amounts owed to related parties and to owners are explained further within note 18.

**14. Creditors: Amounts falling due after more than one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertakings	<b>28,159,290</b>	-
Other creditors	-	<b>11,209,866</b>
	<b>28,159,290</b>	<b>11,209,866</b>

**15. Deferred taxation**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
At beginning of year/period	<b>(1,092,680)</b>	<b>(1,294,131)</b>
Charged to profit or loss	<b>254,046</b>	<b>179,522</b>
Adjustments in respect of prior years	<b>173,771</b>	<b>21,929</b>
At end of year/period	<b>(664,863)</b>	<b>(1,092,680)</b>

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**ST. MODWEN HOMES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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**15. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Appropriations to trading stock	(664,863)	(1,130,408)
Tax losses carried forward	-	37,728
	<u>(664,863)</u>	<u>(1,092,680)</u>

**16. Share capital**

	2022 £	2021 £
<b>Authorised, allotted, called up and fully paid</b>		
2 (2021 - 2) Ordinary shares of £1.00 each	<u>2</u>	<u>2</u>

**17. Ultimate controlling party**

The company's immediate parent company is St. Modwen Group Holding Company Limited, a company registered in England and Wales. Copies of the group annual report and financial statements are available from the registered office of Two Devon Way, Longbridge, Birmingham, B31 2TS.

The ultimate parent undertaking of the Group is Blackstone Inc., a company incorporated in the state of Delaware, USA. Copies of the annual report and financial statements of Blackstone Inc. are available online at: <https://ir.blackstone.com/sec-filings-annual-letters/>.

These are the smallest and largest groups into which this company is consolidated.

**18. Related party transactions**

During 2021 the company purchased land at St. Andrew's Park, Uxbridge from VSM (Uxbridge 2) Limited, a company who St. Modwen Properties Limited have a 50% indirect holding in. An amount of deferred consideration payable was held on the balance sheet as at 31 December 2021 for £9,000,000. This amount was paid in full in November 2022.

Related party balances in the current year include both current and non-current balances as follows:

- Brighton Topco S.a.r.l: Current payable of £248,966,839 (2021: £nil).
- St. Modwen Developments Limited: Current payable of £34,634,018 (2021: £266,624,793 current payable) and non-current payable of £28,159,290 (2021: £nil).
- St. Modwen Properties Limited: Current payable of £17,792,466 (2021: £12,621,643 current payable).
- Redman Heenan Properties Limited: Current payable of £3,764,247 (2021: £275,221 current receivable).
- St. Modwen Ventures Limited: Current payable of £13,039,319 (2021: £13,118,066 current payable).