Stonebond

Annual Report 2021

Personal Passionate Partnerships

"We are pleased to have rebranded with a focus on partnership housebuilding delivery. Our revitalised visual identity better reflects the core operations of our business but this is about much more than a new logo. As we have grown our operations, we have realigned our strategy to focus on our partnerships business, working collaboratively with our partners to deliver high quality mixed-tenure schemes."

GRAHAM CHERRY
Co-chairman

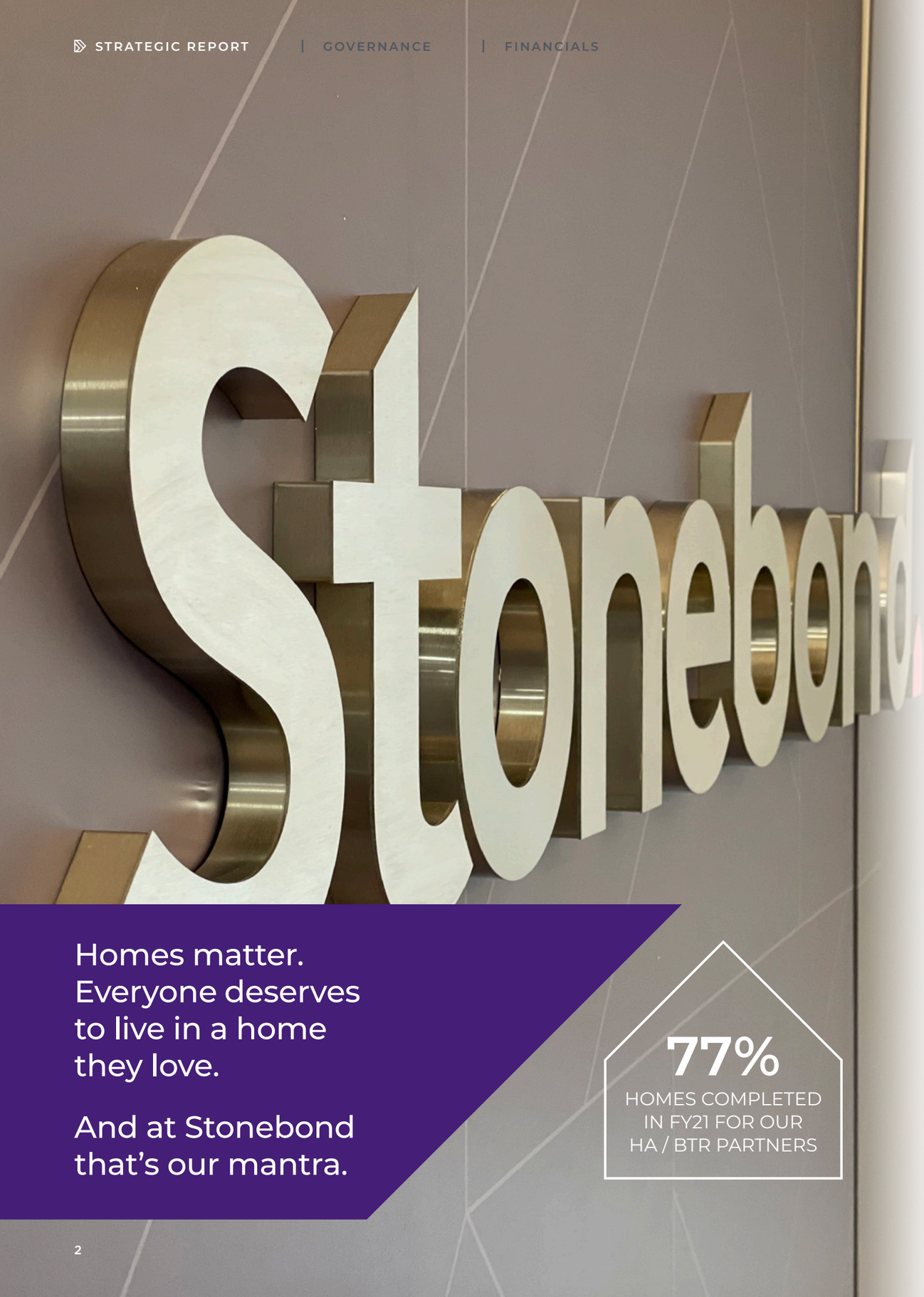
RICHARD CHERRY
Co-chairman

ANDREW CORNELIUS
Group Chief Executive Officer

STRATEGIC REPORT

GOVERNANCE

FINANCIALS



Homes matter. Everyone deserves to live in a home they love.

And at Stonebond that's our mantra.

77%
HOMES COMPLETED IN FY21 FOR OUR HA / BTR PARTNERS

2021 Our Highlights

£6.6m
OPERATING PROFIT

10.1%
OPERATING MARGIN

24.3%
RETURN ON CAPITAL EMPLOYED

HOMES DELIVERED
197

REGIONAL OFFICES
5

TURNOVER
£65.2m

EMPLOYEES
77

NET ASSETS
£41.5m

EMPLOYEE SATISFACTION
90%

CONSTRUCTION SPEND
£18.9m

CUSTOMER & CLIENT SATISFACTION
97%

Executive Board Review

GRAHAM CHERRY
Co-chairman

We established Stonebond over 40 years ago and since then have secured an enviable reputation for developing high quality new homes. Our approach is to partner with Local Authorities, Housing Associations (HA) and Build-to-Rent (BTR) investors to build sustainable and thriving communities.

RICHARD CHERRY
Co-chairman

Our model enables us to deliver new homes for our HA and BTR partners, whilst also continuing to build desirable, high quality open market homes for our private customers.

Our approach to development focuses on the creation of quality properties with an individual sense of place.

ANDREW CORNELIUS
Group Chief Executive Officer

I am delighted with the strong operational progress delivered during the financial year with 5 regional operations and market leading growth in volumes, revenues and profits, all of which were ahead of expectations.

We have made significant progress during the year, with strong growth in volumes, revenues and profits whilst maintaining the high quality of homes built and delivering exceptional customer service.

We are pleased to report on the financial and operating results for the year ended 31 October 2021 in which the Group delivered operating profits of £6.6m and a ROCE of 24.3%.

The strong performance during the year, and significant improvement from last year, was underpinned by our partnership led strategy delivering more affordable homes with our Housing Association (HA) and Build-to-Rent (BTR) partners whilst also continuing to deliver private sales. The year was not without its challenges as we continued to operate within the constraints of the COVID-19 pandemic. The health and safety of our employees, subcontractors, suppliers, and customers remained our top priority. COVID-19 safe operating procedures continued across all areas of the business allowing construction sites and sales outlets to remain open during the year.

Strong market demand for new homes and the increase in production across the industry combined with the challenges of COVID-19 and Brexit, led to pressure on the availability of materials and our supply chain with extended lead times and inflationary increases on certain products. Despite this, by working in close partnership with our suppliers, we have proactively reduced the potential impact to the business and the Group delivered on its financial metrics at the upper end of expectations and continued to retain strong operational focus on health and safety, build quality, customer service and employee satisfaction which are integral to our culture and at the forefront of our business.

During the year we also worked extensively on our new branding to focus on our partnerships business. In January 2022, we re-launched with a revitalised visual identity that better reflects the core operations of our business. Importantly this is about much more than a new logo – as we've grown over the past 18 months, we've developed our strategy to focus on our partnerships business, working collaboratively with our partners to deliver high quality mixed-tenure schemes. You will see the impact of our new branding and identity across our sites, on our website and throughout this report and we are very proud with the result.

Our ambitious growth strategy continued to deliver during the year with new operating offices opened in Sevenoaks to cover the Kent and East Sussex region, and in Solihull to cover the West Midlands region with both regions expected to generate revenue from 2022 onwards. Our existing regions in Chelmsford and St Albans covering the Northern Home Counties continued to outperform expectations and delivered significant growth for the Group. We are very well placed to continue to expand the business and we look forward to working with both current and new partners over the coming years.

Our priorities as a business are clearly defined and key to the day-to-day operations and delivery across the Group. Our focus on our 6P's capture our priorities:

PEOPLE

Our people are our greatest asset and we are conscious that we need to continue to attract and retain the best people to achieve our growth plans. We are committed to supporting the development of our employees, so that they can fully achieve their potential. We actively engage with our employees and our most recent annual employee survey, which was carried out post year-end, illustrated that 90% of our staff enjoy working for Stonebond. Headcount increased by 64% to 77 staff as at 31 October 2021 (2020: 47).

We invest in our people and have a strong track record in developing them by taking on apprentices and graduates and giving them the opportunities to drive their career forwards. Our employee survey also shows that 88% of our people feel that they have been given the appropriate training to perform their role effectively.

At Stonebond, we believe in employing a diverse team by providing an inclusive working environment where everyone feels valued and respected. Stonebond is committed to attracting the right, skilled people into the organisation at all levels, regardless of their age, disability, gender, marriage or civil partnership, pregnancy and maternity, race, religion or belief (including lack of belief), sex and sexual orientation and pursues an equal opportunities policy through all areas of employment, including recruitment and selection. It is our policy to ensure employee related decisions are made on the basis of merit and capability.

On average, during the financial year, 27% of our employees were female and 7% are from a Black, Asian and Minority Ethnic ("BAME") background. We understand the benefits that a diverse workforce can bring and recognise that the industry as a whole faces underrepresentation of women as well as people from a broad range of backgrounds. In order to continue to ensure that we have a well balanced and diverse team, in 2022 we set ourselves a target of having greater than 30% of female employees across the Group and in excess of 10% of BAME employees.

PARTNERSHIPS

We are proud to be a partnerships business. This is a key aspect of our business model and really focuses on our strong and established relationships across the industry. Our relationships with land vendors, agents and strategic land developers allow us to identify suitable opportunities to then partner with local authorities, HA and BTR providers. This allows us to deliver design-led solutions providing our partners with homes tailored to their requirements.

During the year, 77% of our unit delivery was of affordable tenure on land-led partnership schemes which generated 59% of our Group revenue. This contributed towards delivering an overall operating margin of 10.1% and a ROCE of 24.3% for the Group during the year.

Our partnerships tenure mix aspiration by 2025 is to deliver, on an annual basis, 70% of our homes on behalf of our local authorities, HAs and BTR providers generating 50% of revenue for the Group. This capital-light operating model will deliver an industry leading ROCE in excess of 50%. The operating model provides certainty of revenue streams and less exposure to the private sales market and thus reduces the risk profile of our business model.

We also recognise the importance of our partnerships with our supply chain. At Stonebond, our subcontractors and suppliers are selected through a detailed tendering process to ensure they meet our high standards of quality. We build strong relationships with our supply chain that help to deliver our business objectives. We partner with subcontractors in the local area and maintain regular contact on future workload requirements. We actively engage with them throughout the construction process and are very proud of our commitment to pay our suppliers on time every time. We recognise that the success of our business is very much dependent on the strong partnerships with our supply chain and we are fully committed to working together to achieve joint success.

In recent years, there has been a chronic shortage and under-supply of quality homes, significantly below the Government's annual target of 300,000 new homes. The Government has announced a £1.8bn stimulus package to regenerate brownfield land that could potentially deliver up to 160,000 new homes.

There is also a considerable shortage of homes within the affordable housing sector and demand from Housing Associations remain strong. Government initiatives including the £11.5bn Affordable Homes Programme, potentially delivering up to 180,000 new homes, with the First Homes scheme also expected to support the sector. Demand from investors for private rental housing has been further stimulated by strong tenant demand.

The constrained supply, strong demand from HAs and investors bodes well for our mixed-tenure operating model and BTR market.

Stonebond's Regional Growth Timeline

CHELMSFORD	ST ALBANS	SEVENOAKS	SOLIHULL	GUILDFORD
REGION ESTABLISHED	REGION ESTABLISHED	REGION ESTABLISHED	REGION ESTABLISHED	REGION ESTABLISHED
SEPT 2017	SEPT 2020	APR 2021	AUG 2021	APR 2022

PLANET

As part of our ongoing commitment to increase our social, sustainability and environmental credentials, we are pleased to report for the first time on social value generated by our business operations as a result of the comprehensive set of measures that we adopted in 2020 through the National TOMs Framework. The framework is aligned with the UN Sustainability Development Goals setting out targets and indicators that have the power to create a better world by 2030.

By following the National TOMs Framework and UN Global Goals, we have a consistent reporting standard for calculating the social value we are generating as a business. Following both, ensures that we are embedding social value into each of the communities we create. During the year the Group generated in excess of £12.8m of social value from our business operations as calculated using the TOMs framework by focusing on promoting local skills and labour, supporting growth of responsible regional business, creating healthier, safer and more resilient communities and protecting and improving our environment. We will continue to enhance our social value contribution going forward and for the year ahead, we aim to generate in excess of £20m of social value from these commitments across the Group. We support the UK's commitment to reach net zero carbon by 2050.

We have developed our roadmap for becoming net carbon neutral under Scope 1 and 2 of the Green House Gas Protocol from 2022 onwards. This will be achieved through our commitment, our regional and site offices, show homes and fleet vehicles, together with the purchase of carbon offset credits through certified providers. Further work is being performed across the group to review our Scope 3 emissions and this will require collaboration with our supply chain, subcontractors and vendors to determine our strategy.

PRODUCT

We continue to review and refine our floorplates, elevation styles and specification in response to feedback from our customers, sales and construction teams. During the year we designed a set of standard floorplates to be used across the Group with modern and traditional elevation style which allows the flexibility for different planning requirements across our regions. The aim is to drive consistency, standardisation and create cost efficiencies across the business and simplify the process for our supply chain and thus allowing the focus to remain on delivering high quality homes.

In addition to this, the UK's plans to decarbonise the economy is going to change the specification and technical design of the homes that we build. An interim update to Part L of the Building Regulations will come into force from June 2022, with transitional arrangements applying for one year. The interim update acts as a steppingstone to the Future Homes Standards (FHS) and will require new homes to achieve a 31% reduction in carbon emissions compared to current standards. From 2025, the FHS will require a reduction in emissions of at least 75% and will prohibit the use of fossil fuel-based heating. During the year, our Technical Teams have been developing plans to ensure our homes meet these requirements and our Commercial Teams have been engaging with our supply chain to identify the right technologies and solutions. We will update our standard floorplate designs and specifications going forward as the Group finalises these plans. Our aim is to ensure we deliver high-quality homes with low environmental impact with a must-have specification which exceeds our customers' expectations.

PIPELINE

Our land pipeline is a key metric underpinning the future of our business plan. Our target is to achieve an owned and controlled pipeline in excess of 5 years for future visibility of earnings in order to meet our medium-term growth plans. As at 31 October 2021, our pipeline increased to 920 plots from 522 plots in the prior year. This represents >4 years' worth of future delivery based on current output.

Woodside Place, Basildon

The focus will remain on securing the required number of plots across each region in order to achieve our Group land pipeline targets. Our strong relationships with land vendors, agents, strategic land developers and other consultants provide us with high quality opportunities to secure sites ranging from those requiring promotion and option agreements for our more longer-term strategic pipeline requirements, through to sites with detailed planning consent providing shorter term delivery opportunities. Our land criteria is well defined and robust and our experienced land teams focus on investing in the right locations where there is strong demand for new homes, good transport networks and the scope to create thriving communities for our land-led partnership, mixed-tenure and private-led schemes. Our niche market position is focused on sites with 20-200 units with a "sweet spot" of 60-80 units. These schemes are not typically large enough for volume housebuilders but too large for SMEs and therefore provide an opportunity for Stonebond to secure sites and strong margins.

PERFORMANCE

The Group delivered an adjusted operating profit during the year of £6.6m (2020: £1.0m) which was at the upper end of the Board's expectations. Total revenue increased to £65.2m (2020: £21.3m) and as a partnerships business, 59% (2020: 24%) of revenue was generated through affordable equivalent housing units and 41% (2020: 76%) of revenue from private sales. Private housing completions increased from the prior year to 46 homes (2020: 26 homes) with a private Average Selling Price ("ASP") of £586k (2020: £622k). Affordable equivalent housing completions increased to 151 (2020: 26) with an affordable ASP of £253k (2020: 197k).

Our adjusted operating margin for the year was 10.1% (2020: 4.8%) with an adjusted ROCE of 24.3% (2020: 5.3%). The year-on-year growth is evident across all key financial metrics and as we continue to expand geographically and our existing regions start to mature, our financial aspirations and growth targets to 2025 gain strength and certainty.

We ended the year in a robust financial position with net assets of £41.5m (2020: £36.5m). This includes Group cash balances of £13.9m with an additional £5.0m of liquidity available through our Revolving Credit Facility from our banking partner, NatWest Group, which remained undrawn at the end of the year.

EXECUTIVE MANAGEMENT TEAM CHANGES

It has been a year of growth for the business including appointments to the Board and Executive Management Team. In May 2021 we were delighted to announce the appointment of Andrew Cornelius as Group Chief Executive Officer. Since joining us in 2019 he has successfully led the strategic direction and regional growth of the business. His background in finance coupled with his strong commercial acumen and ability to influence others, ideally positions him to lead the expansion of the Group.

During the year, we welcomed Greg Lendrum who joined Stonebond in April 2021 as Managing Director of our Sevenoaks business. He most recently held the position of Land & Planning Director for the Housebuilding South region at Countryside Properties plc. His strong land, planning and development knowledge and skillset will be invaluable to the region in delivering its business plan.

We also welcomed Gary Belcher who joined Stonebond in August 2021 as Managing Director for our Solihull business. He most recently held the position of Managing Director for the South Midlands region at Countryside Properties plc. With over 35 years of experience within the industry and delivering schemes in partnerships with HAs and BTR providers, Gary brings a wealth of knowledge to lead the Solihull region and focus on delivering land-led partnership schemes.

OUTLOOK

The UK housing market remains resilient driven by the general lack of supply of new housing. We have started the new financial year in a strong position with over 84% forward sold for 2022 at the date of signing these accounts.

We continue to see strong demand across all tenures with house price inflation generally off-setting the build cost inflation. Our business model is resilient and allows us to be flexible in the tenure mix being delivered on any scheme and therefore puts us in a robust position to navigate through any market uncertainty that continues with the cost of living pressures, rising interest rates and the impact of the war in Ukraine.

In November 2021, we announced the promotion of Alexandra Barker to Group Company Secretary and Chief Solicitor. Alexandra has over 10 years of experience working within both private practice and in-house legal functions. She specialises in all aspects of real estate law, bringing a breadth of experience which is an invaluable asset to the team as we continue to grow and her additional remit encompassing Company Secretariat allows the business to be aligned on all legal requirements across the Group.

We have also continued with our regional expansion plan and announced the opening of our new Guildford operations. We welcomed Matthew Whale who joined Stonebond as the Managing Director of the new region. Matthew brings over 15 years of experience operating across the Surrey, Sussex and Hampshire regions, working for Berkeley Homes and Countryside Properties Plc and further strengthens the executive management team that we have in place.

We are confident in delivering on our 2022 business plan with a robust strategy in place underpinned by an exceptional team of people, which gives us the ideal platform for long-term sustainable growth of the business.

RS CHERRY
Co-chairman

GS CHERRY
Co-chairman

AAN CORNELIUS
Group Chief Executive Officer

Financial Review

The Group has continued to focus on its partnerships business which has allowed us to de-risk and improve cashflow through the forward funded delivery of affordable and BTR homes. This model has enabled us to provide much needed quality affordable homes to Housing Associations and Local Authorities with the creation of new communities.

Our financial performance this year has shown a strong recovery following the detrimental impact of COVID-19. The strength and resilience of our balance sheet, experience of our senior management team combined with the commitment and dedication of our people alongside strong demand for our high-quality new homes has enabled our growth and strong performance.

The UK housing market performed strongly during the year, with demand for land and residential property in South-East England, the areas in which the Group predominantly operates, continuing to remain strong. Although COVID-19 restrictions continued in some form until July 2021, the housebuilding sector was supported by continued Government initiatives such as the extension of the temporary reduction in Stamp Duty Land Tax (SDLT) which helped increase consumer confidence levels.

In the second half of the year, the industry suffered from shortages of both labour and materials as the global economy re-opened when COVID-19 restrictions were lifted, which was also compounded by the impact of Brexit. The Group has shown resilience in growing revenues and profit during these challenging economic conditions.

ADOPTION OF IFRS

The Group has adopted International Financial Reporting Standards ("IFRS") and as such has prepared its financial statements in accordance with this accounting standard. All comparative figures have been restated and the financial statements set out the effect of the transition from UK GAAP to IFRS which is included in Note 26.

TRADING PERFORMANCE AND FINANCIAL POSITION

Group revenue for the financial year was £65.2m (2020: £21.3m) which reflects an increase of 206%. Private revenue increased by 67% to £27.0m (2020: £16.2m) from the completion of 46 private (2020: 26) homes. The effect of national lockdowns and work from home guidance has provided us an opportunity to consider our living and working patterns. Given that our homes are situated in strong primary locations, the demand for our homes remained strong which is evidenced by our net private reservation rate per week of 0.4 (2020: 0.2). All reservations at Saxon Meadows, Standon, Sandford Paddocks, Blackmore and The Heathers, Hatfield Peverel were achieved off plan.

Completions by site

Affordable Equivalent Homes	Private Homes
151	46
77%	23%

41	Linmere, Houghton Regis
19	Mount Hill, Halstead
18	New Hall, Harlow
16	Springfield Road, Chelmsford
13	Collins Close, Shepreth
10	The Crescent, Goffs Oak
9	Stableford Green, Bishop's Stortford
2	Radio Place, St Albans
12 / 3	Saxon Meadows, Standon
9	Monarch's Place, Rickling Green
8 / 3	Sandford Paddocks, Blackmore
7 / 8	Orchard Gardens, Melbourn
6 / 9	Woodside Place, Basildon
4	The Heathers, Hatfield Peverel

197 Total Homes

Key financial data compared to prior year is as follows –	Year Ended 31 October 2021 £	Year Ended 31 October 2020 £
Revenue	65.2m	21.3m
Gross profit	14.1m	4.2m
Gross profit margin	21.6%	19.8%
Adjusted operating profit [1]	6.6m	1.0m
Adjusted operating profit margin	10.1%	4.8%
Cash	13.9m	13.9m
Net assets	41.5m	36.5m
ROCE [2]	24.3%	5.3%

1 Adjusted operating profit excludes exceptional items of £317k (2020).

2 Return on capital employed ("ROCE") is defined as operating profit for the last 12 months divided by the average of opening and closing tangible net operating asset value ("TNOAV") for the 12-month period. TNOAV is calculated as net assets excluding net cash or debt.

3 New Land-Led Partnership Deals Secured

£38.2m
2021 Affordable Revenue (2020:£5.1m)

645%
INCREASE IN AFFORDABLE REVENUE

With 77% of our units delivered on behalf of our HA and BTR partners, the Group's strategy is focused on partnership schemes which employs a lower capital model to deliver a higher return on capital employed. This model allows us to improve cash generation and provides greater certainty over future revenues. The planned growth in the pipeline of our land-led partnership schemes will allow the Group to achieve the volumes and growth aspirations outlined within our business plan.

This growth is further supported by robust management of our cost base for the Group through the inclusion of suitable build cost inflation clauses, as well as an appropriate level of contingency within our appraisals.

Our total Average Selling Price ("ASP") was £331k (2020: £410k) with the overall reduction in ASP compared to prior year as a result of delivering a greater proportion of affordable equivalent units in the current year. Private ASP is £586k (2020: £622k) which has reduced by £36k from prior year due to our revised Group strategy of targeting developments which will deliver private homes at a lower price point. Affordable ASP is £253k (2020: £197k) which reflects an increase of £56k due to the site specific locations of our affordable homes and with demand from HAs and the Private Rented Sector (PRS) remaining strong.

As a result of the increased unit delivery, gross profit increased by 234% to £14.1m (2020: £4.2m). Gross margin increased to 21.6% from 19.8% which reflects strong growth in house prices which more than offset build cost inflationary pressures during the year.

Administrative expenses increased to £7.5m (2020: £3.5m), reflecting our commitment to invest in the future growth of the business as we opened three new regional offices in Sevenoaks, Solihull and Guildford as well as growing our existing regions in Chelmsford and St Albans.

Adjusted operating profit increased to £6.6m (2020: £1.0m) with adjusted operating margin increasing to 10.1% (2020: 4.8%). We continue to focus on operational efficiency to minimise the impact of cost increases through the use of standard floor types, use of Group buying deals and negotiating build cost indexation within our land-led partnership deals.

Net assets increased during the year by £4.9m to £41.4m (2020: £36.5m) with inventories increasing by 38% to £45.9m (2020: £33.3m).

The Group ended the year with cash of £13.9m (2020: £13.9m), which is in line with the prior year driven by £6.2m of cash generated from operations, a net cash outflow of £4.7m in working capital, £1.2m of loan repayments and other net cash outflows of £0.3m.

As at 31 October 2021, the Group had a Revolving Credit Facility of £5m in place with NatWest Banking Group, which was undrawn at the year end. Subsequent to the financial year end, we have increased the size of our facility to £10m.


Waterbeach, Cambridge

We've Partnered with:

EastLight Community Homes
home group
ENGLISH RURAL
CHP
Urban&Civic
Leaf Living
sempra HOMES
settle
Sage Homes
Lands Improvement

OUR VISION

Since 1 November 2021 we have continued to evolve our strategic pillars, People, Product, Pipeline and Performance – with the addition of two new pillars – Planet and Partnerships.

The additional strategic drivers provide a clearer framework for making future business decisions that will enable us to achieve our vision.

PEOPLE

Our priority: our people, customers, supply chain and wider stakeholders.

PARTNERSHIPS

Working in collaboration with our partners to deliver mixed-tenure schemes, with shared goals on H&S, Quality and ESG perspectives.

PLANET

Delivering sustainable homes that protect and improve local businesses, communities and the environment.

PRODUCT

Inspiring, distinctive, easy to build and cost effective.

PIPELINE

Strong visibility and certainty of our pipeline of sites and revenue streams.

PERFORMANCE

Strong growth in volumes, revenues and profits.

PEOPLE

POWER OF PERSONAL

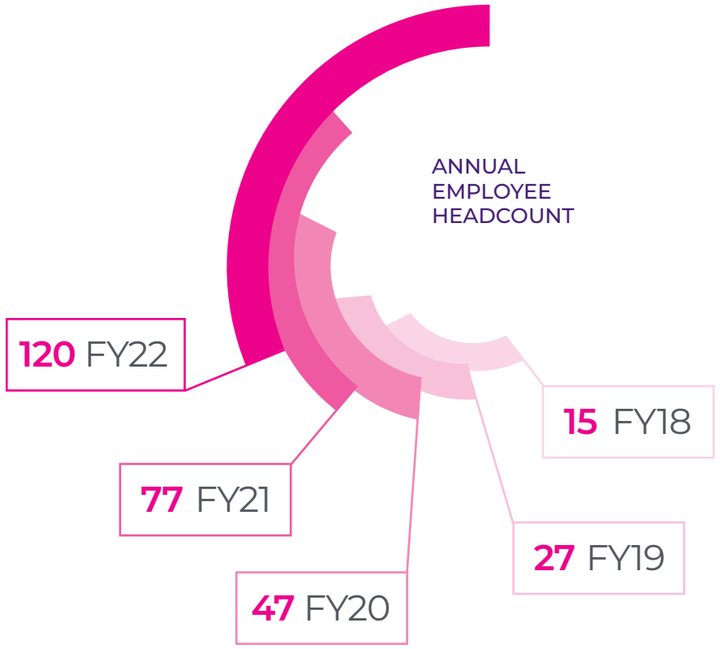
Our people encompass our employees, our supply chain and our customers who are vital to our success as a business.

OUR TEAM

Our quality team of people differentiate us from our peers and provide the talent to build sustainable communities where people want to live. Our staff are our greatest asset and therefore it is important that we attract, develop, and retain talented people at every level. We therefore understand the importance of both developing and engaging with our employees to ensure we retain strong talent.

This year we have continued to grow organically despite the ongoing effects of the COVID-19 pandemic. Our headcount stood at 77 as at 31 October 2021.

The Group headcount at the end of 2022 is forecast to increase to 120.



We understand the benefits that a diverse workforce can bring and recognise that the industry as a whole faces underrepresentation of women as well as people from a broad range of backgrounds. Stonebond are ensuring effective actions are implemented across the Group to promote diversity of gender, social and ethnic backgrounds. We are a respectful employer that encourages diversity and promotes equality, tolerance and teamwork. We aim to create an atmosphere that provides equal opportunities for all.

Following the COVID-19 pandemic, we continue to operate under a flexible working environment which we promote and understand the benefits it can have when choosing an employer.

Monthly Board updates are held for all employees in which employee achievements are recognised and celebrated.

55%

INCREASE IN HEADCOUNT

FOR FY22

How we engage

- Group wide new starter inductions with Co-Chairman and CEO
- Monthly business update presentations
- Staff intranet regularly updated
- Lunchtime drop-in meetings for all employees
- Annual employee survey to gather feedback and improve performance
- Business Improvement Groups, with representation from all regions
- Monthly visits by the Board to all sites and offices
- Increased virtual training and personal development sessions
- All-employee social events, held throughout the year
- Employee invitations to board meetings

EMPLOYEE SURVEY

Shortly after the year end, we undertook our third Annual Employee Survey in the Group's history, with 90% of our staff enjoying working at Stonebond based on a 95% response rate. The survey results allowed us to understand what matters to our employees which revolve around training and development, flexible working and employee recognition.

90%

I enjoy working at Stonebond and would recommend Stonebond as a great place to work.

95%

I feel part of the Stonebond family.

98%

I believe in the Stonebond Culture and Values.

95%

I feel I can add value in my role through my creative contribution.

86%

I feel I am trusted and my feedback is taken on board and actioned.

88%

I have been given the appropriate training to perform effectively in my role.

90%

I am satisfied with my remuneration and staff benefits package.

Following the employee survey, we have highlighted 5 key themes to focus on over the coming 12 months:

1 **Employee Recognition**

2 **Career Progression & Opportunities**

3 **Co-ordination & Communication between Regions & Teams**

4 **Enhanced Use and Automation of Systems & Processes**

5 **Office Welfare & Amenities**

We have updated our Group training matrix to incorporate both personal and professional development needs to ensure our teams receive the support and training that they require.

CHANGE IN INDUSTRY

I joined Stonebond in June 2021 as Senior Financial Controller for the St Albans region.

My experience prior to joining Stonebond was predominantly from a banking background since starting my training contract with EY in 2006 to become a qualified Chartered Accountant. With over 15 years of extensive experience as a finance professional in Treasury within the banking industry, I have gained a wide range of skills that are transferable across industries consisting of financial and management reporting, designing and operating effective control environments and leading effective and diverse teams.

During my banking career, I always had a desire to want to move industries and in particular perform a role in an industry which is more tangible, closer to the end consumer, and one where I can relate to the product offering. With my personal interest in the property market, I felt that the housebuilding industry was a perfect match for me. Stonebond gave me that opportunity and I felt that if I didn't try something new at that point, then I would never do it and potentially regret missing out on the chance.

Being offered the role to join Stonebond at a senior level within the Finance team was my first opportunity to see the open-minded culture within the business. The team was able to appreciate the strong financial control skillset that I was able to offer but acknowledge that the housebuilding industry knowledge will need to be developed.

The level of support, knowledge sharing and training that colleagues across the business, regions and disciplines were able to provide was very refreshing to see and experience. This was a key part of the culture that made me feel very welcome at Stonebond and an environment in which I was able to learn new concepts very quickly and I didn't feel intimidated to ask those "silly" questions. This culture is embedded throughout the business and at all levels from junior colleagues, through to site teams and to the Board.

As a finance professional it's very easy and common to be desk bound for 5 days a week and perform your role from the office. Being closer to the customer and end product was a key aspect that I wanted in a new role, and this definitely holds true in my role as I am able to spend time on sites, across regional office locations and with various consultants. Site visits in particular are a key element for me that provide a close connection to the product from site acquisition stage through to design and build and thus allows me to see the transformation of a site from a parcel of land through to the final high quality homes and communities that we build. This really allows me to be able to relate to the product that we deliver and gives me a sense of fulfilment in being able to see the joy that a new home brings to people and families.

There is a very family feel and focus across the business. This stems from the Cherry family being at the heart of the business and also from the close-knit interactions across the regions and disciplines. The business hosts a number of social events across the year which allows for all teams to come together and celebrate the hard work and successes being achieved across the regions. One event which really stands out for me is the summer family day where all employees are invited to bring their family members for a BBQ and summer day of fun. This really showcases the family feel of working for Stonebond and for me is a great way of allowing my family to meet my work colleagues in a social environment and for me to meet the family members of my colleagues.

Having been given the opportunity to join Stonebond was very exciting for me as I was able to make the move to fulfil my desire to be closer to the consumer and end product. The transition from banking to housebuilding has been made to feel seamless by the support of colleagues across the business that have helped me to settle in and bring me up to speed with the industry knowledge very quickly. The culture at Stonebond is one of hard work, exceeding expectations and celebrating the successes of the business together as a family.

DEEPEN SHAH
Senior Financial Controller
St Albans

SUPPLY CHAIN

Our supply chain including our subcontractors and material suppliers are selected through a detailed tendering process to ensure they meet our high standards of quality. We build strong relationships with our supply chain that help to deliver our business objectives. Stonebond have strong relationships with subcontractors in our local areas of operation and we maintain regular contact with them for future workload requirements. We actively engage with our supply chain throughout the construction process and are very proud of our commitment to pay our suppliers on time every time.

We collaborate with our supply chain to share knowledge, increase transparency and reach higher levels of quality, safety and sustainability standards. Together, we are building capability with the skills and resources to meet the transforming needs of the modern construction industry.

We continue to request feedback from our supply chain to continue to refine our approach, with the results from our recent Supply Chain Survey, set out below:

Supply Chain Survey Results

100%

I believe Stonebond understand the importance of social, sustainability & environmental matters

96%

I believe Stonebond prioritises Health & Safety in conducting its activities.

96%

I believe that Stonebond prioritises quality in comparison with its competitors.

92%

I am aware of Stonebond's growth plans & future pipeline of opportunities.

91%

I am happy with the quality & distribution of information I receive from Stonebond.

91%

I consider Stonebond to be a Company who pays on time, every time.

86%

I enjoy working in partnership with Stonebond and value them as a client.

In January 2021, Stonebond signed up to the Prompt Payment Code furthering our commitment as a business to pay every supplier on time every time. As a signatory we undertake to pay suppliers on time within agreed terms, give clear guidance to suppliers on terms, dispute resolution and prompt notification of late payment and support good practice throughout their supply chain by encouraging adoption of the Code. We are proud of our average payment days, on a 12-month rolling basis, of 28 days – 97% of all invoices are paid within 28 days (by value). This compares favourably amongst the UK average and against the wider industry.

Prompt Payment Code

96.9%

Overall Customer Satisfaction Scores from both private and affordable customers.

Customer Satisfaction Scores

IMPORTANT CUSTOMER JOURNEY

Given our mixed tenure delivery, our customer satisfaction scores from both our private and affordable/BTR partners are equally as important to us as a business, with strong satisfaction levels achieved for the year ended 31 October 2021. 97% of our customer base would recommend us as a developer which is equivalent of a 5-star rating.

We instil an uncompromised focus on quality – whether it be in building our homes or supporting customers on their buying experience with Stonebond.

We are particularly proud of these achievements in a year when we opened 3 new regional operations, all of which have been brought up to speed on our policies, procedures and expectations for excellent customer service.

As a partnerships developer it is integral that we maintain our high levels of quality and customer satisfaction to uphold our strong relationships with our key partners whom we hope to be working with for many years to come.

"As a first-time buyer and knowing the levels of dedication required to purchase a home, I was delighted that the Stonebond sales team were understanding, patient and experts in their field. The customer care team were exceptional and efficient with any snagging issues and have continued to support me even after completion."

RYAN
Purchaser
Woodside Place, Basildon

OUR PARTNERS' TESTIMONIALS

"We are pleased to work with a business that has a good sustainable growth policy."

DAVID COSTIN
Operations Director
Millbank

"At PCS we value long-term working relationships and I'm very grateful these are values shared by Stonebond and their very experienced leadership team, which filters right through the company. We are delighted to have worked with them over recent years and looking forward to that continuing as both companies grow."

TOM TUSON
Senior Regional Manager
Premier Contract Supplies

"Since Stonebond began to expand, it has been a refreshing experience to work with people who are straight forward, honest, offering landowners the confidence in their ability and openness. This linked with their high quality product leaves landowners and agents feeling they have achieved the best commercial deal but at the same time are delivering into the community development they can be proud of.

Apart from being competitive Stonebond offer a unique approach to high quality housing. They fully understand the need for quality, variety and they are very much proponents of sustainability and place making. The staff are excellent, the decision making process swift but all supported by the strong brand and commitment to delivering excellent housing."

MIKE SHAW
Director & Head of National Strategic Development
Savills

"We've been a supply partner of Stonebond for many years and enjoyed the close and open working relationship they embrace. Diligent payments each month and early engagement on projects make them a partner we at Taylor Maxwell want to continue to support on their exciting journey ahead."

TOM HILL
Key Account Director
Taylor Maxwell

"I think as time goes on it will become 'the norm' to see more women working within the industry when they realise how supported and valued they can be. I feel I have found a rewarding and fulfilling career in construction and hope my experiences so far will encourage other women to consider the possibilities that the industry can offer."

LUCY DALDRY
Assistant Site Manager
Chelmsford

“ The industry is finally breaking down gender barriers and understanding the importance of a diverse workplace.

From recruitment to retention, our Board understands that the workplace needs to be open and approachable to women to ensure that we have the same opportunities for growth and development as our male counterparts.”

ALEXANDRA BARKER
Group Company Secretary & Chief Solicitor

Monarch's Place, Rickling Green

PARTNERSHIPS

A PASSION FOR PARTNERSHIPS

Partnering with local authorities, HAs and BTR investors to create sustainable and thriving communities, for mixed-tenure use, is a core commitment and an area of the business that continues to grow.

Our partnership led operating model is underpinned by creating collaborative partnerships to deliver quality homes and communities.

THE PARTNER OF CHOICE

We have long-standing relationships spanning across our HA partners, local authorities, PRS / BTR investors, land owners, agents and strategic land developers which have led to numerous successful partnerships, providing a variety of mixed use developments.

Our partnerships approach is designed to be flexible to the changing needs of our stakeholders and the areas in which we operate, whilst ensuring long-term financial sustainability and growth.

CREATING COMMUNITIES

Our Development team have built strong relationships with our partners and understand the requirements of HAs and BTR providers to enable us to identify the most suitable land and development opportunities with design led solutions tailored specifically to optimise each scheme.

Our approach is community-led, where we engage with our stakeholders from the outset to ensure each development created in existing neighbourhoods benefits the local community and adds value to its residents.

PARTNERSHIP WORKING

Each development is delivered by an experienced construction team with expertise at all levels. Health and safety remains our number one priority and we continue to assess and improve our operations to ensure we deliver a safe environment for all our stakeholders.

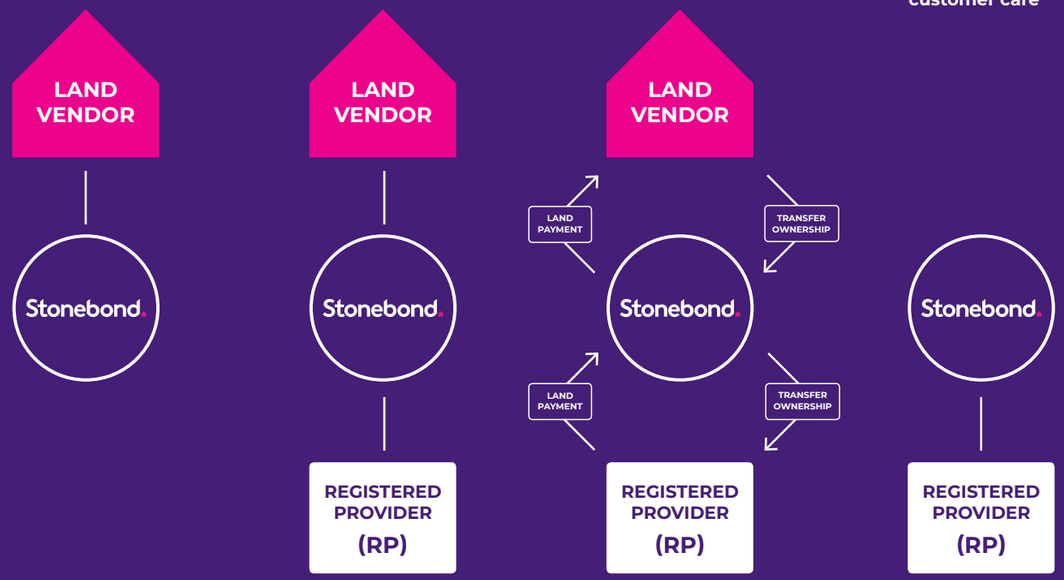
Our Partnerships Model

1 Identify appropriate land opportunities through partnerships

2 Optimising the development opportunity of land by partnering with RPs

3 Transfer ownership of land from the land vendor through to the RP

4 Delivery of quality affordable homes for the RP from design through to build and customer care



Collins Close, Shepreth

INDUSTRY LEADING ROCE %

During the year we delivered 77% of our homes on behalf of our affordable and BTR partners which generated 59% of our Group revenue. This contributed towards delivering an overall operating margin of 10.1% and ROCE of 24.3% across the Group during the year.

Our partnerships tenure mix aspiration by 2025 is to deliver 70% of homes as forward sold with local authorities, HAs and BTR investors generating 50% of revenue for the Group. This allows us to have a capital-light operating model and deliver an industry leading ROCE in excess of 50%. The operating model provides certainty of revenue streams and protection from downside private sales markets and thus reduces the risk profile of our business model.

CUSTOMER CARE GUARANTEE

Our expertise goes far beyond the homes we build. Our dedicated Customer Care team are also on hand to offer support to all residents after they move in and we have developed a bespoke partnership customer satisfaction questionnaire to ensure that we are on track to become a 5 star housebuilder. Each of our homes benefit from an NHBC / Premier Guarantee.

"We have always found Stonebond a friendly, interactive and practical company to deal with and we've been fortunate to continue our good working relationship over the past few years; with us now working with the St Albans office alongside Chelmsford. The one word we always use to describe Stonebond is professional. Whether that be at their offices, on-site or at a seminar their staff always come across in a friendly and professional manner. We look forward to building upon our relationship with them as they continue to grow."

JOE HOPSON
Director
UPR Scaffolding

PLANET

We are committed to managing our business in the right way, ensuring all our operations are carried out in an ethical, safe, environmentally responsible and sustainable manner which we believe is fundamental to developing homes and communities.

Our commitments include protecting and rehoming wildlife, preserving and planting new trees, shrubs and wildflower meadows as well as recycling all our build waste and using local suppliers and subcontractors. We are committed to managing our business in the right way, ensuring all our operations are carried out in an ethical, safe, environmentally responsible and sustainable manner which we believe is fundamental to developing homes and communities.

Our people and supply chain each have a role in behaving in a responsible manner and delivering sustainable outcomes for the communities in which we operate. To enable this, we have developed processes that communicate our policies and governance arrangement to all stakeholders.

CARBON COMMITMENTS

As an evolving SME we continue to strive to transform ourselves and intend for all of our business operations to be carbon neutral in the next financial year.

Our longer term strategy for Stonebond's carbon emissions are currently being shaped with a net zero carbon business being our long term goal and maximising value for our stakeholders. We continue to review our direct emissions from our construction sites, offices, show homes and marketing suites which account for approximately 1% of our total impact (scope 1); the remaining falls within our indirect activities (scope 3). Scope 3 includes the embodied carbon within the materials and services we procure together with the energy that each of our homes will use up throughout its build and lifetime. We will continue to focus our efforts formulating a strategy made on Scope 3.

ANDREW CORNELIUS
Group Chief Executive Officer

"At the heart of our business is a commitment to build sustainable homes that protect or improve local businesses, communities and the environment for years to come."

STONEBOND SOCIAL VALUE

To better understand how our actions deliver positive social and environmental impact, we measure our performance based on "Themes, Outcomes and Measures" (from the UN National Framework) to measure the social value generated from our business operations.

- Employment
- Training
- Section 106 obligations
- Healthier, safer and more resilient communities
- Investing in local economies
- Provision of affordable housing

SOCIAL VALUE £12.8m

In 2021, Stonebond generated c. £12.8m of social value through all our business and development activities. We are putting in place several initiatives and targets over the course of 2022 to further embed social value into our development lifecycle and across our newly established regional activities.

PLANET COMMITMENTS

OUR APPROACH TO SUSTAINABILITY & THE ENVIRONMENT

Having a clear direction, through our approach to sustainability and the environment, and accountability at all levels of our organistaion is crucial to embedding sustainability at the heart of what we do. We have a progressive and robust governance framework that demonstrates our commitment to sustainability and the environment.

We have always been mindful to think differently when creating new homes. We have developed an innovative and responsible approach to minimise our impact on the environment and are committed to consistently bettering Government legislation.

PRODUCT

HOMES TO INSPIRE

We pride ourselves on building high quality homes for people at all stages of their life. We wish to create inspiring and stylish homes that our customers can be proud of. To help develop our strategy on product we have developed the “4 C’s”.

4 C’s – Control, Character, Consistency and Content

CONTROL

We have rationalised the number of standard floorplates for both our low and high rise products.

CHARACTER

Our vision is to create inspiring homes which are easy to build and cost effective whilst maintaining the elegant elevations that suit all customers, from families to first time buyers.

CONSISTENCY

We have introduced 3 private specifications and 3 affordable / BTR specifications to maintain a consistent theme whilst delivering a high level of quality and control build costs. We are able to drive this optimisation through our Group processes, procedures and use of standard details.

CONTENT

We aim to differentiate ourselves and build homes to inspire that are suited to our customers' everchanging needs. We place great importance on our impact on the environment and seek ways to reduce our carbon footprint, as well as combining this with well thought out floor plans to provide for office spaces and open plan living areas.

We continuously consolidate, review and evolve our floorplates in response to customer, sales and construction feedback, as well as design input reflecting both future legislative changes and to ensure that our new standard floorplates designs will be as efficient as possible.

Subcontractors appreciate our floorplates and standard details because their simpler designs and style mean that they are more efficient to build. Our Technical Teams are developing plans to ensure our product meets the Future Homes Standard and legislative requirements in England in 2023 and 2025, when our homes will be required to deliver initially 31% and subsequently 75-80% emission reductions relative to current standards.

Through inspiring design and planning expertise, we aim to create sustainable homes and developments for our customers, where they can create thriving communities with a positive environmental legacy. Delivering high quality homes with low environmental impact where people aspire to live is a key objective for us. Our aim is to ensure we deliver a high quality product with a must have specification which exceeds our customers’ expectations.

We have also reviewed our housetype designs in response to changing market trends and customer feedback.

Standard Floorplates and Elevational Styles

Both ranges will use the same standard floorplates, window and door locations & dimensions etc which will drive consistency, ease of delivery, standardisation and cost efficiencies across the Group.

PART L

We continue to work hard on keeping "one step ahead" of pending Building Regulation changes. As a partnerships housebuilder, we are immersing ourselves further into the green technologies as our partners desire to future-proof their homes and move towards a sustainable future.

Increasing wall cavities, introduction of PV panels will help us meet our 31% reduction in CO2 emissions as outlined by Matthew Oates, our Technical Director, Chelmsford below:

"There has been a lot to think about in respect of building regulation changes over the last year or so and particularly with the new Part F and L soon to be on the table. With Ministry of Housing, Communities & Local Government (MHCLG) issuing the Future Homes Standard consultation back in October 2019 and subsequently closing in January 2020, the challenge has been to find technically and commercially viable options to meet the government targets and continue to provide energy efficient and desirable new homes for our customers to live in and enjoy.

The consultation included proposals for revising the Approved Documents for Part F and L to make them easier to navigate and to support efforts to simplify Approved Documents more generally. It set out a proposal for changes to transitional arrangements to encourage quicker implementation of the new energy efficiency requirements and proposed to remove the ability of local planning authorities to set higher energy efficiency standards than those in the Building Regulations.

The target is to bring all greenhouse gas emissions to net zero by 2050. As part of the journey to 2050 the Government committed to introducing the Future Homes Standard in 2025 and an uplift to energy efficiency standards and requirements in 2020 as a stepping stone to the Future Homes Standard. The first step towards this, is post June 2022 where all our new homes will be expected to produce 31% less CO2 emissions than currently.

WHAT CHANGES ARE WE MAKING TO OUR PRODUCT?

In line with our ESG objectives and The Future Homes Standard, this will mean all Stonebond homes ultimately produce at least 75% less carbon emissions in 2025 and beyond and 31% less CO2 emissions in the interim than what is currently allowed under the Building Regulations.

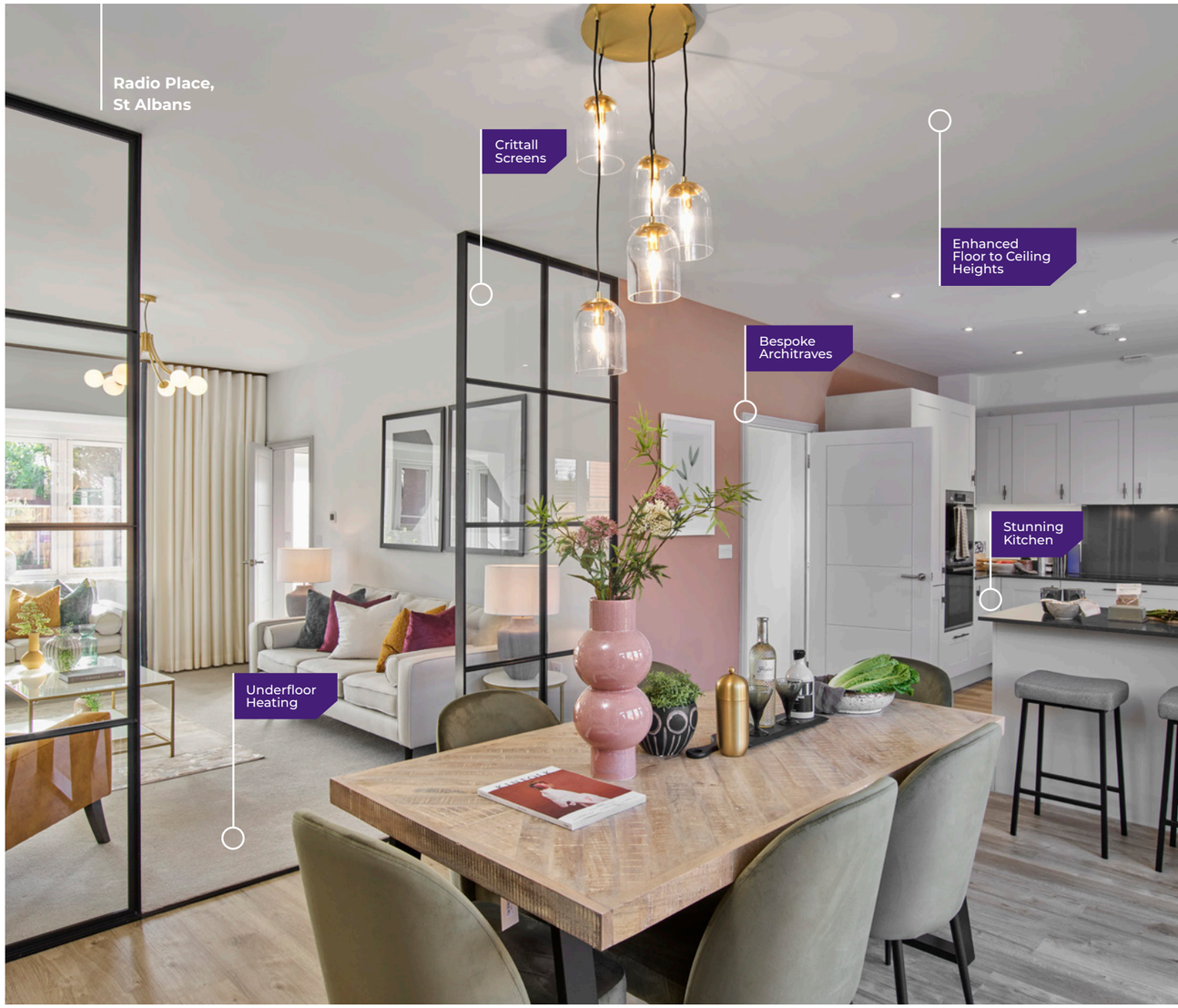
To achieve the carbon savings of 31%, our homes will meet or exceed the combined element approach, and our emphasis is on the adoption of a fabric first approach, with higher fabric standards for the building envelope, such as wider cavities and enhance insulation and improved airtightness, along with the use of low-carbon heating technologies such as solar thermal and by moving our homes to high efficiency gas fired boilers.

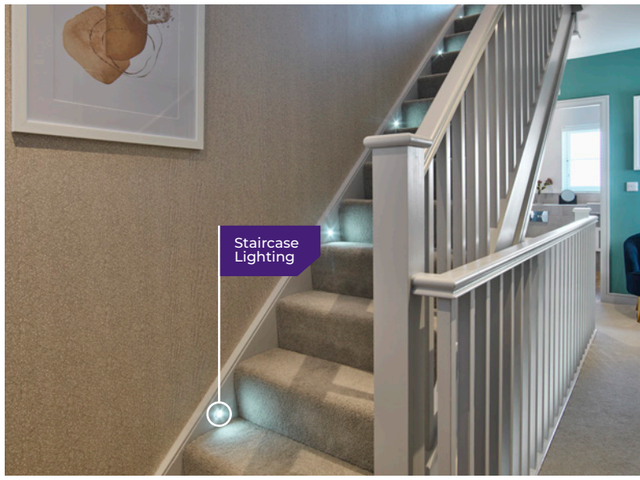
FUTURE PLANS FOR OUR PRODUCT

By engaging and working with our partners and supply chain, the specification and construction of our homes will evolve over this transitional period to 2025. By implementing this interim step in 2022 our industry, with engagement of our supply chain, will be able to build the needed skills and capacity to meet the increased demands of the Future Homes Standard from 2025. We must not also forget the introduction of two new Approved Documents, Part O and Part S. Part O is the new regulation covering overheating and Part S focuses on electric vehicle charging points.

There is still a lot of work to be done creating challenging and exciting times for the Stonebond team and our industry."

MATTHEW OATES
Technical Director
Chelmsford





PIPELINE

We build homes in locations where our customers want to live, with good access to open space and amenities, transport connections, schools and workplaces. Our specialised regional land teams possess extensive local knowledge and strong relationships with landowners. This, combined with detailed research into local market conditions, means we can secure land in locations of strong customer demand.

Bringing land through the planning system and into production is the foundation of our future operational and financial performance.

Throughout the last year, we have focused on growing our existing land pipeline which stood at 920 plots as at 31 October 2021. We always aim to deliver more efficient use of space and attractive street scenes for our customers.

During the year we achieved planning on 430 plots. We have detailed or outline planning permission on all of our FY22 forecast home completions.

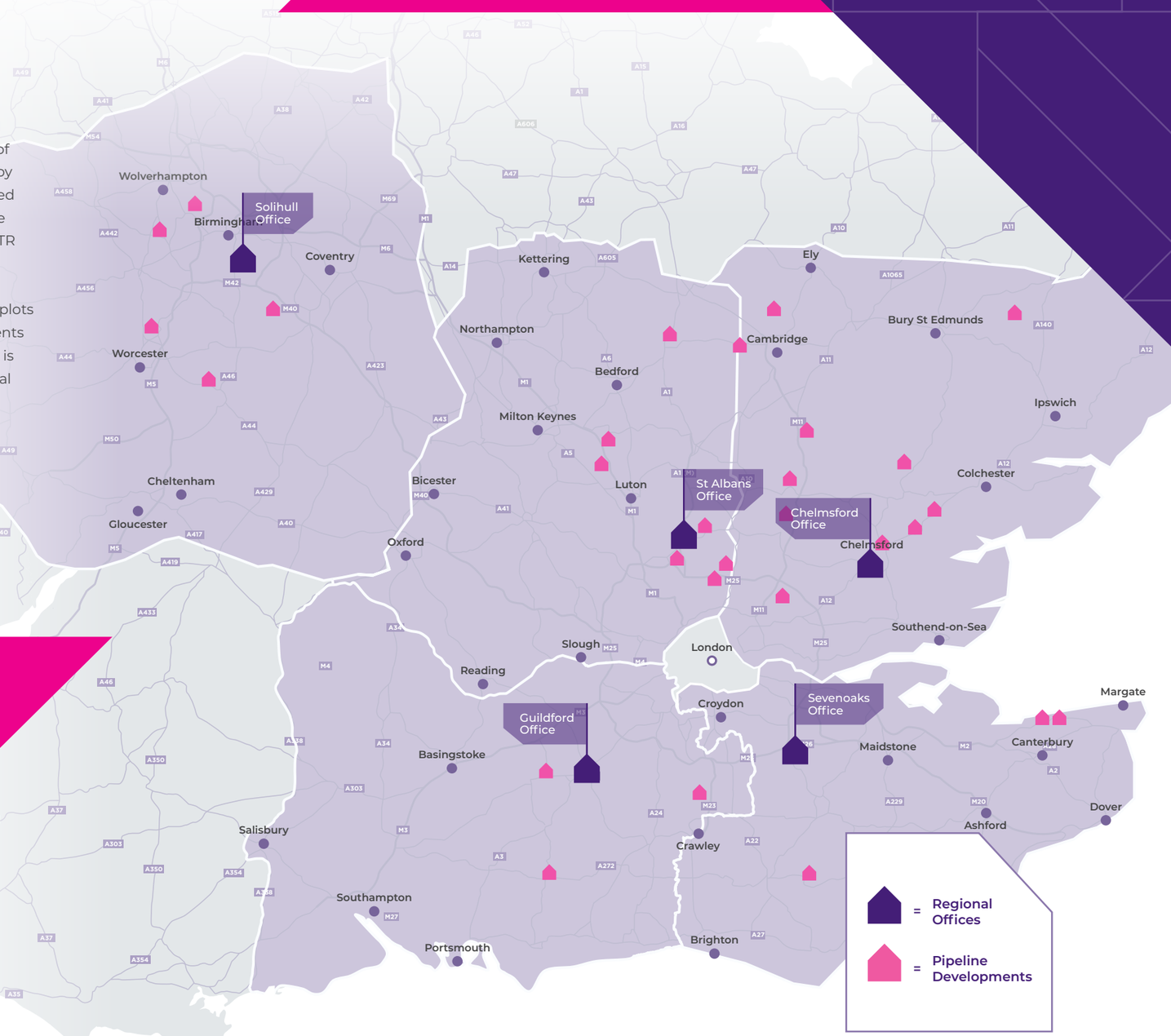
We continue to build long term relationships to secure attractive land opportunities where people aspire to live.

During the last 12 months we have continued with our regional expansion plans opening offices in Sevenoaks, Solihull and Guildford, and have secured multiple sites adding to our future land pipeline.

Our target is to achieve an owned and controlled pipeline in excess of 5 years equating to c. 6,500 plots by 2025. In order to facilitate our mixed tenure business model, this will be split 70:30 between affordable / BTR and private units.

Securing the required number of plots across each of the regions represents a key focus for the business and it is important that each of the regional land teams are fully resourced to deliver the required land pipeline numbers for future visibility and delivery of our growth plans.

Regional Operational Areas
(including controlled sites)



Stonebond's Land Criteria

- Partnerships and Private housing developments
- 20 - 200 units
- Close to good amenities, shops and transport links
- Unconditional purchases of land with Outline or Detailed Consent, Options and Conditional contracts, Subject to Planning, including strategic land promotion
- Variety of joint venture arrangements with landowners, particularly those with legacy requirements and those seeking quality gateway solutions.

STONEBOND AS GATEWAY DEVELOPER

WATERBEACH

CASE STUDY

STONEBOND GATEWAY DEVELOPMENT APPROACH

- Quality landscape and design-led approach on first parcel sets the scene for future phases leading to enhanced values over the life of the project
- Development solutions optimise the planning consent maximising revenues and the land value for our partners
- In-house construction team focused on health & safety, site presentation with sensible build routes that do not compromise delivery of quality homes on time
- Experience in delivering multiple phases on large strategic projects including acting as Master Developer
- Collaborative working with our partners to optimise values for future phases and provide advice and support for future disposals
- Our mixed tenure approach accelerates development, community and placemaking with a potential for earlier land receipts

89 HOMES

4.25 ACRES

31.5%
AFFORDABLE HOMES

OVER 100,000 SQ FT INTERNAL AREA

The Northern Woods Parcel forms the very first parcel of land to be developed at the former RAF base in Waterbeach. Once complete, RAF Waterbeach will have delivered 6,500 residential units, 5 schools, 16,000m² of retail space, 250 acres of green space, 15,000m² of commercial space and 40km of new cycle connections. Northern Woods forms one of seven parcels of land to be delivered as part of Phase 1 'North of the Lake', of which 800 units are to be developed in addition to the construction of the first primary school, local amenities, and vast amounts of landscaping / open space / water bodies.

The Northern Woods parcel is set to provide a prominent gateway to Phase 1 containing frontages on two sides that overlook mature landscaping. To the west of the parcel is a body of water integral to the landscape design for both the entrance to the development and the first primary school.

The southern parcel edge provides uninterrupted views of existing woodland which will be enhanced by additional planting, outdoor furniture and play equipment.

The site measures 1.72 hectares (4.25 acres) in total and is rectangular in shape. The site in its present context lies largely level and vacant. Urban & Civic are providing us with a clean and clear site, with infrastructure and utilities delivered to our boundary.

The existing village of Waterbeach which benefits from local amenities and a train station with direct links to Cambridge is located to the south east of RAF Waterbeach, approximately a 10 minute walk away.

Longhurst Group have been chosen as the Affordable Housing Provider to deliver Phase 1.

The construction of 89 homes will support local employment for up to 272 people and provide for ample training opportunities and apprenticeships programmes to the benefit of the local area.

All low-rise housing will include air source heat pumps re-emphasising our passion to build greener homes.

> "Stonebond is the perfect partner to start our first homes at Waterbeach. Working collaboratively, the Stonebond team has brought a fresh energy and proactive approach to create bespoke designs delivered by a vastly experienced team who share our commitment to sustainability and enduring quality."

CAROLINE FOSTER
Senior Development Manager at Urban&Civic

Urban&Civic plc

START ON SITE:
NOVEMBER 2021

PERFORMANCE

2021 Key Performance Indicators

Financial KPIs

TARGET	STATUS	DEFINITION	WHY WE MEASURE
GROSS MARGIN			
Acquire land in primary locations delivering a blended gross margin between 18% - 20% from both land-led partnership and private schemes.	21.6%	Gross profit divided by total revenue, expressed as a percentage.	Assess each individual site profitability and provides a consistent approach to appraise schemes across the Group.
OPERATING MARGIN			
Achieve a margin between 12% - 14% depending on the proportion of mixed-tenure delivery by 2025.	10.1%	Profit generated by operations divided by total revenue, expressed as a percentage.	Assess the efficiency of our operations.
ROCE %			
Focus on the capital efficiency of schemes being delivered to generate a blended Group ROCE in excess of 50%.	24.3%	Operating profit for the last 12 months divided by the average of opening and closing tangible net operating asset value ("TNOAV") for the 12-month period. TNOAV is calculated as net assets excluding net cash or debt.	Ensures the efficient and effective use of our capital.

Non-Financial KPIs

TARGET	STATUS	DEFINITION	WHY WE MEASURE
HEALTH & SAFETY			
Achieve < 5.0 SHE audit compliance.	3.1	An internal metric system used to ensure compliance with SHE guidelines.	Demonstrates compliance with safety standards on our sites.
BUILD QUALITY			
Ensure RIs are below the industry average.	0.45	Defects reported per plot in Premier inspections at key build stages.	Ensures we build homes to a high standard and help minimise customer care issues which will provide an improved customer experience.
CUSTOMER SATISFACTION			
5 Star Customer Satisfaction	96.9% of our private and affordable customers would recommend us	The percentage of homebuyers who would recommend us to family and friends for our private and affordable homes.	We pride ourselves on the quality of the homes we deliver. Customer satisfaction, including those of our HA partners, is of paramount importance to us. We have designed a survey specifically for our HA partners and residents, alongside the NHBC star rating system for our private purchasers.
ESG			
Year-on-year improvement on Social, Environmental and Sustainability metrics.	£12.8m of social value generated	We have adopted 22 TOMs (Themes, Outcomes, Measures) from the UN National Framework to measure the £ social value generated from our operations.	We are committed to managing our business in the right way, ensuring all our operations are carried out in an ethical, safe, environmentally responsible and sustainable manner which we believe is fundamental to developing homes and communities.
LAND BANK			
Achieve an owned and controlled land bank >6,500 plots by 2025.	>4 Years based on our current output	The number of plots owned or controlled by the Group on which homes can be developed.	Securing land at optimum prices for mixed-use partnerships delivery is key to delivering our target returns whilst ensuring a supply of land for the future growth of the business.
EMPLOYEE SATISFACTION			
Upper quartile for UK companies.	90%	The percentage of staff that would recommend Stonebond as an employer of choice.	Our people are our greatest asset and we are conscious of the need to continue to attract and retain the best people to achieve our growth ambitions.

SECTOR LEADING ROCE

The Group's mixed-tenure strategy with a particular focus on delivering land-led partnership schemes has proven to be successful with 77% of our unit delivery being land-led partnership deals. This lower capital business model increases cash generation, return on capital employed and uniquely positions us to deliver the double-digit growth outlined in our business plan.

ROCE

ROCE is one of our key financial performance indicators and ensures as a business we are using our capital in an efficient and effective manner.

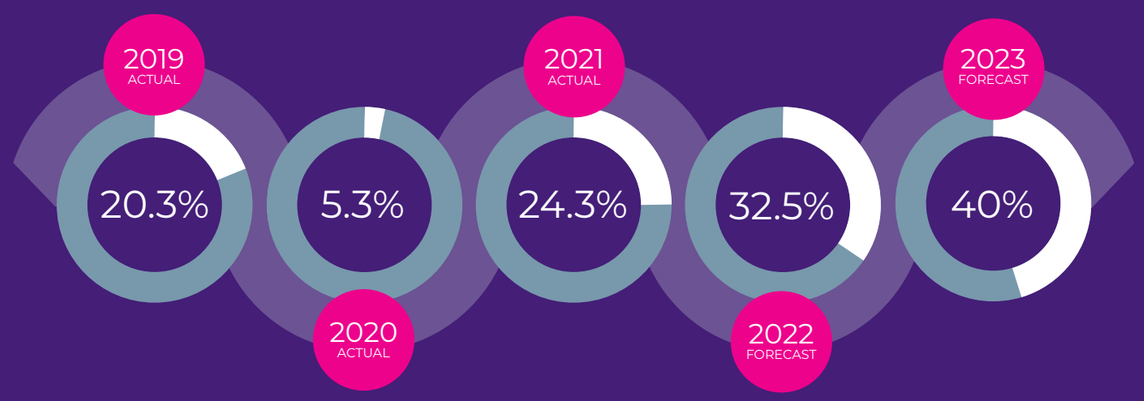
We are a partnerships focused business, with 77% of our unit delivery this year being to our affordable / BTR partners, and forms part of our overall Group strategy. This strategy allows us to employ a capital light model which generates a high ROCE and delivers enhanced shareholder returns. Utilising this model allows us to operate with greater efficiency given the pre-funded nature of the affordable and BTR homes we develop with our partners.

This model is also more resilient as there is less private sales risk exposure and gives us greater confidence in achieving our business plan by providing greater certainty of revenues.

Our Group target is to achieve a ROCE in excess of 50% by 2025 which will be facilitated by delivering an increased number of land-led partnership schemes. Our land-led partnership schemes drive an enhanced ROCE and increase cash generation allowing cash to be re-invested into the business more quickly. This will allow us to increase volumes and achieve the double-digit growth outlined in our business plan.

The Board is focused on delivering lower risk and sustainable growth at target returns which aligns with our strategy of focusing on partnerships and increasing ROCE. The current market conditions have allowed us to grow and we envisage that this growth will continue for the foreseeable future.

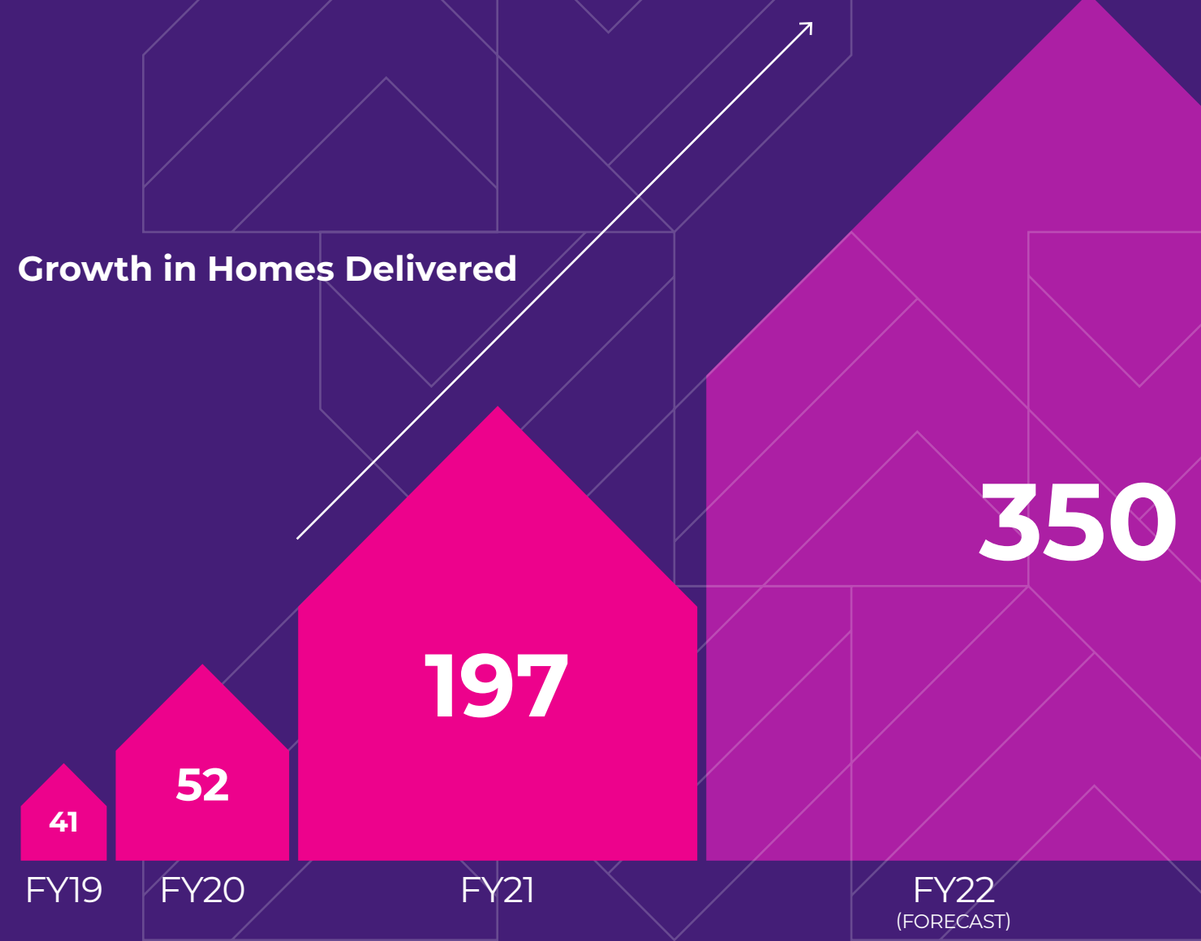
Annual ROCE Performance



Definition: Operating profit for the last 12 months divided by the average of opening and closing tangible net operating asset value ("TNOAV") for the 12-month period.

TNOAV is calculated as net assets excluding net cash or debt.

Growth in Homes Delivered



HEALTH & SAFETY

Our focus on Health and Safety helps to keep our sites and offices safe, to ensure the health and wellbeing of all our stakeholders.

Following the completion of the new Group Health, Safety and Environmental Management system, including policies and procedures, the department has continued to embed these processes throughout the Group.

This has been reflected in the Group's Accident Incident Injury Rate (the number of accidents per 100,000 people during the financial year), whereby we are on track to meet our internal target of having an AIIR lower than the Construction Industry Average of 272 by November 2022.

This also includes updating Health and Safety requirements into the procurement processes to ensure standards are being raised whilst working alongside our supply chain and ensuring that the Construction Design Management procedures are being complied with across all departments.

We have successfully introduced random Drug and Alcohol testing across all of our premises including regional offices as well as operational sites to further strengthen the Group's commitment in ensuring that we provide the safest work environment possible.

Our workforce's wellbeing continues to be a priority for the Group. Mental Health awareness is an area of focus and a commitment to provide support and guidance to our staff is in place which is detailed within our Group Mental Health policy.

Occupational health is also an area of increased focus. As part of our annual H&S Targets and Objectives we have made the control of dust a high priority in reducing our workforce's exposure to harmful dusts that can lead to occupational health issues. This is in line with the HSE's campaign to improve the industry's approach in reducing occupational health diseases.

As we continue to expand the Group, we have recently employed a Group H&S advisor to assist the Group H&S Manager in coaching and educating our staff on the importance of working to the highest possible H&S standards to maintain safe work environments and auditing on compliance to the Group HSE policies and procedures and lend support to all offices and sites where needed and/ or required. Health and Safety matters are discussed at each regional operational Board meeting.

The welfare of our employees is a top priority and we recognise that our mental health is just as important as our physical health. In recognition of this, we now have three members of our team that are Mental Health & First Aid Champions. It is vital that we create a working environment with zero stigma around mental health and having employees on hand to help to support our people will be invaluable.

Mental Health Officers

MAMUNUR RAHMAN

STUART GORDON

SARAH JOHNSTONE

KEY PERFORMANCE INDICATORS

- ACCIDENT INCIDENT INJURY RATE
- MINOR INJURIES
- NEAR MISSES
- INTERNAL H&S SCORES

HEALTH AND SAFETY OPERATING PROCEDURES

- SLIPS, TRIPS AND FALLS
- PEDESTRIAN / VEHICLE SEGREGATION
- WORKING AT HEIGHT

KEY RISK AREAS ON SITE

- OFFICE
- SITES
- SALES AND SHOW HOMES

QUALITY

We are committed to building homes of quality and providing exceptional levels of customer service. We pride ourselves on considering quality at every aspect of the development lifecycle from land acquisition to handover.

Stonebond's approach to quality is taking care of the customer's needs by providing and delivering a professional, helpful and high quality service with assistance before, during and after to ensure the customer's expectations are met, regardless of tenure.

The quality of our homes is of paramount importance to our reputation and our construction teams always strive for the highest standards. We work collaboratively with our supply chain to implement enhanced and consistent arrangements to procure contractors on best overall value, rather than cost alone.

Our philosophy is quality on time every time and every discipline within our Group is involved in delivering a high quality home. In order to deliver our new homes to a high standard, a new quality control process has been implemented to eliminate defects on handover.

We continue to have a 28 day period between build completion and sales completion to allow a sufficient amount of time for snagging and desnagging, cleaning and sparkle cleaning to ensure the home handed over is free of defects. Our approach to quality can be seen through our strong overall customer satisfaction scores, as over 96.9% of our private and affordable customers would recommend us as a partnerships developer. This is an area we will continue to focus on with our customers at the heart of our business operations.

5 Customer Care Key Indicators

- Updated
- Demonstration
- Special and Valued
- Clean
- Defect Free

" We had looked at other developments nearby and weren't immediately thrilled with the location, but Woodside Place felt like a completely different area and very peaceful. We found the house on Rightmove and we came to view it the next day and we snapped it up! We were really attracted to the show home because of the great decor – it immediately felt like it had been designed for us. The views were great and the house looked like a home immediately. We were impressed with the size of the bedrooms and the large kitchen space."

NICK
Purchaser
Woodside Place, Basildon

" We have found the whole team at Stonebond to be professional and friendly and nothing has felt like too much trouble. We are so impressed with the quality of our new home and it really does feel like we have lived there for a long time. From the sales team, the completion team and even interactions with the onsite builders, everyone has been super friendly and welcoming."

ALLAN
Purchaser
Woodside Place, Basildon

Corporate Governance

Corporate Governance Report

The strategic focus and purpose of the business is centred around creating new homes and communities that provide sustainable, social, economic and environmental value back to the community. Our long-term value added approach is key to the business' strategy and will lead to the long term success of the Group.

Stonebond House, Chelmsford

INTERNAL CONTROL ENVIRONMENT

RISK ASSESSMENT & FRAUD

The Board oversees risk management and determines the Group's overall risk profile and appetite for risk in achieving its strategy. A Group Risk Register is maintained and updated by analysing the nature and extent of risks, as well as a re-assessment of their likelihood, impact and any mitigating controls. This is presented at each Group Board Meeting which considers wider strategic risk, as well as risks at an operational level.

Risk reporting is embedded within each operating company with management meetings and information packs, such as the monthly board and land acquisition & start on site meetings, structured around the key risks which include Health and Safety, sales, production (build cost and programme), land and planning, retaining key staff, regulatory and site-specific matters.

Policies and procedures are in place to deter and/or detect most types of fraud, which could have a detrimental effect on our reputation and future financial success of the Group. A review of the key fraud risk areas as well as any mitigating controls is undertaken once a year at Group Board level.

REVIEW OF MANAGEMENT INFORMATION

Management information including both financial and non-financial performance is regularly reviewed at Board and Regional levels. This includes a review of all Group KPI's which are integral to the overall strategy and performance of the business. Management information is regularly reviewed to ensure that the content remains relevant and continues to be fit for purpose to allow the Boards to make effective decisions. Financial results are reported monthly and compared with both budget and the previous month's forecast.

GROUP POLICIES AND PROCEDURES

There are defined Group policies and procedures, governing all aspects of the business including Health and Safety, Customer Service, Sales Approval, Procurement, Legal, Financial Reporting and Capital Expenditure. There are also governance structures in place for Investment Approval, Land Acquisition and Start on Site. There are Business Improvement Groups ('BIGs') across all disciplines with one of their key objectives to assess the current processes for that discipline to drive continuous improvements from an efficiency and risk management perspective.

The Staff Handbook sets out the office operating policies and procedures for all staff which includes our Anti-Bribery and Corruption, Gifts and Hospitality and Whistleblowing policies.

DEFINED ORGANISATIONAL STRUCTURE

There is a defined organisational structure in place with appropriate delegation of authority across all levels of the organisation. Group Delegated Authorities are reviewed on at least an annual basis by the Board. The Board considers that there is a good balance between governance (managing risks) and autonomy which does not have a negative impact on the efficiency of operations.

IT SYSTEMS

The Group has invested in a new IT system, EVision / Housebuilding, which is an integrated ERP solution. This has allowed for management to have a greater control and visibility of the Group's operations, as well as reducing the risk of error. We are continuing to invest in our new system to produce bespoke management reports, that will allow real-time data and forecasting information to be more readily available.

The provision of our IT support services, including cyber security, is currently outsourced to an external third party. Their performance is reviewed as part of the IT BIG and the provision of IT services is re-tendered on an annual basis.

INTERNAL AUDIT

At present, the Group has not appointed a firm of internal auditors and does not plan to set-up an in-house internal audit function given the size of the Group, although this will be considered on an annual basis. Each regional Director is tasked with ensuring that their team are operating in-line with the Group operating policies and procedures. A peer review mechanism may be considered, once the regional operations are of sufficient size.

HANDBOOK

The Staff Handbook is provided to each new starter as part of their induction pack. An annual audit of the staff handbook is conducted by a third-party consultant to ensure that we remain compliant with all HR and other legislative requirements.

Risk Mitigation

CURRENT ASSESSMENT OF PRINCIPLE RISKS

The Board of Directors oversee risk management within the Group. The Group's strategy, which is set by the Board, determines the Group's risk policy, overall appetite for risk and the procedures that are put in place. The Group's risks are regularly monitored and mitigating actions put in place to ensure the Group's risk profile is maintained.

Risk identification and management is built into every aspect of the Group's daily operations and is considered at every stage of the housebuilding process, ranging from the appraisal of new sites, assessment of the prospects of planning success, building safely and selling effectively to achieve long-term success through the property market cycle.

Financial risk is managed through maintenance of a strong balance sheet, forward selling new homes and the careful allocation of funds to the right projects with strict controls of working progress.

The Group's risk register is maintained to record all principal risks and uncertainties identified in the Group.

An appropriate person is allocated as the "risk owner" for each risk.

The risks documented on the following pages are considered to be the Group's principal risks because either individually or in aggregate could have a material adverse effect on the implementation of the Group's strategy, financial performance, shareholder funds or the Group's reputation.

RISK	IMPACT	MITIGATION
Adverse macroeconomic conditions	A decline in macroeconomic conditions, or conditions in the UK residential property market, can reduce the propensity to buy homes. Higher unemployment, interest rates and inflation and one-off economic shocks affect consumer confidence and reduce affordability, which can reduce demand for new homes. This includes one-off economic shocks from health pandemics as illustrated by COVID-19. The humanitarian crisis as a result of the conflict in Ukraine is having a negative impact on the global economy and sentiment. With the increase in natural gas and oil prices, this is likely to drive further cost price inflation globally.	Select land in primary locations with good infrastructure and amenities. A strong focus is maintained on the relevant housing market sector in terms of price, type and location. Continually monitor committed expenditure against forecast income. Forward sales, cashflow and WIP is monitored to allow the Group time to react to changing market conditions. Strong financial discipline at land acquisition stage. Schemes are considered if they are suitable for land-led partnership deals to reduce private for sale and market risk.

RISK	IMPACT	MITIGATION
Inability to source and develop suitable land	Insufficient land would affect our volume growth targets and inability to do so at the required margin would impact future returns.	A robust land appraisal process ensures each project is financially viable and consistent with the Group's strategy. The land team are in constant dialogue with our partners over the availability and suitability of land. Close relationships maintained with local authorities and working collaboratively with our partners on planning requirements to ensure compliance.

RISK	IMPACT	MITIGATION
Supply Chain / Cost Inflation / Availability of Labour	Costs may increase beyond budget due to the reduced availability of skilled labour, or shortages of subcontractors or building materials at competitive prices to support Stonebond's growth ambitions. The Group's strategic geographic expansion may be at risk if new supply chains cannot be established. Pricing and availability of labour and materials remains a key concern for the industry which could potentially worsen due to current conflicts.	Use of optimised standard floor plates, specifications, detailing to make best use of buying power. Close relationships maintained with consultants, subcontractors and suppliers. Bulk buying opportunities/rebates are maximised to leverage on price reductions. Market data, such as BCIS indices, is regularly monitored and appropriate action taken when required. An appropriate level of contingencies are allowed to cover i.e. price / design risk. Cost price inflation / break clauses to be considered in contracts on a site by site basis.

RISK	IMPACT	MITIGATION
Inability to attract and retain talented employees	Inability to attract and retain highly skilled, competent personnel at all levels could adversely affect Stonebond's operating performance and achievement of its growth plans.	Retention rates are reviewed regularly and are assessed for the root cause of departures through structured exit interviews. Competitive salary and benefits package offered which are regularly benchmarked against the wider market. Staff are offered a combination of internal and external training opportunities. Actively engage with our employees and obtain feedback through an annual employment survey.

RISK	IMPACT	MITIGATION
Failure of Group's IT infrastructure	A failure in, or cyber-attacks on Stonebond's infrastructure and information technology systems, could disrupt the Group's businesses or result in the disclosure of confidential information.	Regular review and testing of our security measures against recognised frameworks is undertaken and our contingency plans and IT security policies are regularly reviewed. A back-up IT server is in place.

RISK	IMPACT	MITIGATION
Poor Customer Service	Recommend a Friend rating falls below 90% (5*).	Customer facing staff trained in providing an excellent level of service to our customers. Completed surveys to be reviewed and feedback to be actioned as appropriate. Director and Manager snagging review of each property prior to serving notice and legal completion.

RISK	IMPACT	MITIGATION
Inadequate health, safety and environmental procedures	A deterioration in the Stonebond's health, safety and environmental standards could put Stonebond's employees and contractors or the general public at risk of injury or death and could lead to litigation or penalties or damage the Group's reputation.	Comprehensive safety strategy implemented which includes bringing safety to the forefront of our culture, measuring safety performance and strong risk management with these procedures. Health and Safety issues considered at every Board meeting. Regular visits to sites by senior management to monitor Health and Safety standards. All site staff are provided with the required training. All workers on site are required to hold relevant competencies, knowledge and experience. Appropriate insurance is in place to cover the risks associated with housebuilding.

RISK	IMPACT	MITIGATION
Programme Delay	Failure to secure timely planning permission on economically viable terms may cause delay or potential termination of projects or unforeseen delays due to technical / subcontractor issues.	The budgeted programme for each site is approved by the Group Board before acquisition. Senior management team undertake regular project reviews. Close relationships maintained with key LPA members and officers so as to best understand underlying policy and political climate and influence.

RISK	IMPACT	MITIGATION
Adverse changes to Government policy and regulation	Adverse changes to Government policy in areas such as tax, housing, planning, environment and building regulations may result in increased costs and / or delays. The discontinuation of Government backed purchase assistance programmes (such as Help To Buy) may adversely affect the Group's sales. Environmental, Social and Governance (ESG) matters are becoming increasingly more important and becoming critical to all stakeholders, including regulatory bodies. Part L / Part F / Future Houses Standards / Residual Property Developers Tax, Building Levy are all increasing costs of conducting business.	Government policy is routinely monitored and communicated to management and the wider business. The business actively participates in industry consultation and use membership of industry bodies to lobby government e.g. HBF. Heads of Departments keep up to date with legislation affecting their discipline.

Post-Balance Sheet Events

ESG matters and regulations affecting the industry are regularly monitored with the Group planning in advance of any changes in legislation.

REGIONAL GROWTH

We appointed a Managing Director, Matthew Whale, for Stonebond Properties (Guildford) Limited in January 2022. Matthew joined us from Berkeley Homes as Land Director having been responsible for the Surrey, Sussex and Hampshire regions. Matthew's 15 years of housebuilding experience will be integral in establishing and growing our presence in Surrey.

APPOINTMENT OF NON-EXECUTIVE DIRECTOR

In January 2022, we welcomed Cara Ryan to the Group Main Board as a Non-Executive Director. Cara holds more than 20 years' boardroom experience in both Plc and private companies, with her previous experience operating in the housebuilding and construction industries.

Cara is currently Non-Executive Director of Glenveagh Properties Plc, a leading Irish housebuilder which has successfully developed and grown its own partnerships activity. Glenveagh is Listed on Euronext Dublin and the London Stock exchange.

BANKING FACILITY

At the end of May, we increased our Revolving Credit Facility with NatWest Group from £5m to £10m.

APPROVAL OF THE STRATEGIC REPORT

The strategic report on pages 5 to 59 has been approved by the Board and signed on its behalf by:

GS Cherry, Co-Chairman

27th July 2022

Board of Directors

Our experienced and committed Board have in excess of 100 years of combined experience. They are committed to practising and promoting good governance throughout the Group and delivering strong performance.

GRAHAM CHERRY
Co-chairman

Graham started his career over 40 years ago at Countryside Properties, where he was later joined by his brother, Richard. He held the position of Group Chief Executive from 1996 to 2013 before taking on the roles of Chief Executive of Housebuilding and then Partnerships. Throughout his career his focus was to build a company that set the standards for the industry and community building and this is evident in the culture at Stonebond today.

Grahams' aim for the future is to expand the business to create more sustainable homes people are proud to call home.

RICHARD CHERRY
Co-chairman

Richard has extensive experience within the new homes market after a 35 year long career within the industry. Like Graham, Richard became passionate about building new homes when he started his career 35 years ago with Countryside Properties, a company founded by their father. He sat on the board in 1986 and progressed to Chief Executive of the Partnerships Division, before leaving Countryside Properties to focus on the growth of Stonebond.

ANDREW CORNELIUS
Group Chief Executive Officer

Andrew was appointed as Group CEO in May 2021 to lead the strategic direction and regional growth of the business. He previously held the roles of COO and CFO at Stonebond and has over 15 years' of industry experience having previously worked in senior positions at listed housebuilders - Berkeley Group plc and Countryside Properties plc. He is a chartered accountant by background and has significant experience in leading operations, implementing business strategy and managing financial performance including delivering schemes in partnership with HA / PRS providers having been a JV Board Member on 5 separate developments jointly delivered with L&Q, Notting Hill & Home Group whilst at Countryside.

CARA RYAN
Non-Executive Director

Cara holds more than 20 years' boardroom experience with both Plc and private companies, with many of these operating in housebuilding and construction.

Cara is currently Non-Executive Director of Glenveagh Properties Plc, a leading Irish housebuilder which has successfully developed and grown its own partnerships activity. Glenveagh is Listed on Euronext Dublin and the London Stock exchange.

Orchard Gardens, Melbourn

Executive Management Team

Our executive management team are focused on promoting the success and long-term sustainable value of the Group.

Over 200 years of combined industry and management experience.

ROBERT WILKINSON
Managing Director
(Chelmsford)

Robert joined Stonebond in January 2021 as Managing Director of the Chelmsford business. Having joined Countryside Properties in 2012, he most recently held the position of Managing Director for the East London Partnerships region. He successfully grew the East London region, working predominantly with Joint Venture Partners to deliver mixed-tenure schemes.

Robert has a strong track-record of achieving his business plan objectives whilst maintaining a high quality of build and excellent levels of customer satisfaction. He is a valuable asset to the team and will be key to the growth of the business.

PETER WILLIAMS
Managing Director
(St Albans)

Peter joined Stonebond in October 2020, bringing 16 years of experience from a successful career at Countryside Properties. He is a Chartered Surveyor and Town Planner by background and recently held the position of Land & Planning and Development Director.

Peter will be responsible for establishing and growing regional operations in St Albans and will be a valuable addition to the Senior Management Team at Stonebond.

GREG LENDRUM
Managing Director
(Sevenoaks)

Greg joined Stonebond in April 2021 from Countryside Properties, where he was Land Director of the Housebuilding South division in Sevenoaks. He has over 10 years of experience in the housebuilding industry having previously worked at both FTSE 100 & 250 national housebuilders. Greg will be instrumental in establishing and growing our presence in Kent. His strong land, planning and development knowledge will be invaluable in delivering the region's business plan.

GARY BELCHER
Managing Director
(Solihull)

Gary has over 35 years of experience within the property industry having worked in the West and South Midlands for both private and Plc housebuilders and Local Government during his career. Gary has extensive experience in delivering schemes in partnership with HA / PRS providers having recently held the position of Managing Director for Countryside's South Midlands Region, part of the Partnerships Midlands Division, where he grew the business from inception to delivering 600 homes and £15m of operating profit per annum within a 4 year time-frame. Prior to joining Countryside, Gary was Regional Managing Director for Keepmoat Homes in the West Midlands.

MATTHEW WHALE
Managing Director
(Guildford)

Matt joined Stonebond in January 2022 as Managing Director of the Guildford region. Matt, a Chartered Planning & Development Surveyor by background, started his career over 15 years ago with Countryside Properties, first as a Sponsorship Trainee whilst at university and then a Graduate Management Trainee.

After several successful years at Countryside post qualification, Matt has since held senior roles with Abimara, and most recently Berkeley Homes as Land Director operating across the Surrey, Sussex and Hampshire regions.

ALEXANDRA BARKER
Group Company Secretary & Chief Solicitor

Alexandra joined Stonebond in June 2020. Her appointment marked a key milestone for the business, setting up an in-house legal department to service all legal requirements. She works closely with the Board of Directors and all departments to ensure a seamless transition from land purchase through to completion of sales.

Alexandra has over ten years' experience working within both private practice and in-house legal functions. She specialises in all aspects of real estate law, bringing a breadth of experience which is an invaluable asset to the team as we continue to grow.

Financials

Directors' Report

Principal Activities

The principal activity of the Company is a holding Company which provides management services to its subsidiaries. The subsidiaries' activities continued to be that of housebuilding.

Business review and future developments

The Strategic Report on pages 5 to 59 includes a review of the business, the Group's trading for the year ended 31 October 2021 and an overview of future developments.

Results and dividends

The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements. The Directors do not propose payment of a dividend (2020: £nil).

Financial risk management

Financial risk management information in respect of the financial risk management objectives and policies of the Group is contained in note 20 to the financial statements.

Directors

The Directors who served the Group during the year were as follows:

GS Cherry
RS Cherry
AAN Cornelius
CM Ryan (appointed 28 January 2022)

Qualifying third party indemnity provisions

By means of a Deed of Indemnity entered into separately by the company and each Director, there is a qualifying third-party indemnity provision (as per the Companies Act 2006). This provides, for the financial year ended 31 October 2021 and as at the date of this document, that the Company may pay for Director's indemnities out of its own assets. The Company has obtained Director's and Officers' Insurance for this purpose.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including international accounting standards in conformity with the requirements of the Companies Act 2006. 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 and profit or loss of the Company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Provision of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved have confirmed that:

- so far as the Directors are aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Grant Thornton LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Strategic Report

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's strategic report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch.7 to be contained in the Directors' report. It has done so in respect of financial instrument disclosures and subsequent events.

The following areas are covered within the Strategic Report:

- Principal risks and uncertainties.
- Disabled employees.
- Employee relationships
- Engagement with suppliers and customers.

This report was approved by the Board and signed on its behalf.

ON BEHALF OF THE BOARD

Graham Cherry
Director
27th July 2022
Company registration number: 12485436

Independent Auditor's Report

Independent Auditor's Report to the members of Stonebond Group Limited

Opinion

We have audited the financial statements of Stonebond Group Limited, the 'parent company' and its subsidiaries (the 'Group') for the year ended 31 October 2021, which comprise of the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 October 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

In our evaluation of the Directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as Brexit and COVID-19, we assessed and challenged the reasonableness of estimates made by the Directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of Directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group. We concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to the Companies Act 2006 and UK tax laws;
- We understood how the Group is complying with those legal and regulatory frameworks by making enquiries of management and of the entity's legal counsel. We corroborated our enquiries through our review of board minutes;
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. No matters relating to fraud were identified from our discussions;
- We made specific inquiries of key personnel outside the finance department to determine whether there were fraud risk factors arising from the company's day to day operations;
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and through manipulation of accounting estimates. Audit procedures performed included:
  - Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud;
  - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations;
  - Challenging assumptions and judgements made by management in its significant accounting estimates; and
  - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- It is the audit partner's assessment that the audit team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. We did not identify any matters relating to non-compliance with laws and regulations. We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Use of our report

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

Stephen Wyborn
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Chelmsford

27th July 2022

Consolidated Statement of Comprehensive Income

	Notes	2021 £	2020 £
Revenue	3	65,175,735	21,302,515
Cost of sales		(51,103,326)	(17,089,804)
Gross profit		**14,072,409**	**4,212,711**
Administrative expenses before exceptional items	4	(7,487,645)	(3,198,363)
Exceptional administrative expenses		-	(317,290)
Total administrative expenses		(7,487,645)	(3,515,653)
Operating profit	4	**6,584,764**	**697,058**
Finance income	6	1,108	65,457
Finance charges	7	(457,192)	(120,904)
Profit before tax		6,128,680	641,611
Taxation	8	(1,188,062)	(137,887)
Profit for the year attributable to owners of the parent		**4,940,618**	**503,724**

There were no items of other comprehensive income during the periods under review and hence the Group has not presented a separate statement of other comprehensive income.

Consolidated Statement of Financial Position

	Notes	At 31 October 2021 £	At 31 October 2020 £	At 1 November 2019 £
Non-current assets				
Intangible assets	9	227,208	162,074	67,266
Property, plant and equipment	10	275,982	280,101	116,098
Trade and other receivables	13	528,749	-	-
		1,031,939	442,175	183,364
Current assets				
Inventories	12	45,917,796	33,346,296	14,874,226
Trade and other receivables	13	3,732,742	985,982	445,897
Cash and cash equivalents	14	13,861,389	13,892,156	27,008,096
		63,511,927	48,224,434	42,328,219
Current liabilities				
Trade and other payables	15	12,111,197	9,433,679	2,249,832
Lease liabilities	17	32,584	32,584	-
Borrowings	18	1,299,000	1,200,000	1,652,826
		13,442,772	10,666,263	3,902,658
Non-current liabilities				
Trade and other payables	15	9,432,537	-	-
Lease liabilities	17	62,454	95,038	-
Borrowings	18	134,328	1,433,328	2,633,328
		9,629,319	1,528,366	2,633,328
Provisions for liabilities				
Deferred Tax	16	17,778	-	-
Net assets		**41,453,988**	**36,471,980**	**35,975,597**
Equity				
Share capital	23	26,004,545	26,004,453	26,004,517
Share premium account		41,298	-	7,277
Retained earnings		11,851,473	6,910,855	6,407,131
Other reserves		3,556,672	3,556,672	3,556,672
Equity attributable to owners of the parent company		**41,453,988**	**36,471,980**	**35,975,597**

The notes to these financial statements form an integral part of these financial statements. The financial statements were approved by the Board of Directors and authorised for their issue on 27th July 2022, and were signed on its behalf by:

Graham Cherry, Director | Registered number: 12485436

Consolidated Statement of Changes in Equity

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Equity attributable to owners of the parent company £
At 1 November 2019	26,004,517	7,277	3,556,672	6,407,131	35,975,597
Comprehensive income for the year					
Profit for the year	-	-	-	503,724	503,724
	-	-	-	503,724	503,724
Transactions with owners					
Issue of shares (note 23)	26,004,517	-	-	-	26,004,517
Reduction of shares	(26,004,581)	(7,277)	26,004,516	-	(7,342)
Dividend in specie	-	-	(26,004,516)	-	(26,004,516)
	(64)	(7,277)	-	-	(7,341)
At 31 October 2020	26,004,453	-	3,556,672	6,910,855	36,471,980
Comprehensive income for the year					
Profit for the year	-	-	-	4,940,618	4,940,618
	-	-	-	4,940,618	4,940,618
Transactions with owners					
Issue of shares (note 23)	92	41,298	-	-	41,390
	92	41,298	-	-	41,390
At 31 October 2021	26,004,545	41,298	3,556,672	11,851,473	41,453,988

Consolidated Statement of Cash Flows

	Notes	2021 £	2020 £
Cash flow from operating activities			
Profit for the financial year before taxation		6,128,680	641,611
Finance income	6	(1,108)	(65,457)
Finance costs	7	457,192	120,904
Depreciation of property, plant and equipment	10	89,143	49,884
Amortisation of intangible assets	9	62,481	35,284
Impairment of intangible assets	9	-	37,141
Loss on disposal of property, plant and equipment	10	1,654	-
Tax paid		(514,029)	(503,148)
		6,224,013	316,219
Changes in working capital			
Increase in inventories		(12,571,500)	(18,472,070)
Increase in trade and other receivables		(3,275,509)	(540,085)
Increase in trade and other payables		11,111,917	7,435,849
Net cash generated from / (used in) operating activities		**1,488,921**	**(11,260,087)**
Cash flow from investing activities			
Purchase of intangible assets	9	(127,615)	(167,233)
Purchase of property, plant and equipment	10	(86,678)	(83,550)
Interest received	6	1,108	65,457
Net cash used in investing activities		**(213,185)**	**(185,326)**
Cash flow from financing activities			
Issue of ordinary shares	23	41,390	1
Reduction of shares	23	-	(7,342)
Repayment of loans	18	(1,200,000)	(1,652,826)
Capital payments on lease liabilities	17	(32,584)	(2,715)
Interest paid on lease liabilities	17	(5,416)	(451)
Other interest paid		(109,893)	(7,194)
Net cash used in financing activities		**(1,306,503)**	**(1,670,527)**
Net decrease in cash and cash equivalents		**(30,767)**	**(13,115,940)**
Cash and cash equivalents at beginning of financial year	14	13,892,156	27,008,096
Cash and cash equivalents at end of financial year	14	**13,861,389**	**13,892,156**

Notes to the Consolidated Financial Statements

1. General information

Stonebond Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Stonebond House, 132-136 New London Road, Chelmsford, Essex, CM2 0RG.

The Group consists of Stonebond Group Limited and all of its subsidiaries.

2. Principal accounting policies

2.1 Basis of preparation

These financial statements for the year ended 31 October 2021 are those of the Company and all of its subsidiaries. They have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("IFRS") and the applicable legal requirements of the Companies Act 2006.

The principal accounting policies set out below have been consistently applied to all periods presented. The consolidated financial statements have been prepared on a going concern basis under the historical cost convention except for, where disclosed in the accounting policies, certain items which are carried at fair value.

The consolidated financial statements are presented in Sterling which is the functional currency of the Company and rounded to the nearest £.

The preparation of these consolidated financial statements requires management to make certain estimates and assumptions.

The insertion of Stonebond Group Limited as the holding company of Stonebond Properties (Chelmsford) Limited during the year ended 31 October 2020 did not meet the definition of a business combination in accordance with IFRS3 "Business Combinations" as Stonebond Group Limited was a shell company and did not meet the definition of a business. Accordingly, upon consolidation, the transaction was accounted for as a reorganisation of Stonebond Properties (Chelmsford) Limited without any fair value uplift and an other reserve of £3,556,672 was created. The consolidated financial statements are presented using the historical carrying values from the financial statements of the acquired entity, Stonebond Properties (Chelmsford) Limited, but reflecting the share capital of Stonebond Group Limited.

The consolidated financial statements present the results of the Company and its own subsidiaries as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The consolidated financial statements present the results of the Group for the 12 month periods ended 31 October 2020 and 31 October 2021.

2.2 IFRS transition

The Group has adopted IFRS for the first time in these financial statements. FRS 102 was previously applied to all periods presented. The date of transition to IFRS was 1 November 2019. The requirements of IFRS 1 'First-Time Adoption of International Financial Reporting Standards' have been applied.

IFRS 1 allows certain exemptions in the application of particular IFRS to prior periods in order to assist companies with the transition process. The exemptions applied are detailed in note 26.

Further details and the reconciliations between the previously reported UK GAAP (FRS 102) numbers to those presented under IFRS are given in note 26.

2.3 Going Concern

At the time of approving these financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

2.4 Revenue

Revenue is comprised of three main streams.

Fully Forward Funded Land-Led Partnership Schemes

Fully Forward Funded Land-Led Partnership Schemes relate to developments where the Group partners with Housing Associations (HAs), Private Rented Sector (PRS) and Build-to-Rent (BTR) investors to deliver mixed-tenure homes across the entirety of the scheme.

There are two performance obligations: the sale of land to our HA, PRS or BTR partner and the subsequent design and build of homes on that land. On inception of the contract, the contract price is allocated between the two performance obligations. Revenue arising on the sale of land is recognised at a point in time on legal completion as this is the point at which the Group has fulfilled its performance obligation.

Revenue relating to the design and build is recognised over time based on costs incurred as a percentage of total forecast costs. As the build progresses, customer-controlled assets are created and the Group has an enforceable right to be paid for the work completed.

Private-Led Schemes

Private-Led Schemes deliver housing where the majority of dwellings are private homes and any affordable homes are due to section 106 requirements imposed by the Local Planning Authority.

Revenue is recognised on the sale of private homes at a point in time, which is on legal completion, as this is when the customer obtains control of the property and the Group has fulfilled its performance obligation.

Revenue is measured at the fair value of the consideration received. Cash incentives are considered to be a discount from the purchase price offered to the customer and are therefore accounted for as a reduction to revenue.

Revenue for the affordable homes is recognised over time based on surveyor-certified valuations of work. As the build progresses, customer-controlled assets are created and the Group has an enforceable right to be paid for work completed to date. Revenue is measured at the fair value of the consideration received.

Hybrid Land-Led Partnership Schemes

Hybrid Land-Led Partnership schemes relate to developments where the Company partners with Housing Associations (HAs), Private Rented Sector (PRS) and Build-to-Rent (BTR) investors to deliver an increased number of mixed-tenure homes with our partners, whilst retaining an element of private homes to be sold by the Group.

Revenue recognition for private homes is as detailed above.

The mixed-tenure element of hybrid schemes comprise of two performance obligations: the sale of land to our HA, PRS or BTR partner and the subsequent design and build of homes on that land. On inception of the contract, the contract price is allocated between the two performance obligations. Revenue arising on the sale of land is recognised at a point in time on legal completion as this is the point at which the Group has fulfilled its performance obligation.

Revenue relating to the design and build is recognised over time based on surveyor-certified valuations of work. As the build progresses, customer-controlled assets are created and the Group has an enforceable right to be paid for work completed to date. Revenue is measured at the fair value of the consideration received.

2.5 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer software	over four years
Website development	over four years

2.6 Property, Plant and Equipment

Items of property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Right of use property lease asset	over the lease term
Computer equipment	over four years
Fixtures, fittings and equipment	over four years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of comprehensive income.

2.7 Leases

Leases are accounted for by recognising a right-of-use asset and a lease liability.

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. The weighted average rate applied in each reporting period for lease liabilities, applied as a single discount rate to a portfolio of leases of similar assets on similar terms is as follows:

At transition	Year ended 31 October 2020	Year ended 31 October 2021
3.85%	3.85%	3.85%

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, prepayments made on the lease at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are recognised in a separate category of Property, Plant and Equipment and are depreciated over the shorter period of lease term and useful life of the underlying asset.

The depreciation starts at the commencement date of the lease.

The Group has taken the exemptions in IFRS 16 relating to both low-value assets and those with short lives when such leases occur, meaning leases that meet these conditions do not give rise to lease liabilities or right of use assets.

2.8 Pensions

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense in profit or loss when employees have rendered service entitling them to the contributions. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.9 Taxation

Current Taxation

Current taxation for the Group is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the reporting date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred Taxation

Deferred taxation is calculated based on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss, it is not recognised. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Current tax assets and liabilities and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.10 Impairment of Non-financial Assets

At each reporting date, the Directors review the carrying amounts of the Group's property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Assets are reviewed for impairment, and if any indication of impairment exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

An impairment loss is recognised as an expense immediately. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised in the Income Statement immediately, except for impairment losses on goodwill, which are not reversed.

2.11 Inventories

Work in progress is valued at the lower of cost and net realisable value.

Cost of inventories comprise land acquisition, construction and other development expenditure (including part exchange properties). The value of inventory does not include any capitalised borrowing costs.

The estimated net realisable value is calculated based on projected future sales proceeds less costs to complete each development.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

For private-led and hybrid land-led partnership sales, the Group determines the value of inventories charged to cost of sales based on the total forecast margin of developing a site or a phase of a site as a best estimate. These costs are recognised within the costs of sales when the related revenue is recognised. To the extent that additional costs or savings are identified and the expected margin changes as the site progresses, the change is recognised over the remaining units.

For fully forward funded land-led partnership sales, costs are charged to profit and loss as incurred.

2.12 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.14 Financial Instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for trade receivables (which do not contain a significant financing component) that are initially measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable- this is not permitted for financial assets at fair value through profit or loss: instead, transaction costs are expensed as incurred).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented, the Group does not have any financial assets categorised as FVTPL or FVOCI.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these financial assets are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, and trade and other receivables fall into this category of financial instruments.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model to be applied. The expected credit loss model requires the Group to account for Expected Credit Losses ("ECL") and changes in the ECL at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

IFRS 9 requires the Group to recognise a loss allowance for ECL on trade receivables.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL.

Classification and measurement of financial liabilities
The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges are included within finance costs or finance income.

If a financial liability includes an embedded derivative this is separated out at inception and initially and subsequently measured at fair value.

Trade receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for impairment. The Group applies the simplified approach under IFRS 9 to measure ECL associated with trade and other receivables. The carrying value of the receivable is reduced at each reporting date for any increase in the lifetime ECL, with an impairment loss recognised in the statement of comprehensive income. If collection is expected in one year or less, receivables are classified as current assets. If not, they are classified as non-current assets.

Trade and other payables
Trade and other payables, like other liabilities at amortised cost, are initially measured at fair value, which is the transaction price.

Borrowings
Bank and other loans are classified as financial liabilities at amortised cost and treated in line with the Group's policies for this type of liabilities.

2.15 Equity

Equity comprises the following:

- "Share capital" represents amounts subscribed for shares at nominal value.
- "Share premium" represents the excess received over nominal amount when shares are subscribed for.
- "Other reserves" represents amounts relating to cancellation of share premium, shares bought back and cancelled, or held in treasury.
- "Retained earnings / losses" represents the accumulated profits and losses attributable to equity shareholders.

2.16 International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of the consolidated financial statements, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Group. For the next reporting period, applicable International Financial Reporting Standards will be those endorsed by the UK Endorsement Board (UKEB).

Whilst these standards and interpretations are not effective for, and have not been applied in the preparation of, these consolidated financial statements, the following could potentially have a material impact on the Group's financial statements going forward:

New/Revised International Financial Reporting Standards		Effective Date: Annual periods beginning on or after:	UKEB adopted
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023	No
IAS 8	Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023	No
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023	No
Various	Amendments to • IFRS 3 Business Combinations; • IAS 16 Property, Plant and Equipment; • IAS 37 Provisions, Contingent Liabilities and Contingent Assets • Annual Improvements 2018-2020	1 January 2022	No
Various	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	1 January 2021	Yes

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement.

There are no other standards and interpretations in issue but not yet adopted that the directors anticipate will have a material effect on the reported income or net assets of the Company.

2.17 Critical accounting judgements and key sources of estimation uncertainty

Preparation of the consolidated financial statements requires management to make significant judgements and estimates. These are continually evaluated and are based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances.

Under IFRS estimate or judgements are considered critical where they involve a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities from period to period.

Critical Accounting Estimates

Work in progress and cost of sales
With Private-led and Hybrid scheme Sales, the amount recognised as cost of sales is an estimate based on the overall expected profit margin of the development. To the extent that the overall profit margin varies, a catch-up adjustment is recorded in future periods. The work in progress for these developments is therefore the costs incurred to date less the cumulative cost of sales recognised.

Land-Led Partnership Revenue
Revenue recognised on Housing Association Sales is calculated using an estimate of the total costs of the project.

Deferred Land Payments
The company has material land payments that have been partially deferred for one year or greater. The total cost has been recognised at the net present value and the deferred amount has been discounted assuming an interest rate of between 3.85% p.a.

Notes to the Consolidated Financial Statements

3. Revenue

	2021 £	2020 £
Private sales (transferred at a point in time)	26,978,372	16,177,909
Land-led partnership sales (transferred over time)	12,369,582	1,374,606
Land-led partnership sales (transferred at a point in time)	25,827,781	3,750,000
	65,175,735	21,302,515

4. Operating profit

	2021 £	2020 £
Operating profit is stated after charging:		
Depreciation of property, plant and equipment:		
- Owned assets	56,559	47,169
- Right of use assets under leases	32,584	2,715
Impairment of property, plant and equipment	-	37,141
Amortisation of intangible assets	62,481	35,284
Amounts payable to the company's auditors:		
- For audit of the parent company	17,750	4,000
- For audit of subsidiaries	58,250	18,000
Exceptional costs	-	317,290

Exceptional costs relate to reorganisation costs.

5. Directors and employees

The aggregate payroll costs of the employees, including management and the Executive Directors, were as follows:

	2021 £	2020 £
Wages and salaries	6,212,204	2,906,412
Social security	735,801	294,786
Pension costs	218,159	100,234
	7,166,164	3,301,432

Average monthly number of persons employed by the Group, including directors, during the year was as follows:

	2021	2020
Site staff	10	6
Office staff	47	31
Senior management	7	4
	64	41

	2021 £	2020 £
Remuneration of Directors		
Emoluments and fees for qualifying services	505,400	196,625
	505,400	196,625

	2021 £	2020 £
Highest paid Director		
Emoluments and fees for qualifying services	505,400	196,625

Key management personnel are identified as the Directors and members of the executive management team. Total key management personnel compensation for the year was £2,080,601 (2020: £1,416,791). This will differ from remuneration due it including employer's national insurance contributions.

6. Finance income

	2021 £	2020 £
Interest on bank deposits	1,108	65,457

7. Finance expense

	2021 £	2020 £
Interest on bank overdraft & drawdown facilities	109,893	7,194
Finance charge on deferred land payment	341,883	113,259
Interest expense on lease liabilities	5,416	451
	457,192	120,904

8. Taxation

	2021 £	2020 £
Current tax:		
UK corporation tax based on the results for the year	1,170,284	125,000
Adjustments in respect of prior year	-	12,887
	1,170,284	137,887
Deferred tax:		
Origination and reversal of temporary differences	13,488	-
Effect of tax rate change on opening balance	4,290	-
Adjustments in respect of prior periods	-	-
	17,778	-
Total tax on profits on ordinary activities	1,188,062	137,887

Factors affecting the tax charge for the year

	2021 £	2020 £
Profit on ordinary activities before tax	**6,128,680**	**641,611**
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (all periods)	1,164,449	121,906
Effects of:		
Expenses not deductible for tax purposes	2,890	19,393
Permanent capital allowances in excess of depreciation	-	(18,205)
Adjustments to tax charge in respect of prior periods	-	12,887
Remeasurement of deferred tax changes in tax rates	7,690	-
Over provided in current year	13,033	1,906
Total tax	1,188,062	137,887

9. Intangible assets

	Computer software £	Website development £	Total £
Cost			
At 1 November 2019	123,000	-	123,000
Additions	164,733	2,500	167,233
Disposals	(123,000)	-	(123000)
At 31 October 2020	164,733	2,500	167,233
Additions	103,225	24,390	127,615
At 31 October 2021	267,958	26,890	294,848
Amortisation			
At 1 November 2019	55,734	-	55,734
Charge for the year	35,284	-	35,284
Impairment	37,141	-	37,141
Disposals	(123,000)	-	(123,000)
At 31 October 2020	5,159	-	5,159
Charge for the year	57,406	5,075	62,481
At 31 October 2021	62,565	5,075	67,640
Net book value			
At 31 October 2021	205,394	21,815	227,208
At 31 October 2020	159,574	2,500	162,074
At 1 November 2019	67,266	-	67,266

Amortisation is recognised within administrative expenses in the Statement of Comprehensive Income.

10. Property, plant and equipment

	Computer equipment £	Assets under construction £	Fixtures and fittings £	Right of use assets £	Total £
Cost					
At 1 November 2019	69,096	-	123,393	-	192,489
Additions	34,214	-	49,336	130,337	213,887
Disposals	(14,886)	-	(14,839)	-	(29,725)
At 31 October 2020	88,424	-	157,890	130,337	376,651
Additions	69,465	10,358	6,855	-	86,678
Disposals	(1,936)	-	-	-	(1,936)
At 31 October 2021	155,953	10,358	164,745	130,337	461,393
Depreciation					
At 1 November 2019	32,928	-	43,463	-	76,391
Charge for the year	19,288	-	27,881	2,715	49,884
Disposals	(14,886)	-	(14,839)	-	(29,725)
At 31 October 2020	37,330	-	56,505	2,715	96,550
Charge for the year	28,348	-	28,211	32,584	89,143
Disposals	(282)	-	-	-	(282)
At 31 October 2021	65,396	-	84,716	35,299	185,411
Net book value					
At 31 October 2021	90,557	10,358	80,029	95,038	275,982
At 31 October 2020	51,094	-	101,385	127,622	280,101
At 1 November 2019	36,168	-	79,930	-	116,098

Depreciation is recognised within administrative expenses in the Statement of Comprehensive Income

11. Subsidiary undertakings

Details of subsidiary undertakings as at 31 October 2021 and 31 October 2020 are as follows.

Name of undertaking	Registered office	Class of shares held	% Held Direct
Stonebond Properties (Chelmsford) Limited	132 - 136 New London Road, Chelmsford, Essex, England, CM2 0RG	Ordinary £1	100
Stonebond Properties (St Albans) Limited	132 - 136 New London Road, Chelmsford, Essex, England, CM2 0RG	Ordinary £1	100
Stonebond Properties (Sevenoaks) Limited	132 - 136 New London Road, Chelmsford, Essex, England, CM2 0RG	Ordinary £1	100

The following subsidiary undertakings were incorporated during the year ended 31 October 2021.

Name of undertaking	Registered office	Class of shares held	% Held Direct
Stonebond Properties (Solihull) Limited	132 - 136 New London Road, Chelmsford, Essex, England, CM2 0RG	Ordinary £1	100
Stonebond Properties (Guildford) Limited	132 - 136 New London Road, Chelmsford, Essex, England, CM2 0RG	Ordinary £1	100

12. Inventories

	At 31 October 2021 £	At 31 October 2020 £	At 31 October 2019 £
Work in progress	45,917,796	33,346,296	11,356,888
Finished goods and goods for resale	-	-	3,517,338
	45,917,796	33,346,296	14,874,226

The carrying amount of inventories includes £17,097,353 (2020: £11,605,187) pledged as security for liabilities.

13. Trade and other receivables

	At 31 October 2021 £	At 31 October 2020 £	At 31 October 2019 £
Current			
Trade receivables	1,103,642	381,333	89,560
Other receivables	693,630	247,561	307,881
Contract assets	1,857,030	269,600	-
Prepayments	78,440	87,488	48,456
	3,732,742	985,982	445,897
Non-current			
Trade receivables	528,749	-	-
	4,261,491	985,982	445,897

Other receivables include £401,273 (2020: £nil) of VAT to be reclaimed.

14. Cash and cash equivalents

	At 31 October 2021 £	At 31 October 2020 £	At 31 October 2019 £
Cash at bank (GBP)	13,861,389	13,892,156	27,008,096

At the reporting dates presented all significant cash and cash equivalents were deposited in the United Kingdom with large international banks.

15. Trade and other payables

	At 31 October 2021 £	At 31 October 2020 £	At 1 November 2019 £
Current			
Trade payables	1,032,833	580,398	1,086,249
Other tax and social security	29,548	422,189	65,597
Other payables	6,179,923	6,623,360	331,525
Contract liabilities	567,711	467,750	-
Accruals	3,519,925	1,214,982	276,200
Current tax payable	781,257	125,000	490,261
	12,111,197	9,433,679	2,249,832
Non-current			
Other payables	9,432,537	-	-
	9,432,537	-	-
	21,543,734	9,433,679	2,249,832

Other creditors includes deferred land creditors of £14,735,916 (2020: £6,510,745). The carrying amount of deferred land payments represents the discounted payment obligations. Land acquired on deferred payment terms is discounted using an interest rate of 3.85%. Discount rates are regularly reviewed to ensure that the most appropriate rate is applied at the inception of new developments. At 31 October 2021, the liabilities had been discounted by £540,084 (2020: £229,255), reflecting the time value of money.

Included within other creditors is £ 12,343,790 (2020: £6,510,745) which is secured by legal charge over land included in inventory carried by subsidiary companies. Included in other creditors is £2,392,126 (2020: £nil) which is secured by a deferred payment bond carried by subsidiary companies.

16. Deferred Tax

	2021 £	2020 £
Current		
At beginning of year	-	-
Charged to profit or loss	17,778	-
At end of year	17,778	-
Fixed asset timing differences	18,474	-
Short term timing differences	(696)	-
Total Tax	17,778	-

17. Leases

Right of use assets

The Group used leasing arrangements with a maximum term of 4 years relating to property,

When a lease begins, a liability and right of use asset are recognised based on the present value of future lease payments. Where an interest rate implicit in the lease is not readily available, the Company's incremental borrowing rate is used instead. This is determined by reference to the interest application on the Company's borrowings.

	At 31 October 2021 £	At 31 October 2020 £
Additions	-	130,337
Depreciation charge	(32,584)	(2,715)
Carrying amount at the beginning of the year:	127,622	-
Carrying amount at the end of the year:	95,038	127,622

	At 31 October 2021 £	At 31 October 2020 £
Interest expense on lease liabilities	5,416	451
Total cash outflow for leases	38,000	3,166

	At 31 October 2021 £	At 31 October 2020 £
Short-term lease expense	100,500	41,875
Low value lease expense	10,927	6,238
Aggregate undiscounted commitments for short-term leases	-	-

Lease liabilities

	At 31 October 2021 £	At 31 October 2020 £	At 31 October 2019 £
Current	32,584	32,584	-
Non-current	62,454	95,038	-
	95,038	127,622	-

18. Borrowings

	At 31 October 2021 £	At 31 October 2020 £	At 1 November 2019 £
Amounts falling due within one year			
Other loans	1,299,000	1,200,000	1,652,826
	1,299,000	1,200,000	1,652,826
Amounts falling due within one to two years			
Other loans	134,328	1,299,000	1,200,000
	134,328	1,299,000	1,200,000
Amounts falling due within two to five years			
Other loans	-	134,328	1,433,328
	-	134,328	1,433,328
Total borrowings	1,433,328	2,633,328	4,286,154

Summary of borrowing arrangements:

The borrowings held at each balance sheet date represent a shareholder loan with two directors, Graham and Richard Cherry. The loan is unsecured and carries no interest. The loan is being repaid in monthly instalments.

The Group also has a Revolving Credit Facility ("RCF") of £5m, with an accordion facility of £5m, with NatWest Group.

Reconciliation of liabilities arising from financing activities.

31 October 2021

	At 1 November 2020 £	Additions £	Interest Accrued £	Interest Paid £	Repaid in cash £	At 31 October 2021 £
Lease liabilities	127,622	-	5,416	(5,416)	(32,584)	95,038
Other loans	2,633,328	-	-	-	(1,200,000)	1,433,328
	2,760,950	-	5,416	(5,416)	(1,232,584)	1,528,366

31 October 2020

	At 1 November 2020 £	Additions £	Interest Accrued £	Interest Paid £	Repaid in cash £	At 31 October 2020 £
Lease liabilities	-	130,337	451	(451)	(2,715)	127,622
Other loans	4,286,154	-	-	-	(1,652,826)	2,633,328
	4,286,154	130,337	451	(451)	(1,655,541)	2,760,950

19. Financial instruments

Classification of financial instruments

The fair value hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The tables below set out the Group's accounting classification of each class of its financial assets and liabilities.

Financial assets measured at amortised cost	At 31 October 2021 £	At 31 October 2020 £	At 1 November 2019 £
Trade receivables (note 13)	1,632,391	381,333	89,560
Other receivables (note 13)	292,357	198,609	-
Accrued income (note 13)	1,857,030	269,600	-
Cash and cash equivalents (note 14)	13,861,389	13,892,156	27,008,096
	17,643,167	14,741,698	27,097,656

All of the above financial assets' carrying values are approximate to their fair values, as at all reporting dates presented.

Financial liabilities measured at amortised cost	At 31 October 2021 £	At 31 October 2020 £	At 1 November 2019 £
Trade payables (note 15)	1,032,833	580,398	1,086,249
Other payables (note 15)	14,743,078	6,612,443	299,732
Lease liabilities (note 17)	95,038	127,622	-
Borrowings (note 18)	1,433,328	2,633,328	4,286,154
Accruals (note 15)	3,519,925	1,131,925	276,200
	20,824,202	11,085,716	5,948,335

In the view of management, all of the above financial liabilities' carrying values approximate to their fair values as at all reporting dates presented.

Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values (due to their nature and short times to maturity).

20. Financial instrument risk exposure and management

The Group's operations expose it to degrees of financial risk that include liquidity risk, credit risk, interest rate risk.

This note describes the Group's objectives, policies and process for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented in notes 13, 14, 15, 17, 18, 19 and 21.

Liquidity Risk

Liquidity risk is dealt with in note 21 of these consolidated financial statements.

Credit Risk

The Group's credit risk, being the risk that the other party defaults on their contractual obligation, is primarily attributable to its cash balances and receivables.

The credit risk on liquid funds is limited because the third parties are large international banks with a credit rating of at least A.

The Group's maximum credit risk amounts to the total of its trade receivables and cash and cash equivalents.

Interest Rate Risk

The Group's exposure to interest rate risk relates to the interest received on the cash held on deposit, which is immaterial and interest on the Group's borrowing facilities (see note 7), the majority of which are at fixed interest rates and therefore the interest rate risk on borrowings is also considered to be immaterial.

Foreign Exchange Risk

The Group's transactions are carried out in GBP. Fundraising transactions and operational transactions are carried out in GBP.

21. Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash balances to ensure the Group can meet liabilities as they fall due.

In managing liquidity risk, the main objective of the Group is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The Group's activities are funded by a combination of loan notes and equity investment. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The table below shows the undiscounted cash flows on the Group's financial liabilities as at 31 October 2021 and 2020 and 1 November 2019, on the basis of their earliest possible contractual maturity.

	Total £	Within 1 year £	Within 1-2 years £	Within 2-5 years £	Beyond 5 years £
At 31 October 2021					
Trade payables	1,032,833	1,032,833	-	-	-
Other payables	15,641,600	3,865,600	11,776,000	-	-
Current tax payable	781,257	781,257	-	-	-
Accruals	3,519,925	3,519,925	-	-	-
Lease liabilities	110,833	38,000	38,000	34,833	-
Borrowings	1,433,328	1,299,000	134,328	-	-
	22,519,776	10,536,615	11,948,328	34,833	-

	Total £	Within 1 year £	Within 1-2 years £	Within 2-5 years £	Beyond 5 years £
At 31 October 2020					
Trade payables	580,398	580,398	-	-	-
Other payables	7,274,801	3,774,801	3,500,000	-	-
Current tax payable	125,000	125,000	-	-	-
Accruals	1,214,984	1,214,984	-	-	-
Lease liabilities	148,833	38,000	38,000	72,833	-
Borrowings	2,633,328	1,200,000	1,299,000	134,328	-
	11,977,344	6,933,183	4,837,000	207,161	-

	Total £	Within 1 year £	Within 1-2 years £	Within 2-5 years £	Beyond 5 years £
At 1 November 2019					
Trade payables	1,086,249	1,086,249	-	-	-
Other payables	376,122	376,122	-	-	-
Current tax payable	490,261	490,261	-	-	-
Accruals	276,200	276,200	-	-	-
Borrowings	4,286,154	1,652,826	1,200,000	1,433,328	-
	6,514,986	3,881,658	1,200,000	1,433,328	-

22. Capital management

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide long-term returns to shareholders

The Group defines and monitors capital on the basis of the carrying amount of equity plus borrowings less cash and cash equivalents as presented on the face of the statement of financial position and as follows:

	At 31 October 2021 £	At 31 October 2020 £	At 1 November 2019 £
Equity	41,453,988	36,471,980	35,975,597
Cash and cash equivalents	(13,861,389)	(13,892,156)	(27,008,096)
Borrowings	1,433,328	2,633,328	4,286,154
	29,025,927	25,213,152	13,253,655

The Board monitors the level of capital as compared to the Group's commitments and adjusts the level of capital as is determined to be necessary by issuing new shares. The Group is not subject to any externally imposed capital requirements.

These policies have not changed in the year. The Directors believe that they have been able to meet their objectives in managing the capital of the Group.

23. Share capital

	At 31 October 2021 Number	At 31 October 2020 Number	At 1 November 2019 Number
Allotted, called up and fully paid			
Ordinary shares of 10p each	8,500	8,500	8,500
Ordinary B shares of £1 each	3,540	3,540	3,540
Ordinary C1 shares of £1 each	9,000,000	9,000,000	9,000,000
Ordinary C2 shares of £1 each	7,000,000	7,000,000	7,000,000
Ordinary C3 shares of £1 each	5,000,000	5,000,000	5,000,000
Ordinary C4 shares of £1 each	5,000,000	5,000,000	5,000,000
Growth shares of 10p each	1,550	636	1,272
Total share capital	26,013,590	26,012,676	26,013,312

	At 31 October 2021 £	At 31 October 2020 £	At 1 November 2019 £
Allotted, called up and fully paid			
Ordinary shares of 10p each	850	850	850
Ordinary B shares of £1 each	3,540	3,540	3,540
Ordinary C1 shares of £1 each	9,000,000	9,000,000	9,000,000
Ordinary C2 shares of £1 each	7,000,000	7,000,000	7,000,000
Ordinary C3 shares of £1 each	5,000,000	5,000,000	5,000,000
Ordinary C4 shares of £1 each	5,000,000	5,000,000	5,000,000
Growth shares of 10p each	155	63	127
Total share capital	26,004,545	26,004,453	26,004,517

The following shares were issued in the periods presented:

Year ended 31 October 2021

	Number	Share Capital £
At 1 November 2020	26,012,676	26,004,453
Allotments:		
- Growth shares of 10p each	914	92
At 31 October 2021	26,013,590	26,004,545

Ordinary shares and growth shares carry rights to receive notice of, attend and vote at general meetings and to receive and vote on written resolutions. B, C1, C2, C3 and C4 shares do not carry these rights. All shares are non-redeemable, with C Class shares attracting a fixed rate dividend of 4%, payable at the discretion of the Directors.

The growth shares include a hurdle clause. The Articles of Association provide further details on scenarios in which the hurdle rate applies.

24. Related party transactions

Key management personnel are identified as the Directors, and their remuneration is disclosed in note 5.

Shareholder loans with 2 of the Directors are detailed in note 18.

The following amounts were outstanding to related parties at the reporting date:

	At 31 October 2021 £	At 31 October 2020 £	At 1 November 2019 £
Entities with control, joint control or significant influence over the Group	-	-	130,000
Entities over which the Group has control, joint control or significant influence	-	41,875	100,500
	-	41,875	230,500

25. Financial commitments

There were no significant financial commitments at any of the reporting dates presented.

26. Transition to IFRS

This is the first time that the Group has presented financial information under IFRS, and the accounting policies set out herein have been applied in preparing the consolidated financial statements for the year ended 31 October 2021, the comparative information presented and in the preparation of an opening IFRS statement of financial position at 1 November 2019 (the Group's date of transition).

The previously published financial statements were prepared under FRS102 (UK GAAP).

The conversion to IFRS has led to a number of changes in respect of the descriptions used and wording of accounting policies.

IFRS 1 First-Time Adoption of IFRS's

The Group has applied the following optional elections under IFRS 1 First-Time Adoption of IFRS

- Deemed cost of plant, property and equipment – the Group has taken the exemption allowing it to treat the fair value of property, plant and equipment at the transition date as its deemed cost at that date.
- Implementing IFRS 15 prospectively from the date of transition, and to not restate contracts that were completed before the earliest period presented.

IFRS transition adjustments

The reconciliations in the following tables show the effect of the IFRS adjustments applied to the consolidated financial statements at the date of transition (1 November 2019), and the comparative Statement of Financial Positions (October 2020) and Income Statements for the comparative year. No statement of cash flows has previously been presented, however no material changes to the classification of cash flows arise as a result of transition to IFRS.

No adjustments arose on transition to IFRS as at the transition date.

A number of adjustments have arisen during the comparative period as a result of the transition to IFRS. These are identified in the following reconciliation tables.

Statement of Financial Position

Reconciliation to FRS 102 for the year ended 31 October 2020

	Notes	FRS102 £	Reserves Transfer £	IFRS Adjustments £	IFRS £
Non-current assets					
Intangible assets		162,074	-	-	162,074
Property, plant and equipment	1	152,479	-	127,622	280,101
		314,553	-	127,622	442,175
Current assets					
Inventory		33,346,296	-	-	33,346,296
Trade and other receivables		985,982	-	-	985,982
Cash and cash equivalents		13,892,156	-	-	13,892,156
		48,224,434	-	-	48,224,434
Current liabilities					
Trade and other payables		9,433,679	-	-	9,433,679
Lease liabilities	1	-	-	32,584	32,584
Borrowings		1,200,000	-	-	1,200,000
		10,633,263	-	32,584	10,666,263
Non-current liabilities					
Lease liabilities	1	-	-	95,038	95,038
Borrowings		1,433,328	-	-	1,433,328
		1,433,328	-	95,038	1,528,366
Net assets		**36,471,980**	**-**	**-**	**36,471,980**
Equity					
Share capital		26,004,453	-	-	26,004,453
Share premium	2	3,556,672	(3,556,672)	-	-
Other reserves	2	-	3,556,672	-	3,556,672
Retained losses		6,910,855	-	-	6,910,855
Equity attributable to owners of the parent company		**36,471,980**	**-**	**-**	**36,471,980**

1. IFRS 16 right of use lease recognition

The implementation of IFRS 16 to the new property lease in the comparative period has resulted in adjustments to property, plant and equipment to recognise the right of use lease asset. Corresponding lease liabilities have also been recognised.

2. Reserves transfer

As part of the conversion to IFRS it was identified that share premium belonging to a subsidiary company had been recorded as share premium in the consolidated financial statements as opposed to being classified as other reserves.

Statement of Comprehensive Income

Reconciliation to FRS 102 for the year ended 31 October 2020

	Notes	FRS 102 £	IFRS Adjustments £	IFRS £
Revenue	1	21,629,906	(327,391)	21,302,515
Cost of sales	1	(17,417,195)	327,391	(17,089,804)
Gross profit		**4,212,711**	**-**	**4,212,711**
Other administrative expenses	2	(3,198,814)	451	(3,198,363)
Exceptional administrative expenses		(317,290)	-	(317,290)
Operating profit		**696,607**	**451**	**697,058**
Finance income	2	65,457	-	65,457
Finance costs		(120,453)	(451)	(120,904)
Profit before tax		641,611	-	641,611
Taxation		(137,887)	-	(137,887)
Profit for the financial year		**503,724**	**-**	**503,724**

1. IFRS 15 revenue recognition

The implementation of IFRS 15 to the Group's revenue recognition has resulted in the reclassification of incentives between revenue and cost of sales.

2. IFRS 16 right of use lease recognition

The implementation of IFRS 16 to the new property lease in the comparative period has resulted in adjustments to administrative expenses, with the previously recognised rent charge being replaced by depreciation on the right-of-use lease asset and to finance costs with the recognition of the interest charge on the lease liability.

Company Balance Sheet

	Notes	At 31 October 2021 £	At 31 October 2020 £	On Incorporation 26 February 2020 £
Non-current assets				
Investments	3	5	3	-
Property, plant and equipment	4	2,711	3,624	-
Trade and other receivables	5	30,354,390	-	-
		30,357,106	3,627	-
Current assets				
Trade and other receivables	5	63,835	28,623,689	-
Cash and cash equivalents		23,865	3,075	-
		80,700	28,626,764	-
Current liabilities				
Trade and other payables	6	470,308	13,761	-
Borrowings	7	1,299,000	1,200,000	-
		1,769,308	1,213,761	-
Non-current liabilities				
Borrowings	7	134,328	1,433,328	-
Net Assets		**28,541,270**	**25,983,302**	**-**
Equity				
Share capital	8	26,004,545	26,004,453	-
Share premium		41,298	-	-
Retained earning / (losses)		2,495,427	(21,151)	-
Shareholders' funds		**28,541,270**	**25,983,302**	**-**

The notes to these financial statements form an integral part of these financial statements.

As permitted by section 408 of Companies Act 2006, a separate Income Statement for the Company has not been included in these financial statements. The Company's profit for the year ended 31 October 2021 was £2,516,578 *(2020 loss of: £21,151)*.

The financial statements were approved by the Board of Directors and authorised for their issue on 27th July 2022, and were signed on its behalf by:

Graham Cherry, **Director** | Registered number: 12485436

Company Statement of Changes in Equity

	Share Capital £	Share Premium £	Retained (Losses) / Earnings £	Total Equity £
On incorporation	-	-	-	-
Comprehensive expense for the year				
Loss for the year	-	-	(21,151)	(21,151)
	-	-	(21,151)	(21,151)
Transactions with owners				
Issue of shares (note 8)	26,004,517	-	-	26,004,517
Reduction of shares	(64)	-	-	(64)
	26,004,453	-	-	26,004,453
At 31 October 2020	26,004,453	-	(21,151)	25,983,302
Comprehensive income for the year				
Profit for the year	-	-	2,516,578	2,516,578
	-	-	2,516,578	2,516,578
Transactions with owners				
Issue of shares (note 8)	92	41,298	-	41,390
	92	41,298	-	41,390
At 31 October 2021	26,004,545	41,298	2,495,427	28,541,270

The notes to these financial statements form an integral part of these financial statements.

Notes to the Parent Company Financial Statements

1. General Information

Company Information

Stonebond Group Limited ("the Company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Stonebond House, 132-136 New London Road, Chelmsford, Essex, CM2 0RG.

2. Principle Accounting policies

2.1 Basis of Preparation

The annual financial statements of Stonebond Group Limited (the Parent Company financial statements) have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements ("FRS 100") and Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements are presented in sterling.

Disclosure exemptions adopted

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

- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with the Company's wholly owned subsidiaries.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's Consolidated Financial Statements. These financial statements do not include certain disclosures in respect of:

- Financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value)
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value)
- Related party transactions

As permitted by section 408 of Companies Act 2006, a separate Income Statement for the Company has not been included in these financial statements. The Company's profit for the year ended 31 October 2021 was £2,516,578 (2020 loss of: £21,151).

2.2 IFRS transition

The Company has adopted FRS101 for the first time in these financial statements. FRS 102 was previously applied to all periods presented. The date of transition to FRS101 was 26 February 2020. The requirements of IFRS 1 'First-Time Adoption of International Financial Reporting Standards' have been applied.

IFRS 1 allows certain exemptions in the application of particular IFRS to prior periods in order to assist companies with the transition process. The exemptions applied are detailed in note 9.

Further details and the reconciliations between the previously reported UK GAAP (FRS 102) numbers to those presented under FRS101 are given in note 9.

2.3 Going Concern

At the time of approving these financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing these financial statements.

2.4 Taxation

Current taxation

Current taxation for the Company is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the reporting date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred taxation

Deferred taxation is calculated based on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss, it is not recognised. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Statement of Comprehensive Income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Current tax assets and liabilities and deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents include debit and credit card payments made by customers which are receivable from banks and clear the bank within three working days of the transaction date.

2.7 Impairment of non-financial assets

At each reporting date, the Directors review the carrying amounts of the Company's tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

An impairment loss is recognised as an expense immediately. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised in the Income Statement immediately, except for impairment losses on goodwill, which are not reversed.

2.8 Financial instruments

Recognition and derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for trade receivables (which do not contain a significant financing component) that are initially measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable - this is not permitted for financial assets at fair value through profit or loss: instead, transaction costs are expensed as incurred).

Financial assets are classified into the following categories:

- amortised cost
- Fair Value Through Profit or Loss (FVTPL)
- Fair Value through Other Comprehensive Income (FVOCI).

In the periods presented, the Company does not have any financial assets categorised as FVTPL or FVOCI.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these financial assets are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, and trade and other receivables fall into this category of financial instruments.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model to be applied. The expected credit loss model requires the Company to account for Expected Credit Losses ("ECL") and changes in the ECL at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

IFRS 9 requires the Company to recognise a loss allowance for ECL on trade receivables.

In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the Statement of Comprehensive Income are included within finance costs or finance income.

If a financial liability includes an embedded derivative this is separated out at inception and initially and subsequently measured at fair value.

2.9 Trade receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for impairment. The Company applies the simplified approach under IFRS 9 to measure Expected Credit Losses ("ECL") associated with trade and other receivables. The carrying value of the receivable is reduced at each reporting date for any increase in the lifetime ECL, with an impairment loss recognised in the Statement of Comprehensive Income.
If collection is expected in one year or less, receivables are classified as current assets. If not, they are classified as non-current assets.

2.10 Trade and other payables

Trade and other payables, like other liabilities at amortised cost, are initially measured at fair value, which is the transaction price.

Borrowings

Bank and other loans, are classified as financial liabilities at amortised cost and treated in line with the Company's policies for this type of liabilities. Non-utilisation fees relating to unused parts of loan facilities are expensed as incurred based on actual drawdown levels.

2.11 Equity

Equity comprises the following:

- "Share capital" represents amounts subscribed for shares at nominal value.
- "Share premium" represents amounts subscribed for share capital in excess of nominal amount.
- "Retained earnings / losses" represents the accumulated profits and losses attributable to equity shareholders.

2.12 Critical Accounting Judgements

Critical accounting judgements are identified in the notes to the consolidated accounts.

3. Investments

	Investments in subsidiaries £
Cost or Valuation	
As at 1 November 2019	-
Additions	26,004,519
As at 31 October 2020	26,004,519
Additions	2
As at 31 October 2021	26,004,521
Impairment	
As at 1 November 2019	-
Impairment losses	26,004,516
As at 31 October 2020	26,004,516
Impairment losses	-
As at 31 October 2021	26,004,516
Carrying Amount	
As at 31 October 2021	5
As at 31 October 2020	3
As at 1 November 2019	-

The Company's subsidiaries are detailed in note 11 to the consolidated financial statements. The increase in investments arises from the incorporation of the Company as combination with the Group as parent company during the year ended 31 October 2020 and the incorporation of further subsidiaries during the year ended 31 October 2021.

4. Property, plant and equipment

	Computer equipment £	Total £
Cost		
At 1 November 2019	-	-
Additions	3,624	3,624
At 31 October 2020	3,624	3,624
Additions	-	-
At 31 October 2021	3,624	3,624
Depreciation		
At 1 November 2019	-	-
Charge for the year	-	-
At 31 October 2020	-	-
Charge for the year	913	913
At 31 October 2021	913	913
Net Book Value		
At 31 October 2021	2,711	2,711
At 31 October 2020	3,624	3,624
At 1 November 2019	-	-

Depreciation is recognised within administrative expenses in the Statement of Comprehensive Income.

5. Trade and other receivables

	At 31 October 2021 £	At 31 October 2020 £	On Incorporation 26 February 2020 £
Trade and other receivables			
Amounts due from group undertakings	-	28,574,739	-
Other receivables	33,770	48,950	-
Contract assets	29,588	-	-
Prepayments	577	-	-
	63,835	28,623,689	-
Non-current receivables			
Amounts due from group undertakings	30,354,390	-	-
	30,354,390	-	-
	30,418,325	28,623,689	-

6. Trade and other payables

	At 31 October 2021 £	At 31 October 2020 £	On Incorporation 26 February 2020 £
Current			
Amounts due to group undertakings	5	3	-
Other tax & social security	18,171	2,822	-
Other payables	1,600	-	-
Accruals	450,532	10,936	-
	470,308	13,761	-

7. Borrowings

	At 31 October 2021 £	At 31 October 2020 £	On Incorporation 26 February 2020 £
Amounts falling due within one year			
Other loans	1,299,000	1,200,000	-
	1,299,000	1,200,000	-
Amounts falling due within one to two years			
Other loans	134,328	1,299,000	-
	134,328	1,299,000	-
Amounts falling due within two to five years			
Other loans	-	134,328	-
	-	134,328	-
Total borrowings	1,433,328	2,633,328	-

Summary of Borrowing Arrangements:
The borrowings held at each reporting date represent a shareholder loan with two directors, Graham and Richard Cherry. The loan is unsecured and carries no interest. The loan is being repaid in monthly instalments.

During the financial year, the Group had a working capital facility of £5m, which has been increased to £10m post the financial year end.

8. Share Capital

	At 31 October 2021 Number	At 31 October 2020 Number	On Incorporation 26 February 2020 Number
Allotted, called up and fully paid			
Ordinary shares of 10p each	8,500	8,500	-
Ordinary B shares of £1 each	3,540	3,540	-
Ordinary C1 shares of £1 each	9,000,000	9,000,000	-
Ordinary C2 shares of £1 each	7,000,000	7,000,000	-
Ordinary C3 shares of £1 each	5,000,000	5,000,000	-
Ordinary C4 shares of £1 each	5,000,000	5,000,000	-
Growth shares of 10p each	1,550	636	-
Total share capital	26,013,590	26,012,676	-
Allotted, called up and fully paid			
Ordinary shares of 10p each	850	850	-
Ordinary B shares of £1 each	3,540	3,540	-
Ordinary C1 shares of £1 each	9,000,000	9,000,000	-
Ordinary C2 shares of £1 each	7,000,000	7,000,000	-
Ordinary C3 shares of £1 each	5,000,000	5,000,000	-
Ordinary C4 shares of £1 each	5,000,000	5,000,000	-
Growth shares of 10p each	155	63	-
Total share capital	26,004,545	26,004,453	-

The following shares were issued in the periods presented:

Year ended 31 October 2021

	Number	Share Capital £
At 1 November 2020	26,012,676	26,004,453
Allotments:		
- Growth shares of 10p each	914	92
At 31 October 2021	26,013,590	26,004,545

Ordinary shares and growth shares carry rights to receive notice of, attend and vote at general meetings and to receive and vote on written resolutions. B, C1, C2, C3 and C4 shares do not carry these rights. All shares are non-redeemable, with C Class shares attracting a fixed rate dividend of 4%, payable at the discretion of the Directors.

The growth shares include a hurdle clause. The Articles of Association provide further details on scenarios in which the hurdle rate applies.

9. Transition to FRS101

This is the first time that the Company has presented financial information under FRS101, and the accounting policies set out herein have been applied in preparing the consolidated financial statements for the year ended 31 October 2021, the comparative information presented and in the preparation of an opening FRS101 Statement of Financial Position at 26 February 2020 (the Company's date of transition).

The previously published financial statements were prepared under FRS102 (UK GAAP).

FRS101 Transition Adjustments

No adjustments have arisen as a result of the Company's transition to FRS101, and therefore there are no comparatives to show.

Stonebond

stonebondproperties.com