St. Modwen Group Holding Company Limited

company no. 02741186

Financial statements for the period 1 January 2022 to 31 December 2022

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STRATEGIC REPORT

The Directors present their report and the financial statements for the period ended 31 December 2022.

Review of the business

The principal activities of the Group (comprising of St. Modwen Group Holding Company Limited and its subsidiaries, together the 'Group') relate to residential housebuilding throughout England and Wales via the St. Modwen Homes business. St. Modwen Homes combines excellent product design in desirable areas and quality with an affordable price range.

Responsible and sustainable business

There is a focus on delivering value for our customers, and recognising the potential we have to positively impact surrounding communities and spaces through places and products we create. To sustain success, the Group recognises that financial performance must be delivered in tandem with a positive impact on society and the environment. The sustainability of business operations and delivering responsibly is a key consideration:

- Net Carbon Reduction - St. Modwen aims to become operationally net zero carbon by 2025 and fully net zero carbon by 2040.
- Biodiversity and Sustainable Environments – achieving a biodiversity net gain of at least 10% at new development sites and delivering new schemes sustainably.
- Education and Future Skills – investing in and building futures for all through education partnerships and skills providers within the sector, supporting apprentices and employees with learning and development.
- Health & Wellbeing - putting health and safety first and enhancing the wellbeing of our people and our communities.
- Responsible Operating Practices & Partnerships – championing responsible operations, working collectively towards responsible business goals and positive outcomes.

Building and operating sustainable, future-focused developments is central to the business model; strategies on renewable energy, energy efficiency, water consumption, biodiversity and community and wellbeing are all implemented.

For more information on the Group's responsible and sustainable business strategy please see https://www.stmodwen.co.uk/delivering-responsibly/
https://stmodwenhomes.co.uk/why-buy-with-us/sustainable-energy-efficient-homes/

Business activity in the period

Group restructuring

As part of the acquisition of St. Modwen Properties Limited (a previous indirect parent undertaking of St. Modwen Group Holding Company Limited) by Brighton Bidco Limited in August 2021, a bridge loan was entered into by one of St. Modwen Properties Limited's indirect parent undertakings, Brighton Topco Sarl. This bridge loan was intended to be a temporary borrowing facility and that in due course it would be replaced by secured financing entered into by the logistics property owning companies within the Group. In order to facilitate this refinancing, Brighton Topco Sarl undertook a legal entity reorganisation during the year ended 31 December 2022 that transferred certain entities of the Group to a new corporate group of non-logistics entities beneath St. Modwen Group Holding Company Limited, itself now a direct subsidiary of Brighton Topco Sarl.

As a result, on 4 November 2022, St. Modwen Group Holding Company Limited acquired St. Modwen Homes Limited (and therefore the housebuilding business of the St. Modwen Properties Limited Group) and a number of smaller subsidiaries in exchange for consideration left outstanding on intercompany account. Further information on this is disclosed within note 12 of these accounts.

Subsequent to the year end, further subsidiaries were transferred from St. Modwen Properties Limited to St. Modwen Group Holding Company Limited. Further information on this is disclosed within note 16 of these accounts.

Review of the business cont'd

Following the reorganisation, St. Modwen is well-placed to continue its track record of success in the residential sector. Key highlights in the period include:

- St. Modwen Homes
  - Sold 1,313 units, broadly in line with 2021 reported position (1,209), which included an additional trading month
  - Maintained 5-star housebuilder status with HBF customer recommend score of 91% (2021: 95%)
  - Secured 1,113 plots through land bids to support future growth plans.

For further details on the business units' activities please see the websites https://stmodwenhomes.co.uk/ and https://www.stmodwen.co.uk/.

Financial performance review

Trading in the first half of 2022 continued to build on the positive momentum that had built up during 2021, though the material shift in market confidence in September following the UK government's 'mini budget', resulted in an overall net profit performance for the year of £2.4m in 2022, being 93% down on prior year (2021: £34.9m). Revenue of £373.7m was up 8% from £347.5m in 2021, principally driven by an 8% increase in total units sold. Net average selling prices remained strong, but slightly dropped 2% to £57.2m (2021: £58.6m), reflecting further improvements in the quality of product being brought to market, continued close management of customer discounts and incentives, together with a small element of house price inflation. Offset against the small increase in revenue is a reduction in gross margin, which decreased to 7% (2021: 17%), despite continuing price pressure on build costs. Operating costs increased year-on-year by 12% to £20.2m (2021: £18.1m), including a £0.8m revaluation loss (2021: £0.5m revaluation loss) due to a reduction in the carrying value of its commercial and residential land bank at the year-end.

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.

As at 31 December 2022, St. Modwen Group Holding Company Limited had net liabilities of £(22.2)m, down 111% from £210.2m net assets in 2021, with current assets totalling £674.6m (2021: £663.9m) including a closing cash balance of £67.4m (2021: £33.3m). Current and non-current liabilities totalled £704.6m (2021: £460.6.m) at the year-end. Following the acquisition of the St. Modwen Group by Blackstone Inc in 2021, the company continues to be financed by shareholder loans from the immediate parent company of the Group, Brighton Top co Sarl Ltd, with an inter-company balance of £(429.0)m (2021: nil) at 31 December 2022.

Key performance metrics

The Directors use the following key performance metrics at Group level to set targets and measure business performance:

	2022	2021	% change
St. Modwen Homes			
Total units sold	1,313	1,209	+8.6%
NHBC customer recommend (%)	91	95	-4ppt

Principal risks and uncertainties

The identification and management of risks is central to the way in which St. Modwen operates across its business units and corporate functions. Senior management continually assesses and responds to the internal and external risks that the business faces, including the assessment of emerging risks, which are identified and embedded as part of the risk management system and processes.

Risk management framework

The business operates a robust process for identifying and managing risk in line with the Risk Management Policy and Framework. The responsibility for risk is devolved to and embodied in the responsibilities of the senior management, along with Business Unit and Functional leads who formally assess risk in advance of each Risk Assurance and Compliance Committee (RACC) meeting, as well as part of their day-to-day management. As detailed within St. Modwen's policies and lived through its' culture, all employees of the wider St. Modwen group have a responsibility for the ongoing identification and management of risk and for the identification of emerging risks. Risk registers are maintained at strategic, business unit, functional and project level. The principal and emerging risks are regularly considered by senior management and assessed as part of on-going risk management discussions.

Principal risks and uncertainties

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

Principal risk	Risk description	Risk trend	Risk mitigations
Market Cyclicity	Market uncertainty leading to a reduction in demand or deferral of decisions by customers, an increase in the cost of debt impacting property values and margins and the ability to buy, develop, manage, and sell assets at the appropriate time in the property cycle.	**Increased**	• Strategy refresh and business alignment towards sectors with strong structural growth • 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 and leasing through innovative action • Full reviews of the cost of construction and design code have been completed to identify improvements • Investment Committee review of investment proposals and ongoing monitoring of capital commitments • Active market reviews with strategic acquisitions and disposals • Active members of local business and community groups as well as industry and professional bodies
Catastrophic Business Event	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 portfolio, external demand, operations, and our people.	**Static**	• Comprehensive Group and Site Business Continuity Plans, crisis management plans and IT Disaster Recovery plans regularly tested • Appropriate insurance in place across the portfolio • Robust Health and Safety Management system and governance in place • Supplier relationship management and dialogue with our supply chain partners

Principal risk	Risk description	Risk trend	Risk mitigations
People and Talent	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. Employees are employed by the wider St. Modwen Group, *however there is a dedicated* Homes HR function and Homes specific incentives, development programmes and employee initiatives.	**Static**	• People plan includes recruitment, retention and talent management strategies and we continue to work towards the National Equality Standard by 2025 promoting Diversity and inclusion. • 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
Climate Change and Environment	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.	**Static**	• 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
Development	Our Development Strategy is designed to address key risks that could adversely impact underlying income and performance including letting exposure, WIP exposure, construction timing and costs, and adverse planning judgements.	**Static**	• Robust monitoring processes in place in relation to the progression of land and development pipelines • Experienced pre-development and construction teams closely monitor design, construction, and overall delivery process • Flexible development pipeline and diverse product mix • Supplier due diligence and financial health monitoring • Balancing speculative development vs. Build to Suit • Investment Committee in place to ensure alignment with business strategy
Customers	The need to balance customer expectations to ensure demand is met, underpinned by effective relationships customers. This includes the elevated customer expectations in relation to sustainability.	**Static**	• Dedicated Asset Managers continuing to assess and support • Improved e-commerce offerings and product innovation enables improvement in customer offerings and enhance the customer journey • Customer feedback regularly assessed
Political, Legal, Regulatory and Compliance	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.	**Static**	• 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 • In-house and outsourced legal support • Mandatory training in place
Portfolio and Capital Investment Strategy	Financing strategy must support the portfolio strategy and there are inherent risks in relation to investment, access	**Increased**	• Investment in 2022 is aligned to our growth fundamentals and our strategic direction in Homes

Principal risk	Risk description	Risk trend	Risk mitigations
	to capital, and covenant compliance, in meeting investment and operational requirements, particularly as the cost of debt is increasing in current market conditions		• Regular management calls assessing covenant compliance and cashflow forecasting • Ongoing portfolio review, in alignment with an acquisition and divestment programme • 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	Failure to identify, mitigate and/or react effectively to a major health, safety or security incident.	**Static**	• 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	Loss of data, or disruption to business systems and processes, resulting in a negative impact (reputational, operational, *regulatory or financial*).	**Static**	• 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	Returns from the Group's investments are reduced due to delays and cost increases caused by either a main contractor or major subcontractor defaulting during the project.	**Static**	• We regularly review supply chain risk and act where necessary (e.g., through diversification/insurance etc.) • Regular monitoring of our contractors is undertaken, including their financial health • Contractors are paid promptly and are encouraged to pay subcontractors 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	We fail to deliver the benefits associated with large business transformation programmes.	**Increased**	• 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	The Group does not have in place an effective control environment that looks to reduce the risk of misstatement and fraud and error.	**Static**	• 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

Employees and culture

The Group's performance depends heavily on its employees (individuals are employed by St. Modwen Properties Limited within the wider Group). St. Modwen Homes provides resources and frameworks for employees employed under the wider Group that specifically work on St. Modwen Homes projects. St. Modwen wants to attract, to be an inspiring place to work and where people can contribute, be recognised, be themselves and grow. St. Modwen recognises that everyone is an individual and seeks to embrace differences in the way people work and go about their lives.

Diversity and inclusion is deep-rooted at St. Modwen and championed at every level. We continued the Diversity and Inclusion ('D&I') awareness training with line managers and a D & I mentoring programme was introduced. D&I is considered at every stage of recruitment and succession planning via the mentoring programme, people management programme and leadership development programme.

In late 2022, the Early Careers Programme was successfully launched, welcoming new apprentices, graduates and trainees across the Group. In St. Modwen Homes, approximately 9% of the workforce is made up of trainees, graduates or apprentices.

Safety

Safety remains the Group's key priority with the development of a rolling improvement plan in 2022 to further build on the safety culture and ensure all business operations are undertaken safely.

The Group reviewed its operations in line with the Building Safety Act with a full review undertaken in the period 2021/2022, resulting in a set of recommendations and revised approaches on safety where appropriate.

The AFR (accident frequency rate) across the Group's activities for 2022 was zero with no RIDDOR reportable incidents in the period. Despite this positive indicator, the Group retains a close focus on lost time injuries with a drive to reduce these in 2023. The main trends in incidents that have occurred include service strikes, security incidents and slips trips and fall type injuries. Each Business Unit will continue to target reduction in these types of incidents in 2023.

The approach and key achievements in 2022 in relation to operational health and safety include the following:

- Maintaining the ISO 45001 standards for Health and safety, demonstrating that standards and procedures meet an internationally recognised standard.
- Implementation of a number of actions based on the recommendations from the Groupwide Health and Safety maturity assessment carried out by DuPont in 2021. These include Safety Leadership Training undertaken to help them improve their engagement and approach to dealing with safety issues, and Incident investigation training for all managers in operational roles to upskill them and their ability to investigate incidents, identify root causes and take preventative measures.
- A continued focus of the Group on mental health and wellbeing.
- Review and improvements of Health and Safety governance structure within the Group implementing engagement mechanisms including coaching, training feedback and evaluation and pulse surveys.

Section 172 Statement

In accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Board is pleased to provide a statement describing how the directors discharged their duties and had regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006.

Whilst the day-to-day management of the company/group is delegated to the CEO, who along with the Executive Committee oversee the execution of the strategy and operations of the business, senior management oversee execution of the business strategy, financial and operational performance related matters and other related matters.

Stakeholders and Board engagement

Interests of Employees, they not only deliver the strategy but embody the brand and live out St. Modwen's purpose.
Board engagement and influence on decision making
Regular management meetings are held to inform senior staff about matters affecting them as employees, at which their feedback is sought. Resources and frameworks for employees are developed to specifically suit the needs of our people in different areas of the business. Initiatives in the year to further increase the level of communication with employees, taking into consideration the changing nature of how employees work, included monthly 'all hands' meetings led by the CEO with a Q&A session, enabling employees to directly engage on matters of interest and importance to them.

On 31st March 2022 an all company event titled 'World of Opportunity' was held. The event celebrated success and was a useful platform to communicate key changes in business development and set out the focus for the year ahead. The Group's 'Awesome' recognition platform also effectively enhances employee engagement and supports the key values.

The Groups Executives have undertaken visits to sites and developments to show visible leadership in operational areas and help to set the culture, including around health and safety. Visits are also used as a further opportunity to consult with employees.

Customers and Supply Chain and others: Customers comprise everyone that uses or buys the properties St. Modwen develops and the services it delivers. They have a choice, and we want them to choose St. Modwen. The supply chain is an extension of St. Modwen and helps it to deliver the products and services.

Board engagement and influence on decision making

The Board and senior management knows that customers together with the health and success of our supply chain are critical to future success. They receive regular updates in connection with these key stakeholders and support company initiatives to improve these relationships. The Group aims to know customers and partners and take stakeholder feedback into consideration when making decisions. Ongoing focus on customer service and satisfaction means that the Homes business ranks consistently highly on NHBC customer recommendations and net promoter scores. Including winning the Medium housebuilder awards for 2022.

The Group aims to maintain a resilient supply chain, with trusted and verified suppliers that share its values and standards.

A set of Contractor standards is also being rolled out across construction projects in 2023; setting expected H&S standards across new build developments. With responsible operating practices we maintain good relationships, for example via prompt payment practices and terms and a focus on safety with our development partners, customers and employees.

Investment Community: The investment community includes organisations that own shares or hold debt in the business or may be interested in doing so in the future.

The Executive team and Board has continued to effectively engage with and develop good working relationships over the period with our shareholder and lenders including attendance at shareholder meetings.

The Group continues to enhance sustainability data for investor reporting and demonstrate progress achieved against responsible business ambitions, a key priority of our shareholder.

Regulators: Regulators set laws that define or guide the conduct of people and organisations, such as the Health and Safety Executive.

Board engagement and influence on decision making

The Board encourages participation in initiatives and active engagement with regulatory bodies. The Group provided a formal consultation response to the Department for Environment, Food & Rural Affairs (DEFRA) regarding biodiversity net gain regulations.

The Group's core governance structure supports senior management receiving updates on any relevant changes in regulation and legislation in connection with the construction industry, and health & Safety as well as compliance related changes.

Also see section on Policymakers on page 11 for examples of engagement with key bodies.

Communities and environment: None of the Group's activities are carried out in isolation; St. Modwen operates within communities, with a diverse range of people, businesses and other organisations and is mindful of the environments within which people live and work.

Board engagement and influence on decision making

The Board considered all major projects and initiatives and received regular updates on progress. The business supports and hosts a variety of activities to encourage community cohesion in line with the purpose 'Changing places. Creating better futures.' The impact the business can have on both the community and environment is a key consideration, not least because it shapes how St. Modwen can successfully deliver on its purpose.

Each development scheme undergoes a stakeholder consultation process to understand the needs and expectations of the local communities. The board encourages participation in the communities in which we operate.

In 2022, across the full wider St. Modwen Group over 1,000 trees were planted across England and Wales as part of the Queens Green Canopy initiative. As part of St. Modwen's commitment to engage with local communities, individuals, schools and community groups were invited to take part in the planting of the trees, having positive biodiversity and carbon effects on local environments.
Partners: Partners are the organisations St. Modwen forges relationships with to ensure it can deliver on its activities, from joint ventures to local authorities.
Board engagement and influence on decision making
The Board and Executive team are committed to developing effective partnerships, ensuring that the Group can deliver on its key objectives, including with our joint venture partners and co-operate with organisations to contribute to initiatives and causes we can positively impact. We have developed partnerships with colleges and educational facilitators as part of our strategy to impact 20,000 young people by 2025 across the full St.Modwen Group. The partnerships aim to support jobs and employability for school leavers and the development of higher-level technical skills. St. Modwen is a corporate partner of LandAid, the property industry charity to end youth homelessness in the UK. Other examples include partnerships with The Ahead Partnership relating to careers based activities alongside schools and colleges, and Women into Construction, with their direct engagement in the St. Modwen Early Careers Programme. Please see https://www.stmodwen.co.uk/delivering-responsibly/ for more.
Policymakers: Policymakers set rules and guidance that govern how St. Modwen operates. They can significantly influence the operating landscape so it is key to anticipate and understand relevant policies and political changes.
Board engagement and influence on decision making
Senior management engages with key policymakers and provides the Board with updates at Board meetings. Regular engagement with industry and governmental bodies such as the House Builders Federation (HBF) and the Department for Levelling Up, Housing and communities (DLUHC), as well as local authorities in regards to planning reform.

Senior management's successful approach to considering stakeholders will continue into 2023 and remains a key feature of ongoing Board and business management decisions.

DIRECTORS' REPORT

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

Information incorporated by reference
Information that is relevant to this report, and which is incorporated by reference, including information required in accordance with the UK Companies Act 2006, can be located on the following page(s).

Information	Reported in	Pages
Engagement with suppliers, customers and others	Strategic Report	10-11
Employee engagement	Strategic Report	8-10
Financial instruments	Financial Statements	38
Results and dividends	Strategic Report	12, 20, 22

Directors
The following served as directors during the year ended 31 December 2022 and resigned prior to the date of this report:

- Daniel Park (resigned 21 October 2022)
- Rachel Kentleton (appointed 21 October 2022 and resigned 31 March 2023)
- Lisa Minns (resigned 2 May 2023)
- Olivia Troughton (appointed 21 October 2022 and resigned 2 May 2023)
- David Smith (appointed 21 October 2022 and resigned 2 May 2023)

The following were appointed directors after the year end but prior to the date of this report:
- Tom Olsen (appointed 28 April 2023)
- Peter Krause (appointed 2 May 2023)
- Nicholas Porter (appointed 2 May 2023)
- Adam Shah (appointed 2 May 2023)

Sarwjit Sambhi was appointed on 21 October 2022 and remains a director at the date of this report.

Events after the reporting date
Details of significant events after the reporting date can be found in the Strategic Report and in note 16.

Dividends
During the period the Company paid dividends totalling £nil (2021:£nil).

Insurance
The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action taken against its directors.

Employee, supplier, and customer engagement
St. Modwen is committed to regular communication and consultation with its employees and encourages employee understanding of, and involvement in, its performance. News concerning St. Modwen, its activities and performance is published on the Company's intranet and email communications and via regular 'all hands' webcasts with the Chief Executive, incorporating a question and answer session. Further information on how we engage with the Group's employees can be found on pages 8 to 10, its suppliers on page 10, and engagement with customers on pages 10 to 11.

Employment of disabled persons
It is the policy of the Company to give full and fair consideration to applications for employment received from disabled persons, having regard to their aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment with the Company and the provision of appropriate training. St. Modwen provides the same opportunities for training, career development and promotion for disabled as for other Group employees.

Greenhouse gas emissions and Streamlined Energy and Carbon Reporting (SECR)

The disclosures required by law relating to the Group's greenhouse gas emissions (GHG) and Streamlined Energy and Carbon Reporting (SECR) requirements are set out below. GHG emissions from those sources for which the Company is deemed to be directly responsible are monitored for reporting purposes, namely:

- Gas and electricity purchased for consumption at properties under the Company's operational control for its own use (such as head office, certain regional offices, St. Modwen Homes' sales offices, landlord areas of tenanted properties, including for the purposes of transport);
- Gas and electricity consumed at properties which are let to tenants, but which is recharged by way of a service charge;
- Petrol and diesel used in Company cars and vans, and for onsite transport and business travel;
- Petrol and diesel used for business travel in personal cars (excluding commuting).
- Diesel fuels used at sites (generators, construction equipment e.g., forklifts).

Carbon reduction actions taken in the year
During 2022 the Group maintained 60% backed electricity supply for all business activities across the portfolio. We now also purchase green gas for our St. Modwen Homes show homes and use solar-generators or renewable electricity for site cabins.

In 2020 we set a carbon neutral carbon ambition, to be operationally carbon neutral by 2025 and fully carbon neutral by 2040, and have undertaken detailed modelling to understand our footprints over time and have created net zero carbon delivery roadmaps. In 2022 we have prepared to set two ambitious Science Based Targets (SBTi) for the near- and long-term. In 2023, there will be a focus on continuing to transition to 90% Hydro-treated Vegetable Oil (HVO), a biofuel, use by St. Modwen Homes.

Energy efficiency action taken in the year
The business strategy aligns with improving energy efficiency of our units, targeting an increase in the proportion of EPC A rated homes completed to minimise the energy needs of our customers. We also seek to procure energy efficient site cabins, plant and machinery to reduce our consumption of fuels and electricity, utilising alternative fuels where practical.

For more information on the responsible business ambitions see www.stmodwen.co.uk/delivering-responsibly/

Methodology
Emissions have been calculated using the requirements of the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and the measurement of emissions is based on the 'UK Government GHG Conversion Factors for Company Reporting' (June 2021) as issued by the Department for Business, Energy & Industrial Strategy and the Department for Environment, Food & Rural Affairs. The UK Government's GHG Conversion Factors for Company Reporting 2019, 2020 and 2021 have been used within the reporting methodology. The required SECR reporting guidance and conversion of litres for fuel types into kWh has been used.

Outside of scopes emissions have been included for any emissions associated with fuels with biogenic content which includes biogas procurement, and purchase of some liquid fuels.

Emissions excluded from this disclosure include:
Fugitive emissions of landfill gas associated with inactive, capped landfill sites, including those where applications for license surrender are ongoing.
Fugitive emissions associated with the maintenance of cooling systems outside of the Company's control or occupation are excluded from this disclosure.

A comparative year for St. Modwen Group Holding Company Limited has been retrospectively calculated to reflect the emissions associated with the assets had these been positioned within St. Modwen Group Holding Company Limited for the financial year ended 31 December 2021, applying the same logic outlined below. See page 4 for details on the reorganisation.

Prior year restatement
During 2023, we were able to obtain greater visibility of metering across the portfolio which identified supplies of electricity which were previously understood to be REGO backed, but were proven otherwise. It also identified a small proportion of previously declared natural gas consumption which related to a district heating network. As such the 2021 gas and electricity disclosure has been restated and limited assurance previously obtained for the effected consumption is voided.

Organisation boundary and responsibility

The Company does not have responsibility for GHG emissions that are beyond the boundary of the Company's operational control. In arriving at a definition of what is defined as within the Company's operational control, we have excluded from scope 1 and scope 2 any gas and electricity which is consumed by tenants and is directly recharged by way of submetering. Any tenant consumption of gas and electricity which is not directly recharged in this manner is included in the scope 1 and scope 2 data above. Emissions are also excluded for contractors operating on the Company's behalf.

In identifying the emissions associated with St. Modwen Group Holding Company Limited, the following approach has been taken:

- Where emissions are associated with an asset, the emissions are allocated to the company where that assets value is held at 31/12/22.
- Where the emissions are associated with an asset where the value is held by a Company located overseas not associated with St. Modwen Group Holding Company Limited, the emissions are not captured within the scope of SECR.
- Where emissions are associated with a joint venture where the asset is not fully consolidated into any accounts or fall within the boundary of St. Modwen Group Holding Company Limited, the emissions have been calculated and excluded from the disclosure.

St. Modwen Group Holding Company Limited 1st January – 31st December 2022	2022 kWh	2022 tCO_2e emissions	2020/21[1] kWh	2020/21[1] tCO_2e emissions
Location-Based Reporting				
Scope 1				
Purchased Gas	1,889,975[2]	345.0[2]	2,231,982	410.6
Refrigerants	-	-		-
Landfill Gas	-	-	-	-
Diesel Use at Site	5,674,086[2]	660.3[2]	7,686,152[1]	1,973.7[1]
Company Cars	-	-	-	-
Other Vehicles	435,803[2]	105.1[2]	437,567[1]	103.6[1]
Total Scope 1	7,999,864[2]	1,110.4[2]	10,365,701	2,487.9
Scope 2				
Purchased Electricity	2,095,438[2]	405.2[2]	1,950,572[1]	405.4[1]
Electricity for EVs	-	-	-	-
Heat & Steam	7,882[2]	1.3[2]	25,367	4.3
Total Scope 2	2,103,320[2]	406.5[2]	1,975,939	409.7
Total Scope 1 & 2	10,103,184[2]	1,516.9[2]	12,341,640	2,897.7
Scope 3 [2]				
Vehicle Business Travel	-[2]	-[2]	-[1]	-[1]
Total Scope 3	-[2]	-[2]	-[1]	-[1]
Total Scope 1, 2 & 3	10,103,183[2]	1,516.9[2]	12,341,640	2,897.7
Out of Scopes	3,084,503[2]	767.2[2]	-	-
Intensity Ratios				
Property portfolio value (£m)		461		431
S1 & S2 tCO_2e emissions /£m property portfolio [4]		3.29		6.72
S1 – S3 tCO_2e emissions /£m property portfolio [4]		3.29		6.72
Market-Based Reporting				
Scope 1				
Purchased Gas	1,889,975[2]	345.0[2]	2,241,982	410.6
Natural Gas Purchased	1,774,221[2]	323.9[2]	2,183,854	410.6
Biomethane Purchased	6,945[2]	0.00153[2]	3,488	0.001
Gas offset by Supplier	108,809[2]	19.9[2]	54,640	10.0
Refrigerants	-	-	-	-
Landfill Gas	-	-	-	-
Diesel Use at Site	5,674,086[2]	660.3[2]	7,686,152[1]	1,973.7[1]
Company Cars	-	-	-	-
Other Vehicles	435,803[2]	105.1[2]	437,567[1]	103.6[1]
Total Scope 1	7,999,864[2]	1,110.4[2]	12,607,683	2,908.7
Scope 2 [3]				
Purchased Electricity	2,095,438[2]	294.9[2]	1,950,572	405.4
REGO-Backed Electricity	1,255,546[2]	-[2]	809,232	-
Non-REGO Backed Electricity	839,892[2]	294.9[2]	1,141,340	400.8
Electricity for EVs	-	-		
Heat & Steam	7,882[2]	1.3[2]	25,367	4.3
Total Scope 2	2,103,320[2]	296.3[2]	1,950,572	405
Total Scope 1 & 2	10,103,183	1,406.7	12,316,272	2,893.4

Scope 3 [2]				
Vehicle Business Travel	0[1]	0[1,2]	0[1]	0[1]
Total Scope 3	0[1]	0[1]	0[1]	0[1]
Total Scope 1, 2 & 3	10,103,183[1]	1,406.7[1,2]	12,316,272	2,893.4
Out of Scopes	3,084,503[1]	767.2[1,2]	-	-
Intensity Ratios				
Property portfolio value (£m)		461		431
S1 & S2 tCO_2e emissions /£m property portfolio [3]		3.05		6.71
S1 – S3 tCO_2e emissions /£m property portfolio [3]		3.05		6.72

1. A comparative year has been calculated using the scope of the Company as of 31/12/2022.
2. Reported from 2021 as a result of a Group reorganisation, further detail can be found on page 4.
3. Market-based emissions have been reported for 2022 and 2021. A zero-emission factor where there are renewable contracts in place has been used.
4. Equivalent Scope 1 and Scope 2 CO_2 per £m of property portfolio held by St. Modwen Group Holding Company Limited.
5. Equivalent Scope 1 and Scope 2 market-based CO_2 per £m of property portfolio held by St. Modwen Group Holding Company Limited.
6. Equivalent Scope 1, Scope 2 and Scope 3 CO_2 per £m of property portfolio held by St. Modwen Group Holding Company Limited.
7. Equivalent Scope 1 and Scope 2 market-based, and Scope 3 CO_2 per £m of property portfolio held by St. Modwen Group Holding Company Limited.

[1] Supported by Limited Assurance statement obtained from Corporate Citizenship. Based on the scope of work and assurance procedures performed, nothing has come to our attention that causes us to believe that the Scope 1, 2 and Scope 3 business travel data described on previous pages is not prepared, in all material respects, in accordance with the environmental reporting guidelines. Where errors have been identified, they do not inappropriately influence the conclusions or assessments of information users.

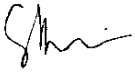
[2] Supported by Limited Assurance statement obtained from Corporate Citizenship. Based on the scope of work and assurance procedures performed, nothing has come to our attention that causes us to believe that the GHG and energy data inventory described above is not prepared, in all material respects, in accordance with the GHG Protocol & UK government environmental reporting guidelines.

Financial instruments
Information about the use of financial instruments by the Company is provided in note 10 to the financial statements.

Political donations
In accordance with the Company's policy, no political donations were made, and no political expenditure was incurred during the year.

Branches
The Group does not operate any overseas branches.

The Directors' report, prepared in accordance with the requirements of the Act and comprising pages 12 to 15, was approved by the Board and signed on its behalf by



Sarwjit Sambhi
Director
27 September 2023

St. Modwen Group Holding Company Limited
Company No: 02741186

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

The directors are responsible for preparing the Strategic Report, the Directors' 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.
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.
Each of the directors in office as at the date of this report considers the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Each of the directors in office at the date this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Signed on behalf of the Board by:

Sarwjit Sambhi
Director

Lisa Minns
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. MODWEN GROUP HOLDING COMPANY LIMITED

Opinion

We have audited the financial statements of St. Modwen Group Holding Company Limited ("the Company") for the year ended 31 December 2022 which comprise the Group Income Statement, Group and Company Balance Sheet, Group and Company Statement of Changes in Equity, Group Cash Flow Statement 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 Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, standards and as applied in accordance with the provisions of the Companies Act 2006; 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.

Material uncertainty related to going concern

We draw attention to page 24 of 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

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, 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 Group and component 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 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.

The Group 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 Group'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.

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
- 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.

Other matter - prior period financial statements

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.

Directors' responsibilities

As explained more fully in their statement set out on page 16, 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.

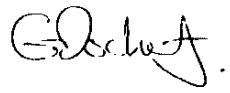
Auditor's responsibilities

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.

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 September 2023

GROUP INCOME STATEMENT

for the year ended 31 December 2022

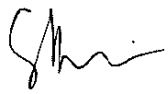
	Notes	Year ended 31 Dec 2022 £m	13 months ended 31 Dec 2021 £m
Revenue (including £3.6m (2021: £nil) of exceptional revenue (note 2a))	1	**373.7**	347.5
Costs (including £33.4m (2021: £nil) of exceptional costs (note 2a))	1	**(346.7)**	(287.1)
Investment property revaluation losses	5	**(0.8)**	(0.5)
Administrative expenses	2	**(19.4)**	(17.6)
Profit before interest and tax		**6.8**	42.3
Finance costs	3	**(2.2)**	–
Profit before tax		**4.6**	42.3
Taxation	4	**(2.2)**	(7.4)
Profit for the period		**2.4**	34.9
Attributable to:			
Owners of the Company		**2.4**	34.9
Non-controlling interests		**–**	–
Profit for the period		**2.4**	34.9

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

GROUP BALANCE SHEET
as at 31 December 2022

	Notes	31 Dec 2022 £m	31 Dec 2021 £m
Non-current assets			
Investment properties	5	**0.7**	3.6
Intangibles	6	**5.6**	1.8
Trade and other receivables	7	**1.5**	1.5
		7.8	6.9
Current assets			
Inventories	8	**438.4**	445.6
Trade and other receivables	7	**168.8**	185.0
Current tax assets	4	**–**	–
Cash and cash equivalents		**67.4**	33.3
		674.6	663.9
Current liabilities			
Trade and other payables	9	**(673.4)**	(441.2)
Current tax liabilities	4	**(2.3)**	(7.2)
		(675.7)	(448.4)
Non-current liabilities			
Trade and other payables	9	**(28.2)**	(11.2)
Deferred tax	4	**(0.7)**	(1.0)
		(28.9)	(12.2)
Net (liabilities)/assets		**(22.2)**	210.2
Capital and reserves			
Share capital	11	**–**	–
Retained earnings		**(22.2)**	209.9
Equity attributable to owners of the Company		**(22.2)**	209.9
Non-controlling interests		**–**	0.3
Total equity		**(22.2)**	210.2

These financial statements were approved by the Board and authorised for issue on 27 September 2023.



Sarwjit Sambhi
Chief Executive Officer

Tom Olsen
Chief Financial Officer

Company Number: 02741186

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Share capital £m	Retained earnings £m	Equity attributable to owners of the Company £m	Non-controlling interests £m	Total equity £m
Equity at 1 December 2020	–	175.0	175.0	0.3	175.3
Profit for the period		34.9	34.9	–	34.9
Total comprehensive income for the period	–	209.9	209.9	0.3	210.2
Equity at 31 December 2021	**–**	**209.9**	**209.9**	**0.3**	**210.2**
Profit for the year	**–**	**2.4**	**2.4**	**–**	**2.4**
Total comprehensive income for the year	**–**	**2.4**	**2.4**	**–**	**2.4**
Capital contributions within subsidiaries (note 12)	**–**	**51.8**	**51.8**	**–**	**51.8**
Arising on merger accounting (note 12)	**–**	**(286.3)**	**(286.3)**	**–**	**(286.3)**
Dividends paid	**–**	**–**	**–**	**(0.3)**	**(0.3)**
Equity at 31 December 2022	**–**	**(22.2)**	**(22.2)**	**–**	**(22.2)**

GROUP CASH FLOW STATEMENT

for the year ended 31 December 2022

	Notes	Year ended 31 Dec 2022 £m	13 months ended 31 Dec 2021 £m
Operating activities			
Profit before interest and tax		**6.8**	42.3
Investment property revaluation losses	5	**0.8**	0.5
Depreciation, amortisation and impairment	6	**–**	0.3
Increase in net realisable value provisions	8	**1.8**	1.4
Decrease/(increase) in inventories		**7.5**	(54.7)
Decrease/(increase) in trade and other receivables		**16.2**	(152.5)
Increase in trade and other payables	12	**13.6**	200.6
Decrease in provisions		**–**	(1.0)
Tax paid	4	**(7.4)**	(5.8)
Net cash inflow from operating activities		**39.3**	31.1
Investing activities			
Investment property additions		**–**	(0.5)
Interest received		**–**	–
Cash and cash equivalents acquired in a business combination		**–**	–
Capital injection into joint ventures and associates		**–**	–
Intangibles additions	6	**(3.8)**	(1.6)
Net cash outflow from investing activities		**(3.8)**	(2.1)
Financing activities			
Dividends paid		**–**	–
Dividends paid to non-controlling interests		**(0.3)**	–
Interest paid		**(1.1)**	–
Repayment of principal portion of lease liabilities		**–**	–
Refinancing outflows		**–**	–
Borrowings drawn		**–**	–
Repayment of borrowings		**–**	–
Net cash increase from financing activities		**(1.4)**	–
Increase in cash and cash equivalents		**34.1**	29.0
Cash and cash equivalents at start of period		**33.3**	4.3
Cash and cash equivalents at end of period		**67.4**	33.3

GROUP ACCOUNTING POLICIES
for the year ended 31 December 2022

Basis of preparation
The Group's financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

On 6 August 2021, Brighton Bidco Ltd acquired the entire issued ordinary share capital of St Modwen Properties Limited. As a result, all subsidiaries of St. Modwen Properties Limited altered their accounting reference dates in the prior period to align with the year end of its ultimate controlling party and therefore the Group presents its comparative financial statements for a long period of 13 months ended 31 December 2021. The information presented in these financial statements for the current year to 31 December 2022 is therefore not entirely comparable to the disclosures for the previous reporting period ended 31 December 2021. References to 2021 as a comparative are as at, or for the 13 months ended 31 December 2021.

The Company, previously known as St Modwen (Shelf 1) Limited and a dormant entity, changed its name on 9 March 2023 to St. Modwen Group Holding Company Limited following the completion of the formation of the Group, as disclosed in notes 12 and 16 to the Group financial statements.

The Company's functional currency (together with that of all of its subsidiaries) and the presentation currency for the Group is pounds sterling and its principal IFRS accounting policies are set out below.

The Group has adopted the below interpretations, amendments and clarifications in the period ended 31 December 2022, which have had no material impact on the Group financial statements.
- Amendments to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to IFRS 3 *References to the Conceptual Framework*
- Amendments to IFRSs *Annual Improvements to IFRSs 2018 – 2020 Cycle*

Going concern
The directors are required to assess the Group's ability to continue as a going concern for a period of at least 12 months from the date of signing of the Group financial statements. The Group's going concern assessment considers the Group's principal risks and is dependent on a number of factors, including financial performance and continued access to funding from the Group's immediate parent undertaking, Brighton Topco Sarl. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report.

Approval is required from the Group's immediate parent undertaking for any funding requests and the directors have a reasonable expectation that this approval will be provided to support the short-term cash fluctuations of the Group and that such approval would not be unreasonably withheld if required for the Group to remain as a going concern. The directors have received a letter from Brighton Master Topco Sarl, the Group's indirect parent undertaking confirming their, or one or more of their subsidiaries' intent and ability to provide financial support to the Group in the form of facilitating and authorising further funding injections as requested by the Group up to a level that would allow the Group to continue to meet its financial liabilities as they fall due under the directors' severe but plausible downside scenario, until and including at least 30 September 2024. Brighton Master Topco Sarl has received a similar letter from its indirect parent undertakings, Blackstone Real Estate Partners (Offshore) IX-SH L.P. and Blackstone Real Estate Partners Europe VI (AIV-SH) SCSp. As is the case for any entity placing reliance on other related entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The detailed review of the going concern assumption included an assessment of future funding requirements based on cash flow forecasts, valuation projections and the ability of the Group to meet its liabilities as they fall due, all over a period extending for at least 12 months from the date of signing the Group financial statements. The directors are satisfied that the forecasts and projections are based on realistic assumptions, considering a range of potential future financial performance outcomes, and that the sensitivities applied to current trading expectations to determine the severe but plausible downside scenario are appropriate.

The cash flow forecasts prepared include an expectation that trading continues broadly in line with the current performance and that the investment property and housing markets remain stable at the levels experienced at the start of 2023. The severe but plausible downside scenario modelled adopted the following key assumptions:

- a fall in house prices up to 10% over the forecast period;
- a reduction in the house sales rate by circa 35%;
- an increase of a further 2 percentage points in house build cost inflation;
- a reduction in the collection of gross rental income of circa 30%;
- no further asset disposals;
- no further land purchases;
- reductions in capital expenditure to reflect only that expenditure that is committed; and
- an increase in SONIA of 100bps above the base case forward curve.

The review shows that the Group, with the support of its indirect parents, continues to meet all obligations as they fall due under the severe but plausible downside scenario adopted. Therefore, the directors are satisfied that the Group will have sufficient ongoing facilities available throughout the forecast period used to assess the going concern assumption.

Based on their assessment, the directors believe the Group has adequate available resources to fund its operations for the foreseeable future, and not less than 12 months from the date of signing of these Group financial statements, and so determine that it remains appropriate for the Group financial statements to be prepared on a going concern basis.

Basis of consolidation

The Group's financial statements consolidate the financial statements of St. Modwen Group Holding Company Limited and the entities it controls. Control comprises exposure, or rights, to variable returns, the power to direct the relevant activities of the investee and the investor's ability to use its power over the investee to affect the returns. This is achieved through direct or indirect ownership of voting rights or by contractual agreement. A list of the entities controlled is given in note A to the Company financial statements.

The Group has elected to apply predecessor, or merger accounting to entities acquired under common control transactions. As a result, all such entities are consolidated as if the control of the Company at the reporting date had always been in place. Therefore the prior period comparatives reflect those of the Group as in place at the current year end. In the current year, the results reflect those of the Group for the full year and do not reflect the actual ownership period of these entities by St. Modwen Group Holding Company Limited. All intra-Group transactions, balances, income and expense are eliminated on consolidation.

Prior to the acquisition of these entities under a common control transaction on 4 November 2022, as disclosed in note 12 to the Group financial statements, the Company did not have any subsidiaries and therefore did not prepare consolidated financial statements. As a result, no comparative restatement information is disclosed.

Non-controlling interests represent the portion of profit or loss and net assets that are not held by the Group and are presented separately within equity in the Group balance sheet.

Interests in joint arrangements

Arrangements under which the Group has contractually agreed to share control with another party or parties are assessed to determine whether they represent joint ventures or joint operations. Joint arrangements are classified as joint ventures where the parties have rights to the net assets of the arrangement. Should the parties have rights to each of the assets and obligations for each of the liabilities relating to the arrangement they would instead be classified as joint operations. Currently, all arrangements where the Group has contractually agreed to share control have been determined to be joint ventures.

The Group recognises its interests in joint ventures using the equity method of accounting. Under the equity method, the interest in the joint venture is carried in the Group balance sheet at cost plus post-acquisition changes in the Group's share of its net assets, less distributions received and less any impairment in the value of individual investments. The Group income statement reflects the Group's share of the joint venture's results after interest and tax.

Financial statements of joint ventures are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies used into line with those of the Group.

The results of joint ventures and associates for the two periods ending 31 December 2022 are not material to the Group financial statements.

Interests in associates
The Group's interests in its associates, being those entities over which it has significant influence and which are neither subsidiaries nor joint arrangements, are accounted for using the equity method of accounting, as described above.

Properties
Investment properties
Investment properties, being freehold and leasehold properties, or land under option, held to earn rental income, for capital appreciation and/or for undetermined future use are carried at fair value following initial recognition at the present value of the consideration payable, including transaction costs. To establish fair value, investment properties are independently valued on the basis of market value. Any surplus or deficit arising is recognised in the Group income statement. Investment properties are not depreciated.

Once classified as an investment property, a property remains in this category until either:
• development with a view to sale commences, at which point the asset is transferred to inventories;
• the property meets the definition of an asset held for sale, at which point the asset is transferred to assets held for sale; or
• the property is occupied by the Group for administrative purposes, at which point the asset is transferred to owner-occupied property.

All such transfers are made at the property's current valuation and subsequently measured in accordance with the applicable accounting policy for their new categorisation.

Where an investment property is being redeveloped for continued use as an investment property, the property remains within investment property and any movement in valuation is recognised in the Group income statement. Capital additions, including capitalised interest on qualifying assets and labour costs where applicable, that is directly attributable to the redevelopment or refurbishment of investment property, up to the point of it being completed for its intended use, is included in the carrying value of the property.

Investment property disposals are recognised on completion. Profits and losses arising are recognised through the Group income statement and the profit or loss on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset, after the deduction of any selling costs.

Inventories
Inventories principally comprise properties previously developed and held for sale, properties under construction with a view to sale and land under option with a view to future sale. All inventories are carried at the lower of cost and net realisable value.

Cost comprises land, direct materials and, where applicable, capitalised interest on qualifying assets and direct labour costs that have been incurred in bringing the inventories to their present location and condition. When inventory includes a transfer from investment properties, cost is recorded as the book value at the date of transfer. Net realisable value represents the estimated selling price less any further costs expected to be incurred to completion and disposal. Inventory is transferred to investment properties only when the asset meets the definition of an investment property and there is evidence of a change in use, for example, the inception of an operating lease.

Revenue recognition
The accounting policies for revenue, set out below, reflect the Group's application of IFRS 15 *Revenue from Contracts with Customers* on its different revenue streams. In each case below, revenue is recognised at the transaction price, which is the amount of consideration that the Group expects to be entitled to, excluding VAT and other sales taxes or duties. 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. Revenue is recognised when performance obligations are satisfied by transferring a promised good or service to a customer. The specific performance obligations identified for each of the Group's significant revenue streams (other than rental income, which is accounted for under IFRS 16 *Leases*) are set out below.

Sale of property held in inventory
This includes the sale of property developed by St. Modwen Homes (disclosed within housebuilding developments), the sale of part-exchange properties within St. Modwen Homes (disclosed within other housebuilding activities), non-housebuilding inventory development income and the disposal of other property 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.

Development fee income
This is for income earned on development agreements with third parties, which can include income for costs incurred, fixed fees, fees earned at a fixed percentage of costs incurred and variable fees arising from profit sharing arrangements with third parties.

Revenue is recognised over time, with reference to the stage of completion of the agreement. The stage of completion is determined using input methods that reflect the costs incurred at each reporting period as a proportion of the total expected cost to fulfil the agreement as this cost is considered proportionate to the satisfaction of performance obligations. These agreements are typically for a variable consideration, comprising one or both of fee income at a fixed percentage of costs incurred and profit share arrangements for the residual amounts. Payments are often not received until the completion and disposal of individual phases and therefore contract assets arise in the early stages that reduce over time and may become contract liabilities if the disposal of these phases is accelerated. Variable consideration is estimated at each period end as the most-likely outcome, but only to the extent that it is highly probable that a significant reversal in the amount recognised will not subsequently occur.

Intangibles
Intangibles
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 all intangibles at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:
• software – over the software licence term; and
• other intangibles – over two to five years.

Impairment
At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Group income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in the Group income statement.

Exceptional items
Exceptional items are defined as items of income or expenditure which, in the opinion of the directors:
• are considered material to the primary users of the financial statements (either by size or nature);
• require separate disclosure in the financial statements in accordance with IAS 1 *Presentation of Financial Statements*; and
• do not relate to standard activities of current properties and developments of the Group.

Exceptional items are disclosed separately in the Group income statement. Should any exceptional items be reversed in subsequent periods, they would also be presented as exceptional items.

Provisions
Provisions are recognised when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset only if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Borrowing costs
Interest is capitalised if it is directly attributable to the acquisition, construction or development of investment properties and inventories. Capitalisation commences when the activities to develop the property start and continues until the property is substantially ready for its intended use. Capitalised interest is calculated with reference to the weighted average interest rate of incremental borrowings.

Income taxes
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.

The tax currently payable is based on the taxable result for the period. The taxable result differs from the result as reported in the Group income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that will not be taxable or deductible. In particular, as a property group, the effective tax rate for the year reflects the benefit of certain investment gains not being taxable because of historical indexation, capital allowances, land remediation and other reliefs on certain property expenditure.

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 on an undiscounted basis, using the rates of tax expected to apply based on legislation enacted or substantively enacted at the balance sheet date, with the following exceptions:
• *in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates,* where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
• 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 tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Income tax is charged or credited directly to equity or other comprehensive income if it relates to items that are credited or charged to equity or other comprehensive income. Otherwise, income tax is recognised in the Group income statement.

As a property group, tax and its treatment is often an integral part of transactions. The outcome of tax treatments are recognised by the Group to the extent that the outcome is reasonably certain. Where tax treatments have been challenged by HMRC, or management believe that there is a risk of such challenge, provision is made for the best estimate of potential exposure based on the information available at the balance sheet date and supported by the Group's tax advisors, where such exposure is considered more likely than not to occur.

Dividends
Dividends are recognised when declared and approved and dividends declared and approved after the balance sheet date are not recognised as liabilities at the balance sheet date.

Financial instruments
Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for any amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire.

Trade and other receivables
Trade and other receivables 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 receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the individual receivables, 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.

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

Trade and other payables
Trade and other payables are recorded at amortised cost. 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.

Critical judgements in applying the Group's accounting policies
In the application of the Group's accounting policies outlined above, the directors are required to make judgements relating to the carrying amounts of assets and liabilities that are not readily apparent from other sources. The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Complex transactions
Certain property transactions entered into by the Group involve an element of complexity and the need to exercise judgement to determine the most appropriate accounting policy. There was ere no new property transactions entered into during the two periods ended 31 December 2022 that required a critical judgement that has a significant impact upon the financial statements, apart from those involving estimations.

As disclosed in note 12 to the Group financial statements, during the year, a previous indirect parent undertaking commenced a legal entity reorganisation that involved the acquisition of certain subsidiaries and joint ventures of St. Modwen Properties Limited. Given the scale and complexity of this reorganisation, the directors sought external advice to ensure that these disposals were appropriately accounted for. This included the adoption of predecessor, or merger accounting for the transaction as disclosed within the Basis of consolidation paragraph above.

Key sources of estimation uncertainty
In the application of the Group'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. Where sensitivities are provided in the notes to the Group financial statements, these are based on a reasonably possible range of outcomes within the next financial year, each of which having been considered with all other variables remaining constant.

Valuation of investment properties

Investment properties are held at fair value, which is determined by independent valuations undertaken by external valuation experts in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. These valuations are based on prevailing market conditions and evidence of transaction prices for similar properties together with assumptions including yields, estimated rental values, gross development values and the appropriateness of remediation expenditure and costs to complete. Market conditions and assumptions are expected to change over time and any increase in yields or costs to complete or any decreases in estimated rental values or gross development values in subsequent periods would result in a decrease in the fair value of investment properties. The determination of costs to complete also requires a number of assumptions and estimates to be made, which are informed by the use of third-party cost consultants but are subject to revisions over time, particularly on large remediation sites with complex ground conditions and uncertain infrastructure requirements. The Group adopts the valuation performed by its independent valuers as the fair value of its investment properties, following review by management. The sensitivity of the carrying amount of the liability to the assumptions and estimates used is disclosed in note 5 to the Group financial statements.

Carrying value of inventories

In order to determine the profit that the Group is able to recognise on its developments in any given year, the Group 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. As a significant portion of the Group's activities are undertaken through housebuilding, the Group is required to make estimates in accounting for housebuilding development costs and margin and the Group has ongoing procedures for assessing its 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. 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 8 to the Group financial statements.

Standards and interpretations not yet effective

At the date of approval of these financial statements, the following standards, amendments and interpretations which have not been adopted in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the UK):

- IFRS 17 *Insurance Contracts*
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-Current*
- Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*
- Amendments to IAS 8 *Definition of Accounting Estimates*
- Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to IAS 16 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to IFRS 3 *References to the Conceptual Framework*
- Amendments to IFRS 17 *Insurance contracts*
- Amendments to IFRSs *Annual Improvements to IFRSs 2018 – 2020 Cycle*

The directors are still assessing the impact that the adoption of the majority of these standards, amendments and interpretations will have on the financial statements of the Group in future periods. Adoption of these standards, amendments and interpretations is expected to have little or no impact on the reported results of the Group, although amended disclosures may be required.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2022

1. Revenue and costs
This note sets out the detail of revenue and costs by category of revenue under IFRS 15 *Revenue from Contracts with Customers.*

	Year ended 31 Dec 2022		13 months ended 31 Dec 2021	
	Revenue £m	**Costs £m**	Revenue £m	Costs £m
Rental income	**–**	**(0.1)**	0.1	–
Rental	**–**	**(0.1)**	0.1	–
Housebuilding developments	**344.9**	**(290.9)**	296.4	(241.4)
Housebuilding construction contracts	**14.5**	**(11.3)**	18.5	(14.9)
Other housebuilding activities	**12.0**	**(42.3)**	24.1	(24.3)
Housebuilding	**371.4**	**(344.5)**	339.0	(280.6)
Development fee income	**2.3**	**(2.1)**	8.0	(7.3)
Inventory and other disposals	**–**	**–**	0.4	–
Other developments[1]	**–**	**–**	–	0.8
Total	**373.7**	**(346.7)**	347.5	(287.1)

(1) Other developments includes net provision releases related to developments of £nil (2020: net provision increases of £0.8m).

All revenues in the table above are derived from continuing operations exclusively in the UK.

The table below provides further detail of each of the revenue categories disclosed above, including a description of the revenue stream and the relevant accounting policy under which revenue is recognised for the category:

Disclosed revenue category	Accounting policy	Description
Rental income	Leases - the Group as lessor	Income from tenants at owned properties governed by lease agreements and recognised over the lease term
Housebuilding developments	Sale of property held in inventory	Sales of dwellings built by St. Modwen Homes to private and affordable customers and recognised on completion of the sale
Housebuilding construction contracts	Construction contracts	Revenue recognised over time by St. Modwen Homes on 'golden brick' contracts with registered providers
Other housebuilding activities	Sale of property held in inventory	Other revenue earned by St. Modwen Homes, including sales of part exchange properties or land
Development fee income	Development fee income	Revenue recognised over time on master developer agreements where the land is not owned by the Group
Inventory and other disposals	Sale of property held in inventory	Sales of non-housebuilding work in progress on which no recent development activity has been undertaken
Other developments	Sale of property held in inventory	Sales of non-housebuilding developments constructed as work in progress

All revenue streams, except rental income, totalling £373.7m (2021: £347.4m) are recognised in accordance with IFRS 15 Revenue from Contracts with Customers.

Revenue of £12.1m (2021: £14.9m) is expected to be recognised in future years in respect of contracts commenced at 31 December 2022 on which revenue is recognised over time. Given the long-term nature of a number of these contracts and the number of variables that impact upon the timing of the satisfaction of performance obligations, it is not possible to accurately determine the future periods in which this revenue will be recognised.

Cost of sales in respect of rental income comprises direct operating expenses (including repairs and maintenance) related to the investment property portfolio and totals £0.1m (2021: £nil), of which £nil (2021: £nil) is in respect of properties that did not generate any rental income.

2. Other income statement disclosures

a. 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 Limited 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 exceptions 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. 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 ordinary course of the Company's business.

There are no exceptional items for the year ended 31 December 2021.

b. Auditor's remuneration

The table below sets out the fees payable to the Company's auditor and their associates for the following services:

	Year ended 31 Dec 2022 £'000	13 months ended 31 Dec 2021 £'000
The audit of the Company's annual report and financial statements	**28**	–
The audit of the Company's subsidiaries	**179**	–
Total fees	**207**	–

No non-audit services have been provided during the period ended 31 December 2022 or 31 December 2021.

c. Operating profit

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

None of the directors received any remuneration paid by the Group during the current financial year or 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.

The remuneration of directors during the year was as follows:

	Year ended 31 Dec 2022 £m	13 months ended 31 Dec 2021 £m
Remuneration in respect of qualifying services	**1.1**	0.6
Amounts receivable under long term incentive schemes	**–**	0.2
Total remuneration	**1.1**	0.8

Included in the above are the following amounts in respect of the highest paid director:

	Year ended 31 Dec 2022 £m	13 months ended 31 Dec 2021 £m
Aggregate emoluments	**0.4**	0.5
Accrued pension at the end of the period	**–**	–

3. Finance costs and finance income

	Year ended 31 Dec 2022 £m	13 months ended 31 Dec 2021 £m
Interest costs		
Interest payable on external borrowings	**1.1**	–
Interest costs	**1.1**	–
Other finance costs		
Amortisation of discount on deferred payment arrangements	**1.1**	–
Other finance costs	**1.1**	–
Total finance costs	**2.2**	–

Interest of £nil (2021: £nil) was capitalised into investment properties and inventories during the year ended 31 December 2022.

4. Taxation

a. Tax on profit on ordinary activities

The tax charge in the Group income statement is as follows:

	Year ended 31 Dec 2022 £m	13 months ended 31 Dec 2021 £m
Current tax		
Current year tax	**1.4**	7.9
Adjustments in respect of previous years	**1.1**	(0.2)
Total current tax	**2.5**	7.7
Deferred tax		
Impact of current year revaluations, indexation and disposals	**0.2**	(0.3)
Net release of tax losses	**0.3**	–
Other temporary differences	**(0.8)**	0.1
Change in rate used for provision of deferred tax brought forward	**0.1**	–
Adjustments in respect of previous years	**(0.1)**	(0.1)
Total deferred tax	**(0.3)**	(0.3)
Total tax charge in the Group income statement	**2.2**	7.4

b. Reconciliation of effective tax rate

	Year ended 31 Dec 2022 £m	13 months ended 31 Dec 2021 £m
Profit before tax attributable to the Group	**4.6**	42.5
Corporation tax at 19.00% (2021: 19.00%)	**0.9**	8.1
Effect of non-deductible expenses and non-chargeable income	**–**	(0.4)
Impact of indexation on investment property	**–**	–
Change in rate used for provision of deferred tax	**0.1**	–
Impact of unrecgonised deferred tax assets in respect of losses	**0.2**	–
Current year charge	**1.2**	7.7
Adjustments in respect of previous years	**1.0**	(0.3)
Tax charge for the period	**2.2**	7.4
Effective rate of tax	**47.8%**	30.2%

Legislation enacted during the year ended 31 December 2021 included provisions which provided for an increase in the main rate of corporation tax from 19% to 25% with effect from 1 April 2023. Therefore, current tax has been provided at 19% and deferred tax has been provided at 25%.

c. Balance sheet

	Year ended 31 Dec 2022		13 months ended 31 Dec 2021	
	Current tax £m	Deferred tax £m	Current tax £m	Deferred tax £m
At start of period	**7.2**	**1.0**	5.3	1.3
Charged/(credited) to the Group income statement	**2.5**	**(0.3)**	7.7	(0.3)
Net payment	**(7.4)**	**–**	(5.8)	–
At end of period	**2.3**	**0.7**	7.2	1.0

An analysis of the deferred tax provided by the Group is given below:

	31 Dec 2022			31 Dec 2021		
	Asset £m	**Liability £m**	**Net £m**	Asset £m	Liability £m	Net £m
Property revaluations	**–**	**–**	**–**	(0.1)	–	(0.1)
Capital allowances	**–**	**–**	**–**	–	–	–
Appropriations to trading stock	**–**	**0.7**	**0.7**	–	1.1	1.1
Unutilised tax losses	**–**	**–**	**–**	–	–	–
Other temporary differences	**–**	**–**	**–**	–	–	–
Total deferred tax	**–**	**0.7**	**0.7**	(0.1)	1.1	1.0

At the balance sheet date, the Group has unused gross tax losses in relation to 2022 and prior years of £2.7m (2021: £nil). Deferred tax of £nil (2021: £nil) has been recognised in respect of these losses, with £0.7m (2021: £m) remaining unrecognised as an asset due to an insufficient certainty over the availability of taxable profits in the short term against which these can be offset.

5. Investment properties

a. Fair value reconciliation

	Year ended 31 Dec 2022 £m	13 months ended 31 Dec 2021 £m
At start of period	**3.6**	3.6
Property acquisitions	**–**	–
Additions	**–**	0.5
Net transfers to inventories (note 8)	**(2.1)**	–
Net transfers to owner-occupied properties (note 6)	**–**	–
Disposals	–	–
Movement in lease incentives	**–**	–
Losses on revaluation	**(0.8)**	(0.5)
At end of period	**0.7**	**3.6**

Investment properties were valued at 31 December 2022 by Jones Lang LaSalle, Chartered Surveyors, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, on the basis of market value. Jones Lang LaSalle are professionally qualified independent external valuers and had appropriate recent experience in the relevant location and category of the properties being valued.

Investment properties were valued at 31 December 2021 by Cushman & Wakefield on the same basis.

b. Fair value measurement and sensitivity

The split of investment properties according to the valuation techniques applied and their fair value hierarchies is set out below:

	Valuation technique	**Fair value hierarchy**	**31 Dec 2022 £m**	31 Dec 2021 £m
Other land assets	Comparable land value method	Level 3	**0.7**	3.6
Investment properties			**0.7**	3.6

Other land assets

Other land assets are valued using the comparable land value method, which comprises a land value per acre less costs to remediate and service the land. Land value per acre is considered to be an unobservable input and details of the ranges used are detailed in the following table:

	31 Dec 2022		31 Dec 2021	
	Fair value £m	**Land value per acre[1] £'000**	Fair value £m	Land value per acre[1] £'000
Commercial	**0.2**	**300**	2.4	12–150
Residential	**0.5**	**47**	1.2	1,600
Other land assets	**0.7**		3.6	

(1) Excluding ransom strips and substantially complete assets.

All other things being equal, a higher value per acre would lead to an increase in the valuation of an asset and vice versa.

The table below sets out a sensitivity analysis for the key source of estimation uncertainty with the resulting increase/(decrease) in the fair value of other land assets at 31 December 2022:

	Increase in sensitivity £m	**Decrease in sensitivity £m**
Change in land value per acre of 10.0%	**0.1**	**(0.1)**

6. Intangibles

	£m
Cost or value	
At 1 December 2020	0.7
Additions	1.6
Transfers from investment properties (note 6)	–
Disposals	–
Revaluations	–
At 31 December 2021	**2.3**
Additions	**3.8**
Transfers from investment properties (note 5)	**–**
Disposals	**–**
Revaluations	**–**
At 31 December 2022	**6.1**
Depreciation and amortisation	
At 1 December 2020	0.2
Charge for the period	0.3
Impairment	–
Disposals	–
At 31 December 2021	**0.5**
Charge for the year	**–**
Impairment	**–**
Disposals	**–**
At 31 December 2022	**0.5**
Net book value	
At 1 December 2020	0.5
At 31 December 2021	1.8
At 31 December 2022	**5.6**

7. Trade and other receivables

	31 Dec 2022 £m	31 Dec 2021 £m
Non-current		
Deferred consideration on property disposals	**1.5**	1.5
Amounts due from joint ventures and associates	**–**	–
Other receivables	**–**	–
Non-current receivables	**1.5**	1.5
Current		
Trade receivables	**2.9**	2.4
Prepayments and accrued income	**14.5**	1.9
Deferred consideration on property disposals	**0.2**	0.2
Contract assets	**8.0**	21.5
Amounts due from owners	**111.0**	–
Amounts due from related parties	**27.5**	150.9
Other receivables	**4.7**	8.1
Current receivables	**168.8**	185.0

Included within trade receivables are £2.9m (2021: £1.7m) due on the disposal of inventories and £nil (2021: £nil) billed under construction and development contracts with customers.

8. Inventories

The movement in inventories during the period ended 31 December 2022 is as follows:

	Year ended 31 Dec 2022 £m	13 months ended 31 Dec 2021 £m
At start of period	**445.6**	392.3
Acquisitions	**64.0**	71.5
Additions	**250.4**	240.1
Net transfers from investment property (note 5)	**2.1**	–
Disposals	**(321.9)**	(256.9)
Increase in net realisable value provisions	**(1.8)**	(1.4)
At end of period	**438.4**	445.6

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 value of inventories expensed during the year ended 31 December 2022 was £323.7m (2021: £258.3m).

The table below sets out a sensitivity analysis for the key source of estimation uncertainty with the resulting increase/(decrease) in the carrying value of inventories at 31 December 2022.

	Increase in sensitivity £m	Decrease in sensitivity £m
Change in housebuilding costs for plots on which sales were recognised during the year of 10.0%	**(32.0)**	**32.0**

9. Trade and other payables

	31 Dec 2022 £m	31 Dec 2021 £m
Current		
Trade payables	**19.1**	22.3
Accruals and deferred income	**21.2**	20.6
Deferred consideration on property acquisitions	**19.5**	20.8
Amounts due to owners	**540.0**	–
Amounts due to related parties	**71.2**	374.2
Other payables	**2.4**	3.3
Current payables	**673.4**	441.2
Non-current		
Amounts due to related parties	**28.2**	–
Deferred consideration on property acquisitions	**–**	11.2
Non-current payables	**28.2**	11.2

10. Financial instruments

a. Categories and classes of financial assets and liabilities

	31 Dec 2022 £m	31 Dec 2021 £m
Loans and receivables:[1]		
Cash and cash equivalents	**67.4**	33.3
Trade and other receivables	**147.8**	163.1
Total financial assets	**215.2**	196.4

	31 Dec 2022 £m	31 Dec 2021 £m
Amortised cost:[1]		
Trade and other payables	**701.6**	452.3
Total financial liabilities	**701.6**	452.3

(1) The directors consider that the carrying amounts recorded in the financial statements approximate their fair value.

Trade and other receivables above comprise trade receivables, other receivables, deferred consideration on property disposals and amounts due from joint ventures and associates as disclosed in note 7, for current and non-current amounts, after deduction of £22.5m (2021: £23.4m) of non-financial assets.

Trade and other payables above comprise trade payables, other payables, accruals and deferred income, deferred consideration on property acquisitions and amounts due to joint ventures and associates as disclosed in note 9, for current and non-current amounts, after deduction of £nil (2021: £nil) of non-financial liabilities.

b. Risk management objectives

Capital risk

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings as disclosed in the Group statement of changes in equity.

Credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations as they fall due. The carrying amount of financial assets, as detailed above, represents the Group's maximum exposure to credit risk at the reporting date.

The credit risk on the Group's liquid funds is limited because the counterparties are banks with strong credit ratings. Bank deposits are only placed with banks in accordance with Group policy that specifies minimum credit rating and maximum exposure.

The credit risk on deferred consideration and contract assets is considered low, generally because the Group retains a charge, or has other contractual protections, over developed or disposed properties until the deferred consideration or contract asset is settled and the counterparties usually have a high credit rating.

The Group recognises loss allowances on amounts due from its owners and related parties when it considers that amounts may not be recoverable based on the going concern and viability assessments the Group makes at least annually for these parties.
No loss allowance was recognised against amounts due from owners and related parties at 31 December 2022 or 31 December 2021.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience and an assessment of both the current and forecast direction of conditions at the reporting date, adjusted for factors that are specific to the individual customers. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table details the risk profile of trade receivables based on the Group's provision matrix and the expected credit losses recognised. The Group does not have any significant history of credit losses on development, disposal and contract trade receivables, which are typically represented by larger balances with organisations with a high credit rating and increased contractual protections. The expected credit loss rates reflect the Group's experience of the credit rating of tenants within the differing sectors within which they operate.

	31 Dec 2022			31 Dec 2021		
	Expected credit loss rates %	**Gross trade receivables £m**	**Loss allowance £m**	Expected credit loss rate %	Gross trade receivables £m	Loss allowance £m
Development, disposal and contract trade receivables:						
Not yet due and less than 30 days overdue	**–**	**2.9**	**–**	–	1.7	–
Tenant trade receivables:						
Not yet due and less than 30 days overdue	**0–4**	**–**	**–**	0–4	0.6	–
31 to 60 days overdue	**2–5**	**–**	**–**	2–5	–	–
61 to 90 days overdue	**3–10**	**–**	**–**	3–10	–	–
91 to 120 days overdue	**4–15**	**–**	**–**	4–15	–	–
121 to 150 days overdue	**5–20**	**–**	**–**	5–20	–	–
151 to 180 days overdue	**10–25**	**–**	**–**	10–25	–	–
More than 180 days overdue	**15–30**	**0.1**	**(0.1)**	15–30	0.1	–
Total		**3.0**	**(0.1)**		2.4	–

The following table shows the movement in lifetime expected credit losses that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	Year ended 31 Dec 2022 £m	13 months ended 31 Dec 2021 £m
At start of period	**–**	–
Increase in loss allowances recognised	**0.1**	–
Amounts written off as uncollectable	**–**	–
Loss allowances reversed	**–**	–
At end of period	**0.1**	–

The loss allowance comprises individually assessed losses of £0.1m (2021: £nil) and collectively assessed losses of £nil (2021: £nil).

The Group does not have any significant concentrations of credit risk as the debtor base is primarily made of housebuilding purchases which are usually settled within a month of purchase.

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources available to meet its obligations as they fall due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, matching the maturity profiles of financial assets and liabilities and through the use of borrowing facilities, overdrafts and cash to ensure continuity of funding.

The maturity profile for the cash flows of the Group's financial liabilities, on an undiscounted basis, is as follows:

	31 Dec 2022					
	Less than one month £m	**One to three months £m**	**Three months to one year £m**	**One to five years £m**	**More than five years £m**	**Total £m**
Trade and other payables	**653.9**	**–**	**8.3**	**39.4**	**–**	**701.6**
Total cash flows	**653.9**	**–**	**8.3**	**39.4**	**–**	**701.6**

	31 Dec 2021					
	Less than one month £m	One to three months £m	Three months to one year £m	One to five years £m	More than five years £m	Total £m
Trade and other payables	420.3	–	20.8	11.2	–	452.3
Total cash flows	420.3	–	20.8	11.2	–	452.3

The Group's approach to cash flow and financing is discussed further in the financial review section of the strategic report.

11. Share capital and share premium

	Year ended 31 Dec 2022		13 months ended 31 Dec 2021	
	Ordinary £1 shares Number	**Equity share capital £m**	Ordinary £1 shares Number	Equity share capital £m
At start of period	**1,000**	**–**	1,000	–
At end of period	**1,000**	**–**	1,000	–

The Company has a single class of share capital which is divided into ordinary shares of £1 each, all ranking pari passu. Each share carries the right to one vote at general meetings of the Company. The holders of ordinary shares are entitled to receive dividends when declared.

12. Acquisition of subsidiaries and associated merger accounting

As part of the acquisition of St. Modwen Properties Limited (a previous indirect parent undertaking of St. Modwen Group Holding Company Limited) by Brighton Bidco Limited in August 2021, a bridge loan was entered into by one of St. Modwen Properties Limited's indirect parent undertakings, Brighton Topco Sarl. This bridge loan was intended to be a temporary borrowing facility and that in due course it would be replaced by secured financing entered into by the logistics property owning companies within the Group. In order to facilitate this refinancing, Brighton Topco Sarl undertook a legal entity reorganisation during the year ended 31 December 2022 that transferred certain entities of the previous Group to a new corporate group of non-logistics entities beneath St. Modwen Group Holding Company Limited, itself now a direct subsidiary of Brighton Topco Sarl.

As a result, on 4 November 2022, St. Modwen Group Holding Company Limited acquired St. Modwen Homes Limited (and therefore the housebuilding business of the St. Modwen Properties Limited Group) and a number of smaller subsidiaries in exchange for consideration left outstanding on intercompany account.

As this is a common control transaction, the acquisition has not been accounted for in accordance with IFRS 3 *Business Combinations*, but instead has been accounted for using predecessor, or merger accounting. As a result, the impact of the use of merger accounting is to reflect the Group as though it had always been in existence in its current form. Therefore the prior period comparatives reflect those of the Group as in place at 31 December 2022. In the current year, the results reflect those of the Group for the full year and do not reflect the actual ownership period of these entities by St. Modwen Group Holding Company Limited.

Consideration of £286.3m has been left outstanding on intercompany account. Under merger accounting, the debit entry was to equity at the time of the transaction. Further, £51.8m of intercompany balances due from the acquired subsidiaries to their previous parent and considered irrecoverable were formally waived and these have been accounted for as capital contributions at the date of transaction.

The entities acquired during the year were as follows:

Name	Company registration number	Activity
Blackpole Trading Estate (1978) Limited	00581658	Property Investment
Boltro Properties Limited	02616865	Ceased Trading
Boughton Holdings	04112012	Dormant
Boughton Enterprises Limited	05068420	Dormant
Chaucer Estates Limited	00456386	Property Investment/Development
Festival Waters Limited	04354481	Property Investment
Glan Lyn Management Limited	07848409	Property Management
Great Yarmouth Regeneration Limited	05594264	Dormant
Heenan Group Pensions Limited	00548316	Dormant
Knights Park (Management) Limited	02487814	Dormant
Leisure Living Limited	02106984	Ceased Trading
Peacehaven Valley Owners Limited	02648782	Dormant
Petre Court Management (Number 1) Limited	06160268	Dormant
St. Modwen Corporate Services Limited	06163437	Property Management
St. Modwen Development (Coed Darcy) Limited	06163563	Dormant
St. Modwen Developments (Bedford) Limited	05411282	Dormant
St. Modwen Developments (Belle Vale) Limited	04145782	Dormant
St. Modwen Developments (Blackburn) Limited	05732825	Ceased Trading
St. Modwen Developments (Bognor Regis) Limited	06160250	Dormant
St. Modwen Developments (Brighton West Pier) Limited	04069008	Dormant
St. Modwen Developments (Chorley) Limited	05727011	Dormant
St. Modwen Developments (Colne) Limited	05726325	Dormant
St. Modwen Developments (Connah's Quay) Limited	05726352	Ceased Trading
St. Modwen Developments (Cranfield) Limited	06163509	Dormant
St. Modwen Developments (Daresbury) Limited	06163550	Dormant
St. Modwen Developments (Eccles) Limited	05867740	Dormant
St. Modwen Developments (Hatfield) Limited	04354480	Ceased Trading
St. Modwen Developments (Hillington) Limited	04150262	Ceased Trading
St. Modwen Developments (Holderness) Limited	05726995	Property Development
St. Modwen Developments (Hull) Limited	05593517	Dormant
St. Modwen Developments (Longbridge) Limited	02885028	Property Investment
St. Modwen Developments (Longbridge East Works) Limited	123893	Property Investment
St. Modwen Deveopments (Queens Market) Limited	05289380	Dormant
St. Modwen Developments (Silverstone) Limited	05594232	Dormant
St. Modwen Developments (Skelmersdale) Limited	06163591	Property Development
St. Modwen Developments (St Helens) Limited	05726666	Dormant

St. Modwen Developments (Swansea 1) Limited	11554302	Ceased Trading
St. Modwen Developments (Telford) Limited	05411357	Dormant
St. Modwen Developments (Weston) Limited	05411348	Property Investment
St. Modwen Developments (Wythenshawe) Limited	05594279	Dormant
St. Modwen Developments (Wythenshawe 2) Limited	05851760	Dormant
St. Modwen Holdings Limited	01991339	Dormant
St. Modwen Homes Limited	09095920	Property Development
St. Modwen Investments Limited	00528657	Property Management
St. Modwen Group Holding Company Limited	02741186	Holding company
St. Modwen Residential Living Limited	09266033	Property Management
St. Modwen Securities Limited	00460301	Property Development
St. Modwen Services Limited	02885024	Dormant
St. Modwen (SAC1) Limited	08296927	Ceased Trading
Swan Business Park (Management) Limited	02424524	Dormant
Trentham Gardens Limited	00533242	Dormant
Uttoxeter Estates Limited	02725709	Ceased Trading
VSM Estates (Ashchurch) Limited	09494284	Property Development
Walton Securities Limited	02314059	Dormant
Widnes Regeneration Limited	03643210	Ceased Trading
Woking Developments Limited	05411325	Dormant

The acquisitions covered the trade and net assets and liabilities at the date of acquisition which are summarised below:

	St. Modwen Homes Limited £m	Other subsidiaries £m	Total £m
Identifiable net assets disposed			
Investment properties	–	3.6	3.6
Intangibles	5.1	–	5.1
Non-current trade and other receivables	–	1.5	1.5
Deferred tax assets	–	0.1	0.1
Inventories	438.2	–	438.2
Current trade and other receivables	34.5	406.7	441.2
Cash and cash equivalents	60.3	0.2	60.5
Current trade and other payables	(351.6)	(291.5)	(643.1)
Current tax liabilities	–	–	–
Non-current trade and other payables	(39.2)	–	(39.2)
Deferred tax liabilities	(1.1)	–	(1.1)
Identifiable net assets acquired*	146.2	120.6	266.8

*Includes amounts of £51.8m that were waived at the time of the transaction by the previous parent.

The consideration left outstanding on intercompany account has been recognised within retained earnings, as disclosed within the Group statement of changes in equity.

13. Capital commitments

At 31 December 2022 the Group had contracted capital expenditure of £nil (2021: £nil).

14. Financial guarantees

The Group has also provided certain guarantees, representations and warranties in relation to developments and disposals in the ordinary course of business, with the probability of any cash outflows being remote.

St. Modwen Group Holding Company Limited has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under Section 479A of the Companies Act 2006 in respect of the year ended 31 December 2022:

Name of subsidiary	Company registration number
Blackpole Trading Estate (1978) Limited	00581658
Chaucer Estates Limited	00456386
Festival Waters Limited	04354481
Glan Llyn Management Limited	07848409
St. Modwen (SAC1) Limited	08296927
St. Modwen Corporate Services Limited	06163437
St. Modwen Developments (Blackburn) Limited	05732825
St. Modwen Developments (Brighton West Pier) Limited	04069008
St. Modwen Developments (Colne) Limited	05726325
St. Modwen Developments (Daresbury) Limited	06163550
St. Modwen Developments (Hatfield) Limited	04354480
St. Modwen Developments (Hillington) Limited	04150262
St. Modwen Developments (Holderness) Limited	05726995
St. Modwen Developments (Longbridge) Limited	02885028
St. Modwen Developments (Queens Market) Limited	05289380
St. Modwen Developments (Skelmersdale) Limited	06163591
St. Modwen Developments (Swansea 1) Limited	11554302
St. Modwen Developments (St. Helens) Limited	05726666
St. Modwen Developments (Weston) Limited	05411348
St. Modwen Developments (Wythenshawe 2) Limited	05851760
St. Modwen Investments Limited	00528657
St. Modwen Residential Living Limited	09266033
St. Modwen Securities Limited	00460301
Uttoxeter Estates Limited	02725709
Widnes Regeneration Limited	03643210

15. Related party transactions

All related party transactions involving directors, and those involving a change in the level of the Group's interest in non-wholly owned subsidiaries, joint ventures and associates are specifically reviewed and approved by the Board. Monitoring and management of transactions between the Group and its non-wholly owned subsidiaries, joint ventures and associates is delegated to the executive directors. All related party transactions are clearly justified and beneficial to the Group, are undertaken on an arm's-length basis on fully commercial terms and in the normal course of business.

Parent and ultimate controlling party

Following the acquisition of St. Modwen Properties Limited by Brighton Bidco Limited in August 2021, the ultimate parent undertaking of the Group is The Blackstone Group Inc., a company incorporated in the state of Delaware, USA. Copies of the annual report and financial statements of The Blackstone Group Inc. are available online at: https://ir.blackstone.com/sec-filings-annual-letters/

The following table sets out the income and expenditure with immediate and other parent undertakings during the period, together with the balances outstanding at the period end:

	Year ended 31 Dec 2022				13 months ended 31 Dec 2021			
	Management fee income/ (expense) £m	**Interest income/ (expense) £m**	**Funding received/ (provided) £m**	**Balance receivable/ (payable) £m**	Management fee income/ (expense) £m	Interest income/ (expense) £m	Funding received/ (provided) £m	Balance receivable/ (payable) £m
Brighton Topco S.à.r.l.	–	–	**429.0**	**(429.0)**	–	–	–	–
Total	–	–	**429.0**	**(429.0)**	–	–	–	–

Related parties

The following table sets out the income and expenditure with related parties during the period, together with the balances outstanding at the period end:

	Year ended 31 Dec 2022				13 months ended 31 Dec 2021			
	Management fee income/ (expense) £m	**Interest income/ (expense) £m**	**Doubtful debts income/ (expense) £m**	**Balance receivable/ (payable) £m**	Management fee income/ (expense) £m	Interest income/ (expense) £m	Doubtful debts income/ (expense) £m	Balance receivable/ (payable) £m
St. Modwen Developments Limited	–	**(1.1)**	–	**(37.2)**	–	–	–	(263.9)
St. Modwen Properties Limited	–	–	–	**(17.9)**	–	–	–	53.4
St Modwen Ventures Limited	–	–	–	**(13.0)**	–	–	–	(13.1)
Redman Heenan Properties Limited	–	–	–	**(3.8)**	–	–	–	0.3
Total	–	**(1.1)**	–	**(71.9)**	–	–	–	(223.3)

Transactions in which directors have an interest

During the period ended 31 December 2021, Rachel Kentleton, a previous executive director, paid £250 to a subsidiary of the Group, St. Modwen Homes Limited, as an early bird option fee in respect of an apartment, which was ultimately not called upon. There were no transactions in which directors had an interest during the year ended 31 December 2022.

Key management personnel

The directors are considered to be the Group's key management personnel and their remuneration is disclosed in note 2.

16. Subsequent events

Group reorganisation

Subsequent to the year end and as the completion to the restructuring disclosed in note 12, further subsidiaries were transferred from St. Modwen Properties Limited to St. Modwen Group Holding Company Limited. The following entities were acquired:

Name	Company registration number	Activity
Wholly owned subsidiaries		
Baglan Bay Company Limited	06383208	Property monitoring
Branston Properties Limited	02893827	Property investment
Broomford Vange Limited	05697168	Ceased trading
Chertsey Road Property Limited	06899060	Dormant
Coed Darcy Limited	00577934	Property investment
Coed Darcy Estates Management Limited	07848407	Property management
Holaw (462) Limited	03666441	Dormant
Killingholme Energy Limited	08320277	Ceased trading
Killingholme Land Limited	08320297	Ceased trading
Lawnmark Limited	04089229	Dormant
Meaford Energy Limited	08575649	Ceased trading
Meaford Land Limited	08575760	Ceased trading
Newcastle Regeneration Partnership Limited	02741086	Dormant
Norton & Proffitt Developments Limited	03717397	Property investment
Redman Heenan Properties Limited	00073265	Property investment
Sandpiper Quay (Management Company No.2) Limited	02485456	Dormant
Shaw Park Developments Limited	04625000	Ceased trading
St Modwen Developments (Meon Vale) Limited	05294589	Dormant
St. Modwen Developments (Clay Cross) Limited	123891	Property investment
St. Modwen Developments (Edmonton) Limited	02405853	Ceased trading
St. Modwen Developments (Facility Services) Limited	08996358	Dormant
St. Modwen Developments (Kirkby 2) Limited	09746395	Property development
St. Modwen Developments (Llanwern) Limited	123892	Property investment
St. Modwen Developments (Quinton) Limited	01479159	Dormant
St. Modwen Developments Limited	00892832	Property investment/development
St. Modwen Hungerford Limited	06160323	Ceased trading
St. Modwen Neath Canal Limited	06160309	Dormant
St. Modwen Ventures Limited	01486151	Property investment
Statedale Limited	03656832	Dormant
Tukdev 11 Limited	02885000	Dormant
Non-wholly owned subsidiaries		
The Company of Proprietors of the Neath Canal Navigation Limited	11533400	Property operation
Joint ventures		
Barton Business Park Limited	03807742	Ceased trading
Bay Campus Developments LLP	OC389022	Dormant
Skypark Development Partnership LLP	OC343583	Property development
Wrexham Land Limited	06748467	Property development
Wrexham Power Limited	06762265	Property development
Associates		

COMPANY BALANCE SHEET
as at 31 December 2022

	Notes	31 Dec 2022 £m	31 Dec 2021 £m
Non-current assets			
Investments in subsidiaries	A	**271.5**	–
		271.5	–
Current liabilities			
Trade and other payables	B	**(273.7)**	–
		(273.7)	–
Net liabilities		**(2.2)**	–
Capital and reserves			
Called up share capital		–	–
Retained earnings		**(2.2)**	–
Total equity		**(2.2)**	–

The Company has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income statement or statement of comprehensive income in these financial statements. The Company's loss for the period ended 31 December 2022 was £2.2m (2021: £nil).

These financial statements were approved by the Board and authorised for issue on 27 September 2023.

Sarwjit Sambhi
Chief Executive Officer

Tom Olsen
Chief Financial Officer

Company Number: 02741186

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Share capital £m	Retained earnings £m	Total equity £m
Equity at 1 December 2020	–	–	–
Result for the period	–	–	–
Total comprehensive result for the period		–	
Equity at 31 December 2021	–	–	–
Loss for the year	–	(2.2)	(2.2)
Total comprehensive expense for the year	–	(2.2)	(2.2)
Equity at 31 December 2022	–	(2.2)	(2.2)

The balance within retained earnings represents the distributable reserves of the Company. The subsidiaries of the Company have in excess of £150m of distributable reserves in aggregate that are potentially available for distribution to the Company to increase its distributable reserves.

COMPANY ACCOUNTING POLICIES
for the year ended 31 December 2022

Basis of preparation
The Company meets the definition of a qualifying entity under FRS 100 *Application of Financial Reporting Requirements*. Accordingly, the Company's financial statements have been prepared in accordance with FRS 101 *Reduced Disclosure Framework* as issued by the Financial Reporting Council, applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain properties..

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 separate financial statements do not include a cash flow statement, financial instruments and related party disclosures.

Certain disclosures required for the Company are included within the Group financial statements and are therefore not repeated within these separate financial statements. Specifically, the following information relevant to the Company is found in the respective notes to the Group financial statements:
- Auditor's remuneration (note 2b)
- Share capital (note 11)
- Financial guarantees (note 14)
- Related party transactions (note 15)

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 31 December 2022

A. Investments in subsidiaries

	£m
At 1 December 2021	–
Additions	**273.7**
Disposals	–
Impairment	**(2.2)**
Dividends received	–
At 31 December 2022	**271.5**

Many of the shareholder agreements for joint ventures and associates contain change of control provisions, as is common for such arrangements.

The following is a list of all subsidiary undertakings, joint ventures and associates owned by the Company or Group at 31 December 2022. Unless otherwise stated, all are incorporated in England and Wales with registered office at 2 Devon Way, Longbridge, Birmingham, B31 2TS. The share capital of each of the companies, where applicable, comprises of ordinary shares.

Name	Company registration number	Proportion of entity owned directly by the Company	Proportion of entity owned by a subsidiary of the Company	Ultimate percentage holding	Activity
Wholly owned subsidiaries					
Blackpole Trading Estate (1978) Limited	00581658	100.0%	0.0%	100.0%	Property investment
Boltro Properties Limited	02616865	0.0%	100.0%	100.0%	Ceased trading
Boughton Enterprises Limited	05068420	0.0%	100.0%	100.0%	Dormant
Boughton Holdings	04112012	0.0%	100.0%	100.0%	Dormant
Chaucer Estates Limited	00456386	100.0%	0.0%	100.0%	Property investment/development
Festival Waters Limited	04354481	100.0%	0.0%	100.0%	Property investment
Glan Llyn Management Limited	07848409	100.0%	0.0%	100.0%	Property management
Great Yarmouth Regeneration Limited	05594264	100.0%	0.0%	100.0%	Dormant
Heenan Group Pensions Limited	00548316	100.0%	0.0%	100.0%	Dormant
Leisure Living Limited	02106984	100.0%	0.0%	100.0%	Ceased trading
Petre Court Management (Number 1) Limited	06160268	100.0%	0.0%	100.0%	Dormant
St Modwen Securities Limited	00460301	100.0%	0.0%	100.0%	Ceased trading
St. Modwen (SAC1) Limited	08296927	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Corporate Services Limited	06163437	100.0%	0.0%	100.0%	Corporate services
St. Modwen Development (Coed Darcy) Limited	06163563	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Bedford) Limited	05411282	100.0%	0.0%	100.0%	Dormant

St. Modwen Developments (Belle Vale) Limited	04145782	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Blackburn) Limited	05732825	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Developments (Bognor Regis) Limited	06160250	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Brighton West Pier) Limited	04069008	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Chorley) Limited	05727011	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Colne) Limited	05726325	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Connah's Quay) Limited	05726352	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Developments (Cranfield) Limited	06163509	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Daresbury) Limited	06163550	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Eccles) Limited	05867740	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Hatfield) Limited	04354480	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Developments (Hillington) Limited	04150262	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Developments (Holderness) Limited	05726995	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Developments (Hull) Limited	05593517	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Longbridge) Limited	02885028	0.0%	100.0%	100.0%	Property investment
St. Modwen Developments (Longbridge East Works) Limited[1]	123893	0.0%	100.0%	100.0%	Ceased trading
St. Modwen Developments (Queens Market) Limited	05289380	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Silverstone) Limited	05594232	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Skelmersdale) Limited	06163591	100.0%	0.0%	100.0%	Property development
St. Modwen Developments (St Helens) Limited	05726666	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Swansea 1) Limited	11554302	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Developments (Telford) Limited	05411357	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Weston) Limited	05411348	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Developments (Wythenshawe 2) Limited	05851760	100.0%	0.0%	100.0%	Dormant
St. Modwen Developments (Wythenshawe) Limited	05594279	100.0%	0.0%	100.0%	Dormant
St. Modwen Holdings Limited	01991339	100.0%	0.0%	100.0%	Dormant
St. Modwen Homes Limited	09095920	100.0%	0.0%	100.0%	Property development
St. Modwen Investments Limited	00528657	100.0%	0.0%	100.0%	Dormant
St. Modwen Residential Living Limited	09266033	100.0%	0.0%	100.0%	Ceased trading
St. Modwen Services Limited	02885024	100.0%	0.0%	100.0%	Dormant
Trentham Gardens Limited	00533242	0.0%	100.0%	100.0%	Dormant
Uttoxeter Estates Limited	02725709	100.0%	0.0%	100.0%	Ceased trading
Walton Securities Limited	02314059	100.0%	0.0%	100.0%	Dormant
Woking Developments Limited	05411325	100.0%	0.0%	100.0%	Dormant
Non-wholly owned subsidiaries					
Widnes Regeneration Limited	03643210	81.0%	0.0%	81.0%	Ceased trading
Joint ventures					

VSM Estates (Ashchurch) Limited	09494284	50.0%	0.0%	50.0%	Property development
Associates					
Swan Business Park (Management) Limited	02424524	25.0%	0.0%	25.0%	Dormant

(1) The registered office of this company is 47 Esplanade, St Helier, Jersey, JE1 0BD.

B. Trade and other payables

	31 Dec 2022 £m	31 Dec 2021 £m
Current		
Amounts due to owners	**273.7**	–
Current payables	**273.7**	–