Stonebond

Annual Report & Accounts 2022

Front cover
NEW HALL
Harlow

A PASSION FOR PARTNERSHIPS

At Stonebond, our strategy is simple - creating mixed-tenure communities and building more affordable homes and homes for rent in collaboration with our partners for which we have a genuine passion and enthusiasm. We want to foster long-lasting relationships with our partners who share our aspirations in changing the landscape of property development and play our part in solving the UK's housing crisis. Our aim is to create homes that our owners love, and we only build homes that we would want to live in ourselves.

At Stonebond, we are confident in our ability to continue to grow in a sustainable manner, whilst creating value for all stakeholders.

2022 HIGHLIGHTS

£8.1m
OPERATING PROFIT

8.2%
OPERATING MARGIN

27.4%
RETURN ON CAPITAL EMPLOYED

264
HOMES DELIVERED

6
REGIONAL OFFICES

£98.7m
TURNOVER

120
EMPLOYEES

£49.5m
NET ASSETS

93.1%
EMPLOYEE SATISFACTION

£41.7m
CONSTRUCTION SPEND

96.9%
CUSTOMER & CLIENT SATISFACTION

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Strategic Report

EXECUTIVE BOARD REVIEW

ANDREW CORNELIUS
GROUP CHIEF EXECUTIVE

We are passionate about partnering with registered providers and Build-to-Rent investors to create sustainable and thriving communities for mixed-tenure use. We are becoming the housebuilder and partner of choice for many.

GRAHAM CHERRY
CO-CHAIRMAN

We are committed to embedding sustainability in all our operations because we know this is the future of the property sector - it's what our partners, stakeholders, and next generation of homebuyers want, and more importantly, it's the right thing to do.

RICHARD CHERRY
CO-CHAIRMAN

Our partnerships model allows us to be part of something greater - helping to solve the UK's housing crisis by providing truly affordable homes in conjunction with our partners.

"We have delivered

another year of significant growth

in volumes, revenues and profits across the Group, whilst maintaining the high quality of homes built and delivering exceptional customer service as recognised through our 5-star HBF rating."

5 STAR HOME BUILDER CUSTOMER SATISFACTION
HBF 2023
HOME BUILDERS FEDERATION

2022

GROWTH IN REVENUES

51%

GROWTH IN VOLUMES

34%

GROWTH IN OPERATING PROFITS

23%

We are pleased to report on the financial and operating results for the year ended 31 October 2022 in which the Group achieved revenues of £98.7m, operating profits of £8.1m, an operating margin of 8.2% and a ROCE of 27.4%.

Despite the various challenges impacting the housing market over the past year, we have built more homes, delivered growth in our key metrics and maintained a robust balance sheet. The strong performance during the year, and significant improvement from last year, is 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 in resilient locations.

The UK is facing global headwinds impacting the economic environment resulting in rising inflation, higher interest rates, energy supply issues and increasing global geopolitical uncertainty. Despite this, the housing market continued to demonstrate its resilience with house price inflation more than offsetting the increasing cost of construction experienced during the year. Towards the end of the financial year, the impact of higher interest rates and fuel costs contributed to a rise in the cost-of-living. The mini-budget in September 2022 resulted in volatility in the financial markets from the unfunded nature of tax cuts announced by the government. The war in Ukraine and the impact of adjusting to life outside of the European Union has resulted in spiralling inflation. All of these macro factors have caused mortgage rates to rise and in many cases mortgage products being withdrawn by lenders causing a number of issues with our private housing purchaser chains. Customers also became more cautious and our HA and BTR partners temporarily withdrew from the market. However, the long-term fundamentals of the UK housing market remain attractive. The shortage of available housing stock and low levels of unemployment will both underpin future demand and we are committed as a Group to continue to invest in our land pipeline and focus on our growth strategy across our existing regions driven by our land-led partnership business model.

In January 2022, we re-branded 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 development sites, on our website and throughout this report.

Our ambitious growth strategy continued to progress during the year with new operating regions opening in Guildford covering Surrey, Sussex and Hampshire, and in Manchester covering the North West, with both regions expected to generate revenue from 2023 onwards. Our existing regions in Chelmsford, St Albans, Sevenoaks and Solihull continued to outperform against expectations. We are very well placed for continued growth and we look forward to working with both current and new partners over the coming years.

STONEBOND AT WATERBEACH
Cambridge

We are very well placed **to continue our expansion**

Our objectives as a business are clearly defined and are key to the day-to-day operations and delivery across the Group. Our 6P's below 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 93% of our staff enjoy working for Stonebond (2021: 90%). The high level of employee satisfaction has been achieved during a period where headcount increased by 56% to 120 staff as at 31 October 2022 (2021: 77).

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. We are currently supporting 10% of our employees on apprenticeship / further education and training schemes. Our employee survey shows that 92% of our people feel that they have been given the appropriate training to perform their role effectively (2021: 88%).

The health & safety of our employees and all stakeholders on our sites remains a key priority for us at Stonebond. We are very proud to be able to report an accident incident injury rate (AIIR) of zero at the end of the year which is a reduction from the prior year (2021: 1393) and is well below the Construction Industry average. We strive to continue monitoring our processes and procedures on health & safety around the business and ensure that we continue to raise our standards and not rest on our laurels.

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 highly skilled people into the organisation at all levels, regardless of: age, disability, gender, race, religion or belief (including lack of belief) 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.

As at year end (31 October 2022), 32% of our employees were female and 6% 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. We are committed to ensuring that our workforce reflects the communities in which we live and work, and providing equal opportunities for all our staff is a priority. Our recruitment comes predominantly from the areas immediately around our facilities, thereby providing opportunities for local people and a positive impact on their community. In order to continue to ensure that we have a well balanced and diverse team, in 2023 we set ourselves a target of achieving year-on-year growth in our female and BAME employees across the Group.

Partnerships

We are proud to be a partnerships business and to be delivering affordable homes across the UK. This is a key aspect of our business model and 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. We are proud to have achieved 100% partner satisfaction in 2021 and 2022 via independent surveys conducted with our HA and BTR partners.

During the year, 75% of our unit delivery was of affordable tenure on land-led partnership schemes which generated 58% of our Group revenue. This contributed towards delivering an overall operating margin of 8.2% and a ROCE of 27.4% 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 HA and BTR providers for the Group. This capital-light operating model will deliver an industry leading ROCE in excess of 50% and provides certainty of revenue streams with less reliance on 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. 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. Our most recent supplier survey results show that 96% (2021: 88%) of our suppliers enjoy working in partnership with Stonebond.

Planet

As part of our ongoing commitment to increase our social, sustainability and environmental credentials, we are pleased to report that the Group generated £19.6m (2021: £12.6m) of social value from our business operations as calculated using the comprehensive set of measures that we adopted in 2020 through the National TOMs Framework. We focus on promoting local skills and labour, supporting growth of responsible regional businesses, creating healthier, safer and more resilient communities and protecting and improving our environment.

By following the National TOMs Framework in-line with UN Global Goals, we have a consistent reporting standard for calculating the social value we are generating as a business. This ensures that we are embedding social value into each of the communities we create. We will continue to enhance our contributions to society and aim to generate year-on-year growth in our social value output.

As part of our annual report this year we have released our first Streamlined Energy Carbon Report covering our energy consumption from gas, electricity and fuel used for transport. We are pleased to be able to confirm that our residual Scope 1 and 2 carbon footprint was offset by the purchase of carbon credits. We will continue to work towards reducing our carbon footprint through our own operations and also review our Scope 3 emissions which will require collaboration with our supply chain, subcontractors and vendors to determine our strategy.

STABLEFORD GREEN
Bishop's Stortford

Product

We are very excited to have finalised the design of our standard house types to be used across the Group on our future projects. Our designs are a traditional elevation with a modern twist to the facade which allows for flexibility with different planning requirements across our regions. Our house types range from 1 bed flats through to 5 bed family homes with a range of floorplates and layouts to cater for the needs of our customers and partners. The aim is to drive consistency, standardisation and create cost efficiencies across the business and simplify the process for our supply chain thus allowing the focus to remain on delivering high quality homes. A number of our existing schemes have planning permission granted based on our standard floorplates. The Appleyard in Flitton, Woodbanks in Takeley and Stonebond at Wintringham are all schemes where we will be showcasing our standard housetypes during 2023.

In addition to this, the UK's plans to decarbonise the economy is changing the specification and technical design of the homes that we build. An interim update to Part L of the Building Regulations came into force from June 2022, with transitional arrangements applying for one year thereafter. Our standard house type designs are compliant with these building regulations. 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 in new homes. As we progress with the details of these new requirements, we will further update our standard floorplate designs and specifications for the Group. 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

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 are well resourced and experienced to secure land in resilient locations to deliver our land pipeline aspirations, which 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 2022, our pipeline increased to 1,488 plots from 920 plots in the prior year. This represents >5 years worth of future delivery based on current output. We have a further 1,428 plots currently with Heads-of-Terms agreed awaiting exchange of contracts.

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 and creating 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 at strong margins.

Performance

The Group delivered an operating profit during the year of £8.1m (2021: £6.6m) and a profit before tax of £6.3m (2021: £6.1m). Total revenue increased to £98.7m (2021: £65.2m) and as a partnerships business, 58% (2021: 58%) of revenue was generated through affordable equivalent housing units and 42% (2021: 42%) of revenue from private sales. Private housing completions increased from the prior year to 66 homes (2021: 46 homes) with a private Average Selling Price (ASP) of £626k (2021: £586k). Affordable equivalent housing completions increased to 198 (2021: 151) with an affordable ASP of £290k (2021: £253k).

Our operating margin for the year was 8.2% (2021: 10.1%) with a ROCE of 27.4% (2021: 24.3%). The year-on-year growth is evident across our key financial metrics apart from our operating margin which decreased due to our on going investment in new regions and cost pressures experienced across our schemes. 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 £49.5m (2021: £41.5m). This includes Group cash balances of £19.1m with an additional £10.0m of liquidity available through our Revolving Credit Facility from our banking partner, NatWest, which remained undrawn at the end of the year. In May 2023 the Group extended the existing RCF facility through to April 2026 with the addition of an extra £10.0m Accordion facility. This increases the total liquidity available to the Group to £20.0m.

Executive Management Team Changes

In January 2022, we were delighted to announce the appointment of Cara Ryan as our first Independent Non-Executive Director of the Group. Cara has over 20 years of boardroom experience and brings a wealth of experience from private and listed corporates. Cara is also a Non-Executive Director of Gleanveagh Properties plc, a leading Irish partnerships housebuilder.

We also announced the appointment of Matthew Whale as Manging Director for our Guildford operations. Matthew brings over 15 years of experience operating across the Surrey, Sussex and Hampshire regions from his roles at Berkeley Homes and Countryside Properties PLC. His strong land, planning and development knowledge and skillset will be invaluable to the region in delivering its business plan.

In September 2022, Deepen Shah joined the Executive Management Team as Head of Group Finance. Deepen joined Stonebond in June 2021 with over 15 years of financial reporting and control experience from a Banking and Treasury background. He is a qualified Chartered Accountant having completed his training at a big 4 financial services firm. Deepen has extensive experience in delivering and managing financial performance, business partnering and financial reporting having previously spent over 10 years at NatWest Banking Group. He is a valuable addition to the senior executive team at Stonebond. He is now responsible for managing the Group's financial performance, reporting, planning and control environment.

In October 2022, we were delighted to announce that Kate Davies CBE joined the Board as a Non-Executive Director. Kate spent 18 years with Notting Hill Genesis with her most recent role as Chief Executive where she has overseen their large-scale development programme, the introduction of a new housing management model and the creation of a private rent business. During the year, Kate was also awarded a CBE by the late Queen Elizabeth II for her services to housing. Kate will advise the Board on areas such as sustainability, customer service, growth and governance.

Principal Risks & Uncertainties

Please refer to pages 82-85 within the Governance Report for our principal risks & uncertainties.

Outlook

Macroeconomic conditions remain challenging and uncertain in the short term. However, the underlying market drivers supporting the UK housing market and BTR sector remain strong. We expect the housing supply / demand imbalance and increasing population in the UK to continue to fuel strong consumer demand for homes. We therefore anticipate that, despite elevated borrowing costs, the opportunity for higher yields and long-term returns will ensure that BTR assets remain attractive to institutional investors. We also expect that the demand for new homes will remain strong but conversion rates to reservation may take longer as purchasers will remain cautious and take time to commit. We have started seeing some progress in relation to forward sales with our HA partners and have started having some very positive conversations on new business, our new forward sales will be weighted to the second half of FY23. Our business model provides a distinct competitive advantage for the Group due to the cash-generative and capital-light model which means we have very good visibility of our development pipeline.

The Board is committed to remain active in the land market to acquire opportunities and invest in our land pipeline. Our position at Stonebond remains unchanged – we continue to look ahead optimistically with our resilient land-led partnership model. We remain confident in the skill and commitment of our people and the Board considers that we have an experienced leadership team to deliver our business plan.

GS CHERRY	**RS CHERRY**	**AAN CORNELIUS**
Co-Chairman	Co-Chairman	Group Chief Executive

OUR VISION

6P'S

PARTNERSHIPS

PERFORMANCE

PEOPLE

PIPELINE

PRODUCT

PLANET

People

Our employees are critical to the long-term success of our business. We provide employment and development opportunities in a fast paced and inclusive working environment.

Partnerships

We have a true passion for partnerships. By working in a collaborative manner with our partners and suppliers, we are helping to solve the UK's housing crisis by providing truly affordable homes. We are committed to being the partner of choice.

Planet

Being a responsible business has always been crucial to us. We are passionate about our people, the environment and the communities in which we live and work. We are committed to minimising the environmental impact and carbon footprint of our operations.

Product

We deliver high quality and sustainable new homes. We are extremely proud to have been awarded the maximum 5-star HBF customer satisfaction rating.

Pipeline

The Group has a high-quality land bank following another successful year in the land market. A key driver in the long-term success of the Group relates to the quality and visibility of our pipeline of sites. We are continually pushing for new high quality land opportunities.

Performance

The Group assesses it's performance against a number of clearly defined financial and non-financial key performance indicators. We have delivered another year of strong operational performance with significant growth in volumes, revenue and operating profit. We have also delivered exceptional results across our: HBF rating for private customers, partner satisfaction survey, annual employee survey and our annual stakeholder survey.

“Our continued success is achieved through the hard work and dedication of our people

which includes our employees, our supply chain, our customers and our wider stakeholders who are all vital to our success at Stonebond.”

Our Team

Our people are at the heart of our business and we aim to attract and retain the best talent by investing in their development and success. Our 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 understand the importance of both developing and evolving with our employees to ensure we retain strong talent. We aim to attract the best people by engaging with our employees, promoting their wellbeing, investing in their development, recognising their accomplishments, and ensuring our employee packages are competitive.

This year we have continued to grow organically in-line with our ambitious regional growth strategy. Our headcount stood at 120 as at 31 October 2022.

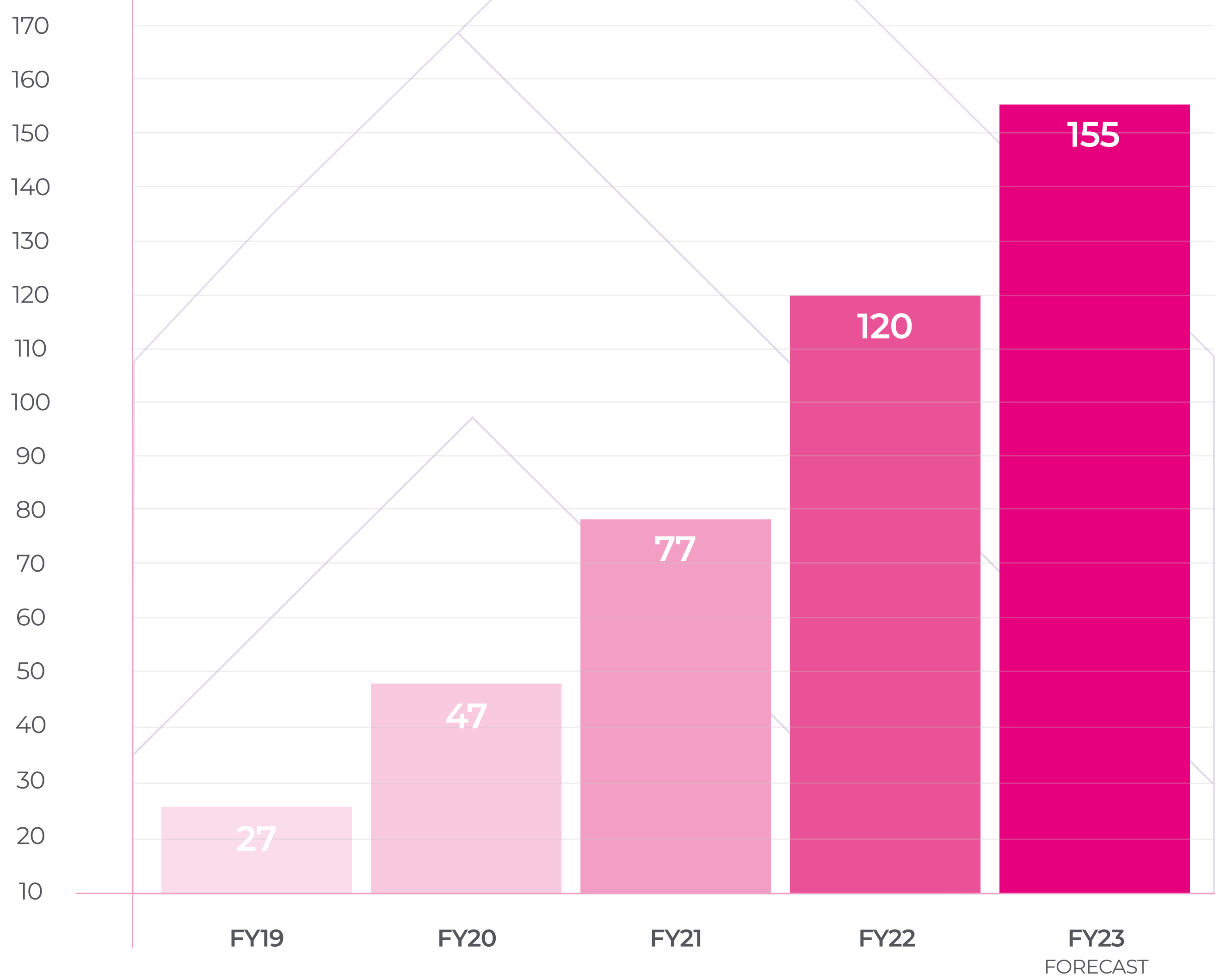
56%

INCREASE IN HEADCOUNT

FY22

The Power of Personal

Annual Employee Headcount



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 within every aspect of the business. We aim to create an atmosphere that provides equal opportunities for all. We strive to build a culture that is inclusive to all, which enables employees to be themselves at work, actively values difference and ensures everyone is treated fairly.

32%

FEMALE

6%

BAME

Physical and Mental Wellbeing

Promoting the physical and mental wellbeing of employees is a key objective for the Group. During the year, we continued to progress our health and wellbeing programmes, including health and wellbeing seminars and training. In FY22, we continued to expand our network of mental health first aiders and we extended our partnership with our benefits providers to offer specific financial wellbeing services, as well as high-quality training to support physical and mental wellbeing.

Building Mental Health

We are also a signatory of The Building Mental Health Charter.

Cost of Living Crisis

We are acutely aware of the financial challenges being faced by some of our employees, due to inflationary pressures and the cost-of-living crisis. As a result, the Board agreed market leading pay increases for the year ended 31 October 2022, with the average employee at Stonebond receiving a competitive pay increase, with those at more junior levels receiving a greater than average pay increase. Bonus payments were brought forward by two months for all employees below Director level and pay reviews for FY23 were also brought forward by two months.

EMPLOYEE TESTIMONIAL

Nazreen Akhtar

Technical Manager
St Albans

Women in Construction

Having previously worked for two national housebuilders, for a long time I didn't really consider that I was a female Muslim in construction; I was too focused on keeping my head down and doing my own job to the best of my abilities.

It was a subject that I found awkward, I would avoid it whenever it was brought up or if I was asked to speak about my experiences. It was only when I witnessed another Muslim woman speaking at a conference, discussing the challenges she had faced as she reached the top of her career, that I realised how impactful and inspiring it is to see and hear other women sharing their experiences.

Over the course of my career, I've been subjected to incidents and experiences which are simply unacceptable. But it's only after seeing and hearing other women discuss their experiences transparently that you get a sense that "I can do this too", despite all the bias and challenges.

Often young people in general aren't made aware of house-building as an industry that could suit them, and within traditional South Asian communities it's unheard of, with a preference for more "traditional" careers.

I now feel passionately about showing younger generations that they can follow in my footsteps, and seeing examples of people living these careers is vital.

The conversation has changed, and the representation of females and people of colour within construction is increasing, which is refreshing to see.

But for things to really change and become better, I believe you have to be that change, and that gender is irrelevant when you make a commitment to learning and growth in your chosen field.

I feel a sense of responsibility to show younger children from my community, and beyond, that you can be successful and you can be unapologetic about who you are, and that's what I'll continue to do.

EMPLOYEE SATISFACTION SURVEY

93% **I enjoy working at Stonebond and would recommend Stonebond as a great place to work**

We aim to create a great place to work, founded on an open and honest culture. To achieve this, we engage with our employees to understand and address their issues and concerns via an anonymous survey to collate honest feedback striving to deliver enhanced levels of employee satisfaction. Our 2022 employee engagement survey was completed in December this year, with an 80% response rate.

FY22 EMPLOYEE SURVEY RESULTS

98%	I feel I can add value in my role through my creative contribution
96%	I believe in the Stonebond culture and values
92%	I am satisfied with my remuneration and staff benefits package
93%	I receive the recognition from my line manager that I feel I deserve
92%	I have been given the appropriate training to perform effectively in my role
90%	I feel part of the Stonebond family
87%	I have a clear understanding of my career path & opportunities
85%	I feel I am trusted and my feedback is taken on board and actioned

EMPLOYEE ENGAGEMENT

- Group wide new starter inductions with Co-Chairman and CEO
- Monthly business update presentations to all employees
- Lunchtime drop-in meetings for all employees with regional Directors
- Annual employee survey to gather feedback and improve employee satisfaction and well-being
- Business Improvement Groups across all disciplines, with representation from all regions
- Monthly visits by the Board to all sites and offices
- Enhanced virtual training and personal development sessions
- All-employee social events
- Employee invitations to Board meetings
- Internal Intranet
- Anonymous Suggestions Box

EMPLOYEE TESTIMONIAL

Kyle Nicholson
Group Financial Reporting Manager

Transitioning from Audit to Industry

I had been working in audit for a number of years, and whilst I enjoyed my work, I often felt as though there was only so much I could learn about my clients.

I knew I was ready to transition from audit to industry, and I also knew it would be a very different challenge. When you're in audit, you're spread across a number of engagements but there's only so much information you can learn about your clients. The best part of working in industry is devoting everything you've learned to one company, which then allows you to learn more about the wider industry and the key drivers and levers you can pull to deliver revenue and profit.

One of the biggest factors in my decision to join Stonebond was the clear vision the company has – there are very obvious growth plans and ambitions to list, and the opportunity to work with a company on its journey to IPO was just too good to turn down.

Another significant factor was the people and culture. You can still tell that Stonebond is a family run business. The benefit of this is that you get to work closely with people in senior positions, including our CEO.

I was also really excited to join a company with IPO ambitions. We're making sure the Group Finance function has the procedures and policies for reporting deadlines and making sure information is consolidated correctly. Of course, it's going to require a lot of work, but we're on that journey now.

"One of the biggest factors in my decision to join Stonebond was the clear vision the company has."

SUPPLY CHAIN

Our supply chain are an integral part of our business operations. Without our subcontractors and supply chain we would not be able to build high quality homes. It is therefore important for us to build relationships with them to secure continuity of supply of materials, support our production levels, avoid increased costs of sourcing alternative suppliers and avoid undue delays in construction. Our subcontractors and material suppliers are selected through a detailed tendering process to ensure they meet our high standards of quality. 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.

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. With the increased volatility in energy costs and commodities, and the rising inflationary backdrop across the UK economy, our supply chain partners have moved away from fixed-term pricing arrangements. We are committed to working with our supply chain partners to secure competitive pricing, while maintaining security of supply to support our site-based operations.

Our Chelmsford and St Albans regions held subcontractor events during the year to thank our supply chain on their efforts and to update them on business progress and our pipeline of sites, in order that they are able to scale up their own operations, where required, so that they are able to support our growth plans.

As the average size of our schemes increases, we are also engaging with a number of larger subcontractors who have the required labour to be able to service our sites.

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

96% FY22
FY21: 86%

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

95% FY22
I believe Stonebond prioritises health & safety in conducting its activities
FY21: 96%

95% FY22
I am aware of Stonebond's growth plans & future pipelines of opportunities
FY21: 91%

97% FY22
I believe Stonebond understands the importance of social, sustainability & environmental matters
FY21: 100%

89% FY22
I am happy with the quality & distribution of information I receive from Stonebond
FY21: 91%

In January 2021, Stonebond signed up to the Prompt Payment Code furthering our commitment as a business to pay our suppliers on time. As a signatory we undertake to pay suppliers on time within agreed terms, give clear guidance to suppliers on terms, dispute resolution, prompt notification of late payment and support good practice throughout our supply chain by encouraging adoption of the Code.

Prompt Payment Code

Working in Partnership with Stonebond

We pride ourselves in working in partnership with our subcontractors and suppliers alike. As part of this ethos, we regularly hold supply chain evenings at which contractors, suppliers, consultants and agents are welcomed to attend and meet the senior management team.

During these networking events, we provide an up to date forecast of the Group's growth ambitions and pipeline of sites with a key focus on bringing our supply chain partners along on the journey.

Following the presentation, suppliers are encouraged to ask questions and provide feedback on what aspects of the business we are performing well on as well as any areas which could be improved.

The flat management structure within the business provides a free flow of information allowing us to make continual improvements and adapt to an ever-changing industry.

MR AND MRS GOODEY
Stableford Green
Bishop's Stortford

A HOME FOR EVERYONE

For one couple, downsizing to a new build bungalow allowed them to stay in the location they loved, live next to the golf course they have been members at for over half a century and purchase a home which required no building work or renovations. Bishop's Stortford locals, Peter Goodey and Christine Goodey sold their 1950s three-bedroom bungalow to relocate just around the corner to a two-bedroom bungalow at Stonebond's Stableford Green development.

Peter, a retired carpenter, and Christine, a retired legal secretary, had lived in their previous bungalow for 36 years, and during this time raised their two children and became passionate members of Bishop's Stortford Golf Club. Peter explains: "Our previous home had 11 rooms and a huge garden which became unmanageable and the house itself was much too big for just the two of us. We are committed members of the golf club; playing a couple times a week and I was the captain in 1988 so we really wanted to be as close to the club as possible. Also, having lived here for so long, all our friends are here and the area is our home so we knew we didn't want to leave."

Living so close to the golf club, the couple were aware of the Stonebond development being built and were immediately intrigued. Peter comments: "Stonebond hosted an open day at the golf club and were taking bookings to view the new homes. The minute we saw the plans for the development, Christine and I not only knew we wanted to live there but knew the exact plot we wanted to buy, so we registered our interest straight away. We completed in October 2022 and have been thoroughly enjoying our new home ever since."

The couple were impressed that although they were downsizing, they still have a wonderful amount of living space and storage options. Peter comments: "I really love the open-plan layout of the home; the kitchen and living area is one big room which is very different to our previous home. The ensuite bathroom is excellent and it is amazing to still have a private and spacious garden, but one we can easily manage and enjoy. One thing that stands out to me is the exceptionally large size of the garage. It is just a single garage but the storage it provides is incredible – I haven't had to store anything in the garden or the loft which is very useful."

Although living in a bungalow is not a new experience for the couple, purchasing a new-build bungalow was, however, Peter and Christine could see the benefits and advantages that buying a new property would provide for them. Peter explains: "A great thing about buying this home was knowing it would require no maintenance; as we are getting older, we didn't want to have the worry of updating, renovating or having to start any big projects, so a new build bungalow was the perfect option. We decided to sell most of our furniture and mark the move by buying everything new! Christine, in particular, has been enjoying getting creative with the interior design of our home and making it our own. Downsizing and moving into a new build has lowered our energy bills, which is another huge advantage."

Although very familiar with the area, Peter and Christine have continued enjoying the rural surroundings of Bishop's Stortford and often go walking around Birchanger Woods, as Peter explains: "We love keeping active and as well as playing golf, we also go on lots of walks, either around the woods or down the road to get the daily paper. Bishop's Stortford itself has changed a lot over the years but it continues to be a wonderfully peaceful place to live with a fantastic community, and it is only 20 minutes from our daughter which works very well for us."

Peter continues: "Having a career in the building industry meant it has been interesting for me to see the construction of the development and watch the new neighbourhood start to form. A lovely community has already started to develop at Stableford Green which is nice and Stonebond have hosted a series of events to help us all get to know each other. At Christmas, they hosted a Meet the Neighbours event and invited the residents who live on Manor Links too, which was brilliant."

Speaking of the Stonebond sales team who helped Peter and Christine on their journey to purchasing their new home, Peter concludes: "Veronica was very helpful, supportive and has continued to keep in contact with us. We appreciate the community events that Stonebond have organised for the new development and we are so grateful that we found our perfect smaller bungalow in our perfect location."

OUR VISION

Partnerships

STABLEFORD GREEN
Bishop's Stortford

Partnering with local authorities, HA's 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.

“Nothing makes us happier than seeing residents move into quality, new affordable homes and building sustainable and thriving communities.”

Graham Cherry, Co-Chairman, Stonebond

“Stonebond is well known for delivering high-quality new communities with a good mix of open market and affordable homes. They are passionate and highly knowledgeable about providing new homes across the region and Sage Homes is very pleased to be working with them.”

Sage Homes

Our Partnerships Approach

1. Identifying suitable land opportunities for our HA / BTR partners
2. Collaborative working to optimise scheme values
3. Construction management expertise delivering the highest build quality on site
4. Inherent understanding of the requirements of our partners
5. Demonstrable track record in land-led partnerships for over 40 years
6. Simple organisational and flat management structure ensuring rapid decision making
7. Strong governance and control framework including IT & financial infrastructure
8. No external debt, SPVs or third party finance

The Partner of Choice

We have long-standing relationships spanning across our HA partners, local authorities, BTR investors, land owners, agents and strategic land developers which have led to numerous successful partnerships, delivering 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 HA's 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.

A Passion for Partnerships

Partnership Working

Each development is delivered by an experienced construction team with expertise at all levels. Health & 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.

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 in which we were rated 100% for partner satisfaction in 2021 and 2022. The high quality of homes built and delivering exceptional customer service has been recognised through our 5-star HBF rating this year. Each of our homes benefit from an NHBC or Premier warranty.

THE APPLEYARD
Flitton

SPRINGFIELD ROAD, CHELMSFORD

"Springfield Road is a fantastic example of what can be achieved through a partnerships-based approach. We've delivered a 100% affordable scheme and provided high-quality city centre apartments, whilst at the same time we've transformed a brownfield site into a visually attractive new building."

Andrew Cornelius,
Group Chief Executive,
Stonebond

Successful Partnership Delivery

Springfield Road is a new development of 61 affordable homes in the centre of Chelmsford.

Built in partnership with Home Group (one of the UK's largest providers of affordable housing), the development provides one and two bedroom apartments in affordable rent and shared ownership tenures.

The successful delivery of the project has resulted in Stonebond and Home Group embarking on further partnership developments, helping to increase the supply of affordable homes across the Home Counties.

Brownfield Redevelopment

Previously a car park, Springfield Road is located on a brownfield site. The site presented a number of construction challenges, including the constraints of the Springfield Road itself, two neighbouring listed buildings, a number of existing trees and an adjacent Tesco superstore.

Due to its central location, and with an adjacent redevelopment of a listed building, ensuring construction impact on neighbours was kept to a minimum was key to the delivery of the project.

The new development reflects both the historic nature of Chelmsford's Georgian heritage, and a more modern vision for future development in the city.

Sustainability Gains

The site has excellent cycle links across the city and surrounding areas, 61 cycle storage spaces have been provided to encourage sustainable methods of transport, whilst the development also provides six electric car charging spaces.

A fabric first approach in terms of build specification has also been adopted to increase sustainability gains.

Quality New Landscaping

Transforming the hard landscaping of the former car park into an attractive area for residents has been an important element of the scheme.

Soft shrubs, raised planters and flower beds have created an attractive landscaped area for residents, whilst the car park has been replaced with low-level shrubs and lawned areas.

The western elevation of the building features a green living wall which creates another visual point of interest for residents and onlookers.

The living wall helps to mask the undercroft parking, whilst also allowing fresh air to naturally vent the parking and bin storage areas.

"We are excited to have entered into this first collaboration with Stonebond which has led to further opportunities to work together. Home Group has a strong track record in the area and the Springfield Road site builds on our existing portfolio and helps cement our commitment to the region."

Kitson Keen,
Development Director,
Home Group

SPRINGFIELD ROAD
Chelmsford

"We're really impressed by what's been achieved at Springfield Road. The design of the development is of a high-quality and it encourages sustainable ways of living. It will make a big contribution to the city's affordable housing provision and will give local buyers a great chance to get a foot on the housing ladder."

Cllr Mike Mackrory,
Cabinet Member for Sustainable Development,
Chelmsford City Council

PLANET COMMITMENTS

OUR APPROACH TO SUSTAINABILITY & THE ENVIRONMENT

ON SITE RECYCLING
Monthly reporting of all build waste to ensure waste is being either recycled or diverted from landfill

RENEWABLE ENERGY
100% renewable energy suppliers available on all developments

ELECTRIC CAR CHARGING POINTS
To reduce customer carbon footprint

ETHICAL PROCUREMENT
100% of contracts let

ECOLOGY IMPROVEMENTS
Installation of hedgehog runs, bird and bat boxes across our developments

FABRIC FIRST APPROACH
Maximising building performance

WATER EFFICIENCY
Dual flush toilets, restrictors on taps and water saving baths and showers

BIO-DIVERSITY NET GAIN
Across all Stonebond developments in aggregate

Having a clear direction through our approach to sustainability, the environment, and accountability within all levels of our organisation 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.

Streamlined Energy & Carbon Reporting

This is the Group's first Streamlined Energy Carbon Report which covers the year ended 31 October 2022. Comparative data for the previous year's energy use and GHG emissions are not required in the first year of reporting.

Methodology

All Group entities are included within the consolidated results presented below. In order to calculate the GHG emissions and total energy consumption in kWh, we have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), together with emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2022.

We have identified the relevant emission sources which we are required to report under SECR requirements:

Gas Combustion (Scope 1):

We have calculated the annual quantity of energy consumed resulting from the purchase of gas across the Group. Our gas consumption encompasses both our development sites and offices across the Group and relates to gas purchased from the grid from our utility providers. We have calculated the quantity of gas consumed by analysing our expenditure with our utility providers and applying average unit prices in the period.

Electricity (Scope 2):

We have calculated the annual quantity of energy consumed resulting from the purchase of electricity across the Group. Our electricity consumption encompasses both our development sites and offices across the Group. We have calculated the quantity of electricity consumed by analysing our expenditure with our utility providers and applying average unit prices in the period.

Transport (Scope 1 or 3):

Our emissions from the consumption of fuel purchased for our customer care vans (Scope 1) and of fuel for transport related fuel used by our employees in their personal cars on business use (Scope 3). For our customer care vans we have analysed fuel card reports to determine the volume of purchased fuel and then converted using our conversion factors. We have collated mileage claims across the Group and applied the government issued conversion factors to determine our emissions and energy use in kWh.

Data

The SECR results are summarised as follows:

	SCOPE	GHG EMISSIONS (tCo2e)	ENERGY CONSUMPTION (kWH)
Combustion of gas at premises	1	140	765,849
Consumption of fuel for transport	1	11	46,190
Purchased electricity	2	33	169,752
Sub total		**184**	**981,791**
Consumption of fuel for transport	3	94	380,874
Total		**278**	**1,362,665**

Intensity Ratios

As we are a growing business with ambitious expansion plans, our absolute greenhouse gas ('GHG') emissions will necessarily increase in the near-term. However, we continue to evaluate how best we can limit that increase and mitigate the impact.

We have presented two intensity ratio's below being tonnes of CO2 equivalent per unit delivered and per £1m of revenue recognised. We have delivered 264 total units in the year consisting of 66 private unit completions and 198 affordable unit equivalents. Total revenue for the year was £98.7m.

tCo2e unit delivered	1.1
tCo2e per £1m Revenue	2.8

Energy Efficiency Comparisons and Actions

During the year we have implemented a number of actions to reduce the carbon footprint of the Group:

- As outlined in last years Annual Report, we are committed to being carbon neutral across our reported scope 1 and 2 emissions (as detailed in the table opposite). We have made a carbon contribution to offset our residual emissions by purchasing carbon credits
- Through the use of our standard house types we have improved build efficiency and reduced build waste on our sites
- Where individuals are required to travel for business purposes, car sharing is encouraged where possible and actively monitored
- Installation of motion sensor-enabled lighting in our offices to reduce our energy consumption

Future plans to mitigate our impact on the environment:

- Reduce hire periods of generators on our sites by optimising the use of a temporary building supplies in the first instance. This will require planning ahead for our connection in a timely manner;
- Where this is not a viable option, we will look to utilise more fuel efficient and low carbon equipment such as solar battery powered generators and the use of HVO fuel
- Roll out of new hybrid model customer care vans
- Introduction of an electric vehicle salary sacrifice scheme for our employees

Carbon Contributions

Our carbon contribution involved the purchase of carbon credits from Ecologi. The Mampuri Wind Project in Sri Lanka is a Gold Standard Verified Project and through the generation of renewable wind power and the displacement of fossil fuel energy in the local electricity grid, the project generates annual emissions avoidance of just under 19,000 tonnes.

The project meets the following United Nations Sustainable Development Goals:

- Ensure access to affordable, reliable, sustainable and modern energy.
- Promote inclusive and sustainable economic growth, employment and decent work for all.
- Take urgent action to combat climate change and its impacts.

What is Social Value?

Social value is the measure of the economic, social, and environmental impact that our business has on the local communities in which we operate and build new communities within. We understand our role as a developer to support these local communities covering areas such as employment, education, health, and the environment. To improve our social value performance, we link our strategic themes to set targets, measure outcomes, and report our investments. Over the past few years, we have incorporated this into our everyday business plan and operations, setting targets and measuring the outcomes to demonstrate our accountability, achieving a higher social value output year-on-year.

What is a TOM?

The National TOMs (Themes, Outcomes and Measures) framework is a recognised standard used for measuring and reporting social value in the UK. It allows us to assess our development sites with measures that include supporting disadvantaged people, improving staff wellbeing, and reducing carbon emissions. To better understand how our actions deliver positive social and environmental impact, we measure our performance based on "Themes, Outcomes and Measures" to measure the social value generated from our business operations.

Community Event

We welcomed the local Rainbows to our development, The Crescent in Goffs Oak to create poppies made from recycled bottles to be planted in front of our Tommy statue.

OUR HIGHLIGHTS FY22

GROUP SOCIAL VALUE

£19.6m
FY22

£12.8m
FY21

£17.6m
TOTAL SPEND WITH LOCAL SUPPLY CHAIN

£1.1m
CONTRIBUTIONS / DONATIONS
(INC. S106 PAYMENTS)

19,000
LOCAL EMPLOYEES

1,177
TRAINING HOURS

6
STUDENTS ON WORK PLACEMENT

COMMITMENTS

JOBS: PROMOTE LOCAL SKILLS AND EMPLOYMENT	
MORE LOCAL PEOPLE IN EMPLOYMENT	☑
MORE OPPORTUNITIES FOR DISADVANTAGED PEOPLE	☑
IMPROVED SKILLS FOR LOCAL PEOPLE	☑
IMPROVED EMPLOYABILITY OF YOUNG PEOPLE	☑

GROWTH: SUPPORTING GROWTH OF RESPONSIBLE REGIONAL BUSINESS	
MORE OPPORTUNITIES FOR LOCAL MSMES & VCSES	☑
IMPROVING STAFF WELLBEING & MENTAL HEALTH	☑
REDUCING INEQUALITIES	☑
ETHICAL PROCUREMENT IS PROMOTED	☑

SOCIAL: HEALTHIER, SAFER AND MORE RESILIENT COMMUNITIES	
CREATING A HEALTHIER COMMUNITY	☑
MORE WORKING WITH THE COMMUNITY	☑

ENVIRONMENT: PROTECTING AND IMPROVING OUR ENVIRONMENT	
CARBON EMISSIONS ARE REDUCED	☑
SAFEGUARDING THE NATURAL ENVIRONMENT	☑
RESOURCE EFFICIENCY & CIRCULAR ECONOMY SOLUTIONS ARE PROMOTED	☑
SUSTAINABLE PROCUREMENT IS PROMOTED	☑

ECOLOGY

Stonebond always consider various ecological enhancements in which we incorporate in building design and materials to promote and maintain environmental conservation.

All developments have their specific ecological solutions to greatly enhance the local environment and sustainable living. We install hedgehog runs, bird and bat boxes across our developments - bird boxes can provide a safe habitat for birds to nest, while hedgehog runs can offer a safe passage for hedgehogs to travel between gardens.

Additionally, incorporating green roofs and landscaping schemes to help reduce carbon emissions and promote biodiversity.

By implementing these solutions, we can reduce the developments direct impact on the environment and contribute positively to the community.

Product

We believe a Stonebond home sets us apart and we pride ourselves on building superior quality homes for individuals at all stages of their life. Over the past 12 months we have been innovating, adapting, reviewing and reinventing our collection of house types.

We strive to develop and follow our "4 C's" to create inspiring and stylish homes that our partners and customers can be proud of.

THE APPLEYARD
Flitton

4 C'S Control, Character, Consistency and Content

Control

We have rationalised the number of standard floorplates for our low-rise product.

Character

Our vision is to create inspiring homes which are easy to build and cost effective whilst maintaining elegant elevations for families to first time buyers.

Consistency

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

Content

We aim to build homes 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. This is combined with well thought out floor plans to provide for office spaces and open plan living areas.

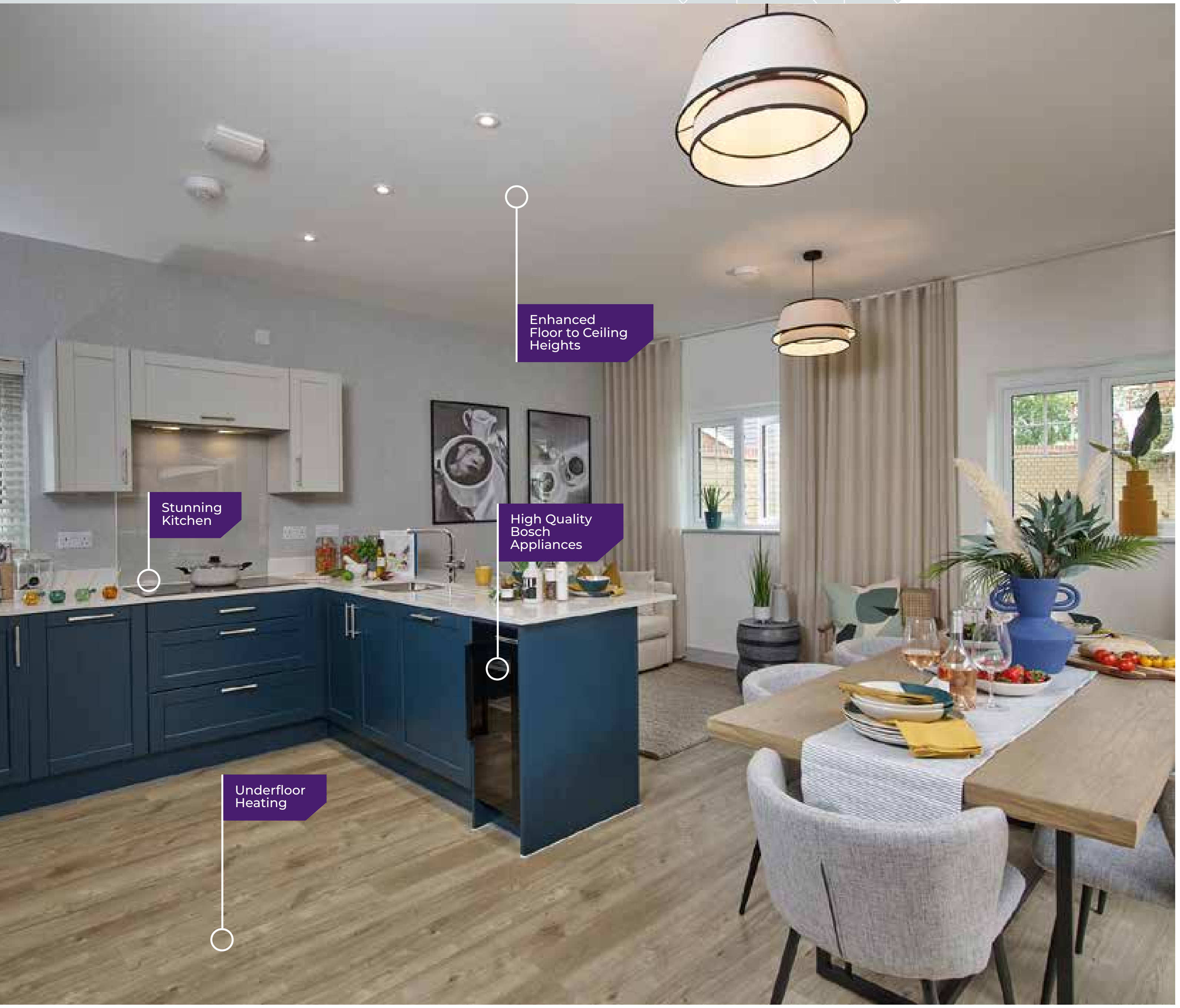
We continue to use a traditional architectural design with a modern twist that includes modern detailing and architectural features that both our customers and local authorities love. Our designs don't stop at just their external façade; we respond to the context of the development and ensure a landscape led approach - offering gardens, spacious surrounds, landscaped areas and public open space. Our team have been focusing on combining landscaping with contemporary interiors that compliment a high standard of specification, without the need for partner and customer upgrades.

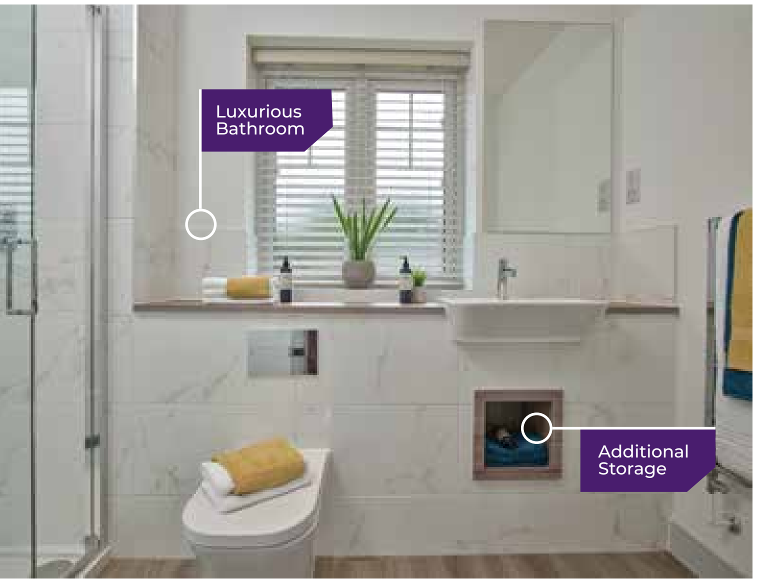
We have reviewed our house type designs in response to changing market trends and customer feedback. Our new inspired collection will feature modern and streamlined elevations, while still including brick and render finishes to maintain the Stonebond look and feel. The modern detailing and traditional blend with contemporary layouts, offer a mix of private spaces, convivial open-plan areas and rooms to meet the needs of our customer's lifestyles like home offices and separate utility rooms.

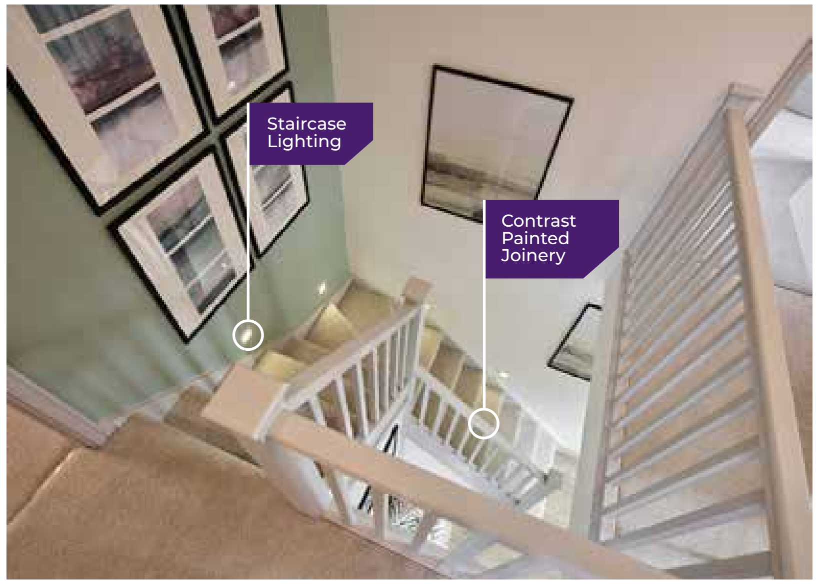
Landscape lead streetscenes, contemporary yet functional interiors with a traditional exterior are supported by our home technology, electric boilers, electric car charging points and solar panels on a large number of our developments. On our future developments, homes will be heated using air source heat pumps, as we move away from traditional gas boilers and towards even more eco-friendly designs.

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 floorplate designs are as efficient as possible. This approach enables us to focus on the right activities that will achieve our purpose to create long term sustainable value for all our stakeholders.

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.







The Stonebond Difference

- Office space designed into floorplates to allow customers to work from home
- Kitchens designed to increase storage space
- High quality Bosch appliances
- Wardrobes included in the master bedroom
- Room for storage solutions
- Clearly designated areas for essential everyday activities
- Flexible spaces that adapt to individual needs
- Increased standard ceiling heights
- Larger window sizes, often floor to ceiling

Standard Floorplates

We are working in partnership with Armstrong Burton to produce a limited number of standard floorplates.

Space & Storage

Following customer feedback and research whilst drawing upon our best practice initiatives and regulations, such as Part M4(2) and National Space Standards, our Stonebond homes focus is based on the quality of living formed around light and space.

Future-proofed Living

We are looking to future-proof our homes with many new design features including bathroom storage solutions, induction hobs, electric vehicle charging points (where possible) and USB-C ports and data points.

Flexible Specification

Private Specifications

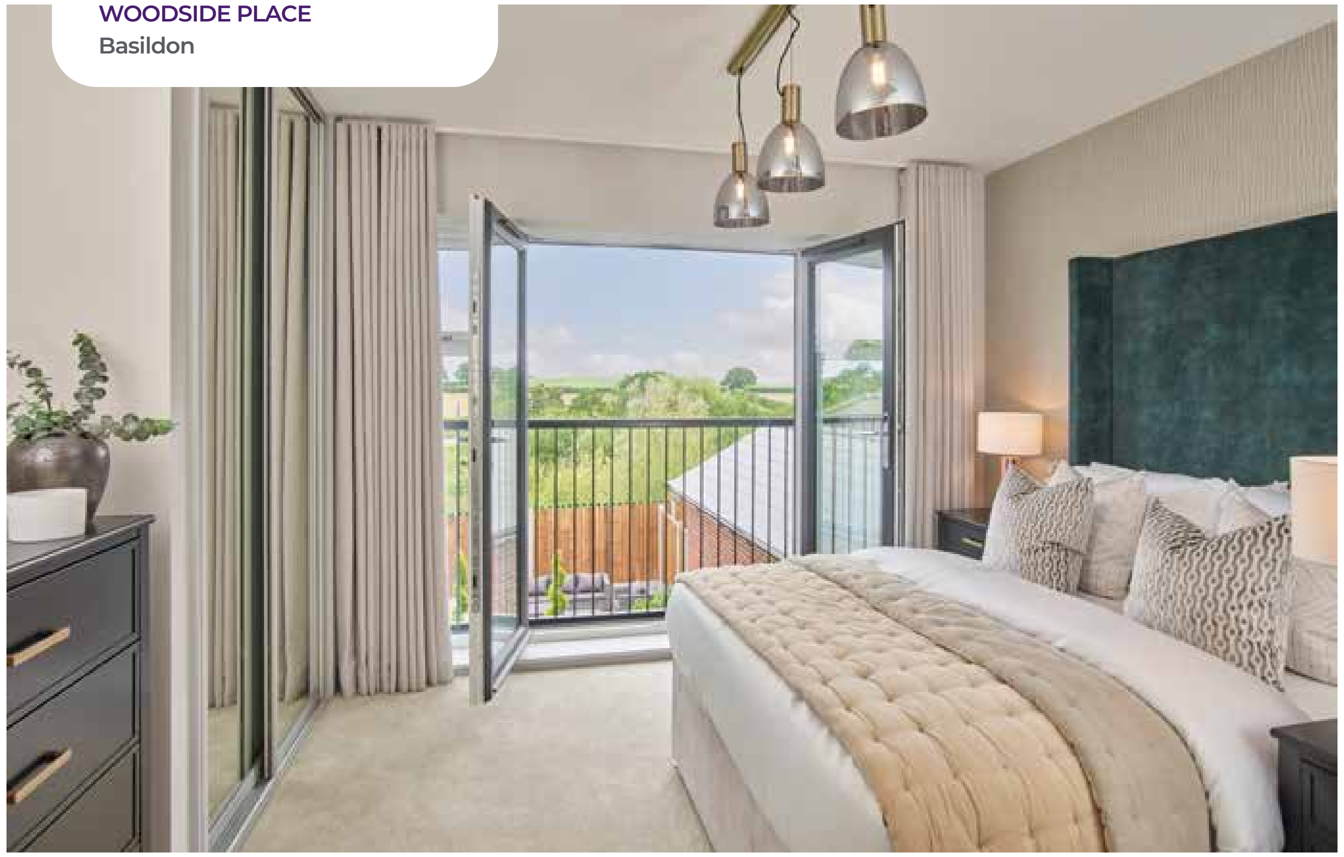
Affordable Specifications

Sustainable Upgrades List

Elevational Styles

All homes will use the same standard floorplates, window and door locations & dimensions and reveals which will drive consistency, ease of delivery, standardisation and cost efficiencies across the Group. We are able to dress the elevations to allow the homes to blend with the surroundings and wider context.

WOODSIDE PLACE
Basildon



Part L & Our Building Regulations Approach

We continue to work hard on keeping "one step ahead" of pending Building Regulation changes. To date, we have focused on making the fabric of our homes even more efficient to meet changes to Building Regulations Part L.

Our latest designs benefit from a 10% reduction in heat loss compared to our previous designs and with our fabric efficiencies already being exceptionally high, we are now looking at additional options to further increase the overall efficiency of our homes.

As a premium 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.

What Approach are we taking to Our Product?

In line with our ESG objectives and The Future Homes Standards, this will mean all Stonebond homes will 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%, we are using higher fabric standards for the building envelope, such as wider cavities, enhanced 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.

Building Sustainable & Future-proof Homes

1. INSULATION
Reduce heat loss resulting in decreased heating bills

2. SUSTAINABLE MATERIALS
A range of materials used are from renewable, sustainable or recyclable sources

3. CAVITY WALL INSULATION
Helping to keep the warmth inside a Stonebond home

4. WATER EFFICIENCY
Stylish dual flush toilets that save water and money, and aerated taps that save on water without compromising on pressure

5. UPVC DOUBLE GLAZED WINDOWS
Reducing both noise and maintaining home temperatures throughout the seasons

6. INSULATED & VENTILATED FLOORING
With underfloor heating to the ground floor

OUR VISION
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 1,488 plots as at 31 October 2022. We always aim to deliver more efficient use of space and attractive street scenes for our customers.

We continue to build long term relationships to secure attractive land opportunities in locations that people aspire to live.

During the last 12 months we have continued with our expansion plans opening two new regional operations in Guildford and Manchester, with both having 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.5,000 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.

LAND CRITERIA

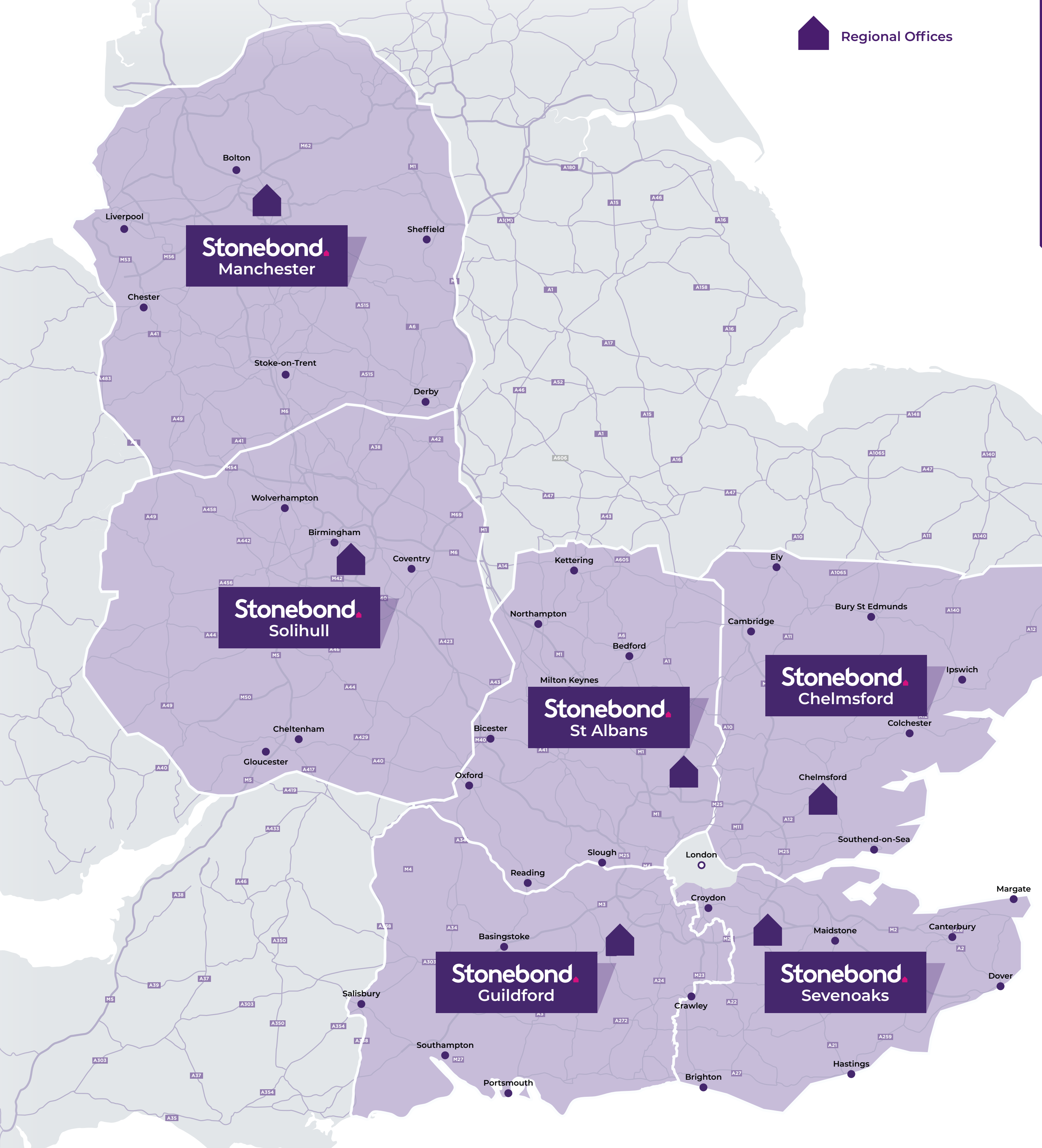
Unconditional purchases of land with outline or detailed consent, option agreements and conditional contracts, subject to planning, including strategic land promotion

20 - 200 units

Variety of Partnership arrangements with HA / BTR providers and landowners

Partnerships & Private housing developments

Close to amenities, shops and transport links



STONEBOND DEVELOPMENT PIPELINE

We have long-standing relationships with housing associations, local authorities and private landowners which has led to numerous successful partnerships, providing a variety of mixed-use developments.

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

Our development team have taken time to build strong relationships and really understand the requirements of registered providers and BTR partners to enable us to identify the most suitable land opportunities and plan the developments with design led solutions tailored specifically to optimise each scheme.

89 Homes

Stonebond at Waterbeach
Cambridge

The scheme has Outline planning for 6,500 new homes. Urban & Civic are the masterplanners for this 250-acre site in Waterbeach, north of Cambridge with sustainability at the forefront of their thinking. Stonebond are working in partnership to deliver the first gateway parcel of 89 homes.

The scheme is fully electric with vehicle charging points and utilising air source heat pumps to deliver a truly sustainable development. We are working in partnership with Longhurst as the affordable housing provider to deliver 28 affordable homes.

In partnership with Urban & Civic and Longhurst Group

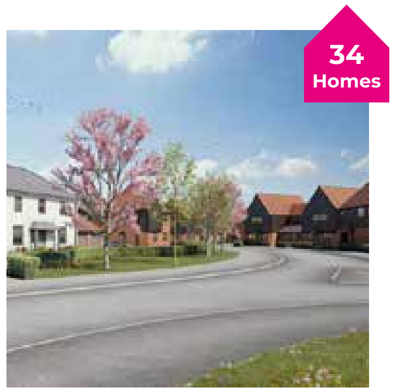
110 Homes

Woodbanks
Takeley

Stonebond purchased this site unconditionally, in partnership with Clarion Housing. On purchase the scheme had Outline planning for 119 new homes. After engagement with the local residents, Town Council, Parish Council and Councillors we achieved reserved matters consent in Spring.

We will enhance existing vegetation and plant 229 new trees and 1 hectare of new woodland as well as installing bird and bat boxes and hedgehog runs.

In partnership with Clarion Housing



34 Homes

The Appleyard
Flitton

The former site comprised of a detached residential dwelling with garage, equestrian facilities and an area of open grassland. The development will make a substantial financial contribution towards local educational needs and outdoor sports facilities.

We are proudly working with Settle to offer 12 affordable homes on the development, with priority being given to local people.

In partnership with Settle Housing Group

127 Homes

Stonebond at Wintringham
St Neots

Wintringham Park, St Neots, is an urban extension comprising of 2,800 homes within a wider Outline planning consent. The parcel is situated within three parcels already being developed by Cala, Durkan, BDW and Morris Homes totalling over 1,000 units. Stonebond achieved a consent for 127 new dwellings in June 2022, working in partnership with Urban & Civic the master developer for this urban extension.

Stonebond are required to deliver a local area of play within the Pocket Park, which is located within our development phase.

In partnership with Urban & Civic and Orbit Homes

201 Homes

Linmere
Houghton Regis

Linmere is an urban extension totalling 5,500 homes to the North of Dunstable, a key location within the Oxford - Cambridge Arc. The site is owned by a consortium with Lands Improvement Holdings as the masterplanner developer who dispose of serviced land parcels.

The benefits of partnering with a master developer offered an alternative tenure to that currently being delivered on the site. With three other housebuilders already building, this approach accelerated delivery across the site. Stonebond purchased the scheme in partnership with Settle Housing Group.

In partnership with LIH and Settle Housing Group

74 Homes

Gardiners Park
Basildon

Our parcel of land is part of a wider Outline consent, granted for the redevelopment of the site for a mixed-use development comprising up to 700 new market and affordable homes, new commercial floor space, land for a new school and a new sporting community hub.

Our proposal is to develop 74 residential dwellings with associated car parking and landscaping for both private sale housing and private rental housing to be handed to Leaf Living, the PRS operating arm of Sage Housing.

In partnership with Sage Housing

78 Homes

Driving Range
Herne Bay

The Former Driving Range in Herne Bay, Kent is the first site for the Sevenoaks region and comprises of 78 homes to be delivered in partnership with Orbit Homes.

The site exchanged subject to planning in April 2022, with the benefit of an allocation for residential development in Canterbury City Council's adopted Local Plan.

Stonebond achieved detailed planning permission in September 2022 before completing with the landowner in October.

In partnership with Orbit Homes

OUR VISION

Performance

KEY PERFORMANCE INDICATORS

At Group level, we measure the performance of the business using a number of key performance indicators (KPI's). These help to ensure we are delivering against our strategic priorities as set out in the strategic report.

Financial KPI's

TARGET	STATUS	DEFINITION	WHY WE MEASURE
OPERATING PROFIT			
To incrementally grow operating profit year-on-year in line with our growth plans.	£8.1m	Operating profit is earnings before interest and tax.	To assess the operational financial performance of the Group.
GROSS MARGIN			
Deliver a blended gross margin between 16% - 18% depending on the mix of private and affordable units.	20.0%	Gross profit divided by total revenue, expressed as a percentage.	To assess the profitability of each development on a consistent basis. Compares the performance /viability of developments across the Group.
OPERATING MARGIN			
Achieve a margin between 10% - 12% depending on the proportion of mixed-tenure delivery by 2025.	8.2%	Operating profit 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%.	27.4%	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 and intangibles.	Ensures the efficient and effective use of our capital.

Non-Financial KPI's

TARGET	STATUS	DEFINITION	WHY WE MEASURE
HEALTH & SAFETY			
Achieve <4.0 SHE audit compliance.	3.9	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.	0.25	Defects reported per plot during warranty provider 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.
PRIVATE CUSTOMER SATISFACTION			
5 Star HBF rating (90% or greater 'recommend your builder' rating).	5 Star HBF rating	The percentage of homebuyers who would recommend us to family and friends for our private plots.	We pride ourselves on the quality of the homes we deliver. Customer satisfaction is of paramount importance to us.
PARTNER CUSTOMER SATISFACTION			
Greater than 90% recommendation.	100%	The percentage of our partners who would recommend Stonebond.	We pride ourselves on the quality of the homes we deliver. Customer satisfaction is of paramount importance to us. We have designed a survey specifically for our HA partners.
ESG			
Year-on-year improvement on Environmental, Social and Governance metrics.	£19.6m of social value generated	We have adopted 31 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 PIPELINE			
Achieve an owned and controlled land pipeline of >5 years.	>5 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%.	93%	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

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 75% 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.

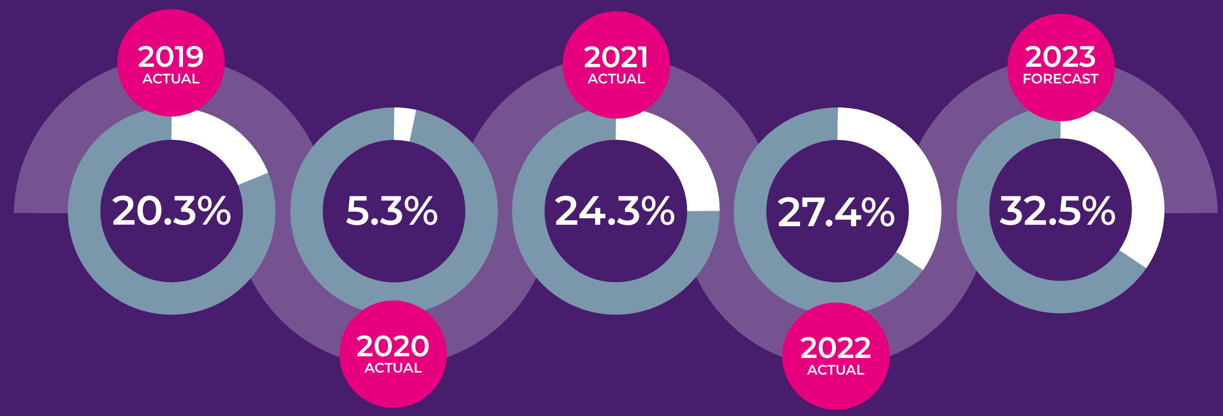
75%

Affordable Unit Delivery

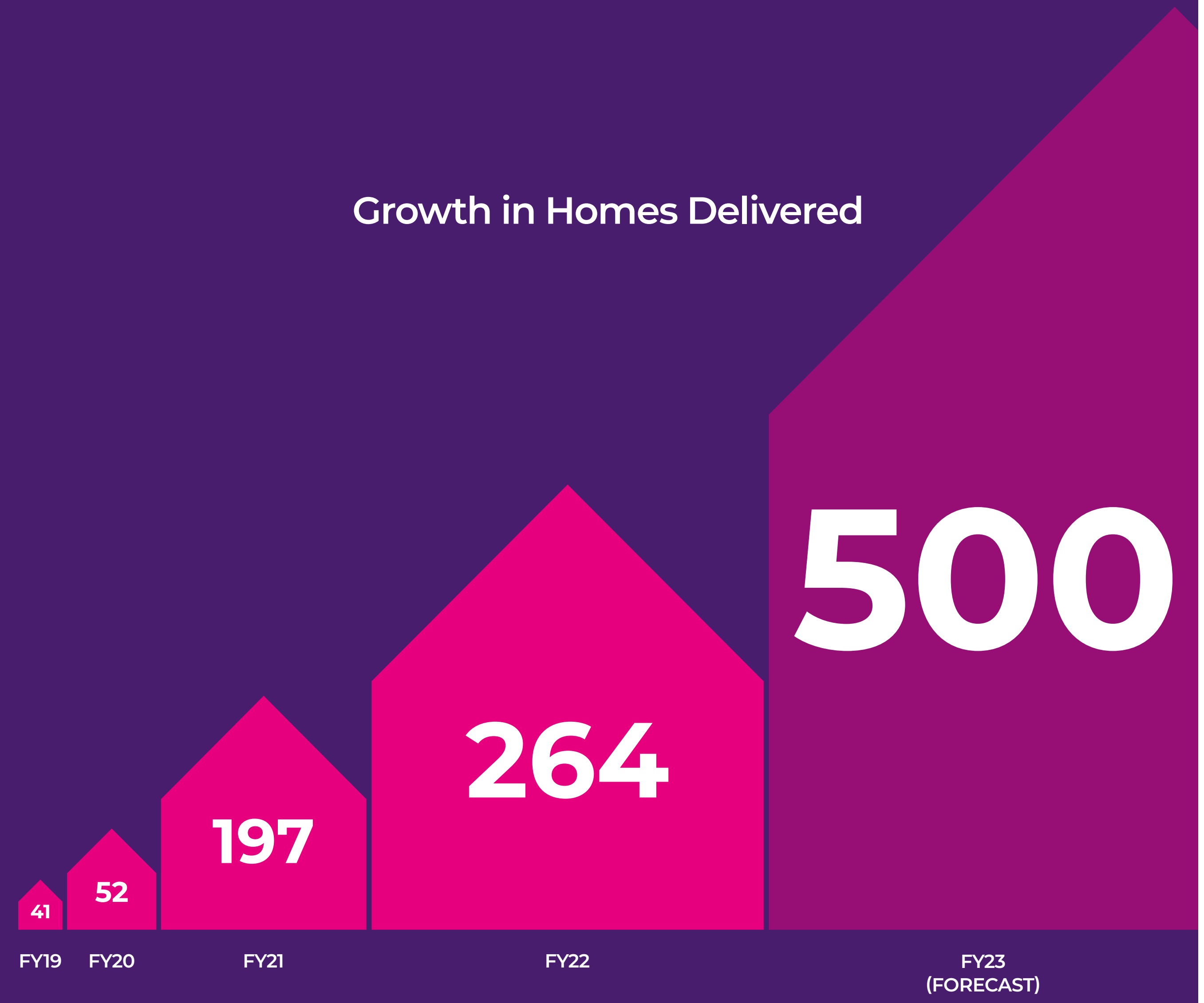
Our Group target is to achieve a ROCE in excess of

50%

Annual ROCE



Growth in Homes Delivered



FINANCIAL REVIEW

KEY FINANCIAL DATA	Year Ended 31 October 2022	Year Ended 31 October 2021	Movement	Movement
Revenue	£98.7m	£65.2m	£33.5m	51%
Gross profit	£19.7m	£14.1m	£5.6m	40%
Gross profit margin	20.0%	21.6%	(1.6%)	Nm
Operating profit	£8.1m	£6.6m	£1.5m	23%
Operating profit margin	8.2%	10.1%	(1.9%)	Nm
Profit before tax	£6.3m	£6.1m	£0.2m	4%
Cash	£19.1m	£13.9m	£5.2m	37%
Net assets	£49.5m	£41.5m	£8.0m	19%
ROCE[1]	27.4%	24.3%	3.1%	Nm

1 Return on capital employed (ROCE) - 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 and intangibles.

The Group delivered another strong financial performance despite the challenging market condition. During the year, inflation increased from 3.8% to 9.6% and in our final quarter there was significant disruption driven by the September mini-budget. The Group has increased volumes in line with its ambitious growth plans, with private and affordable units increasing 43% and 31% respectively.

During the period our gross margins reduced due to build cost inflation across our schemes and the change in revenue mix, as we had a high proportion of affordable scheme delivery at lower margins. The business model allowed the Group to de-risk and improve cashflow through the forward funded delivery of affordable and BTR homes. The resilience of our business model coupled with the strength 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.

Trading Performance & Financial Position

Group revenue for the financial year increased 51% to £98.7m (2021: £65.2m). Private revenue increased 53% to £41.3m (2021: £27.0m) from the completion of 66 private homes (2021: 46). Affordable revenue increased 50% to £57.4m (2021: £38.2m) from the completion of 198 affordable equivalent units (2021: 151).

Operating profit increased 23% to £8.1m (2021: £6.6m). Overall, we have seen build cost inflation of c. 7% driven by material and labour costs on site. Operating margins decreased to 8.2%.

The Group continues to focus on its partnerships business which has allowed us to improve cashflow and the ROCE through the forward funded delivery of affordable and BTR homes. Group ROCE has increased from 24.3% to 27.4% in FY22.

Completions by Site

31	PARSONAGE ROAD	Takeley
28	GARDINERS PARK	Basildon
22 / 4	WOODSIDE PLACE	Basildon
21	SPRINGFIELD ROAD	Chelmsford
10 / 12	STABLEFORD GREEN	Bishop's Stortford
20	NEW HALL	Harlow
17 / 1	RADIO PLACE	St Albans
18	DRIVING RANGE	Herne Bay
13	COLLINS CLOSE	Shepreth
12	WATERBEACH	Cambridge
3 / 9	THE CRESCENT	Goffs Oak
11	MOUNT HILL	Halstead
8	GHYLLGROVE	Basildon
7	ORCHARD GARDENS	Melbourn
7	THE COURTYARD	Hatfield Peverel
6	THE APPLEYARD	Flitton
4	LINMERE	Houghton Regis

Affordable Equivalent Homes 198

Private Homes 66

264 TOTAL HOMES

With 75% 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 £374k (2021: £331k) with the overall increase in ASP compared to prior year as a result of delivering a greater proportion of private units in the current year. Private ASP is £626k (2021: £586k) which has increased by £40k from prior year. Affordable ASP is £290k (2021: £253k) which reflects an increase of £37k due to the site specific locations of our affordable homes and with demand from HA's and the BTR partners remaining strong.

As a result of the increased unit delivery, gross profit increased by 40% to £19.7m (2021: £14.1m). Gross margin decreased to 20.0% which reflects the strong inflationary pressures in the year.

Administrative expenses increased to £12.1m (2021: £7.5m), reflecting our commitment to invest in the future growth of the business with two new operating regions opening in Guildford and Manchester, as well as continued support to the growth of our less mature regional offices in Sevenoaks and Solihull. We continue to reduce net overheads as a % of total revenue in our more mature regions in Chelmsford and St Albans as we continue to drive operational efficiency.

Operating profit increased to £8.1m (2021: £6.6m) with the Group operating margin decreasing to 8.2% (2021: 10.1%). We continue to focus on operational efficiency to minimise the impact of cost increases through the use of standard house types, Group buying deals and negotiating build cost indexation within our land-led partnership deals.

Net assets increased during the year by £8.0m to £49.5m (2021: £41.5m) with inventories increasing by 76% to £80.9m (2021: £45.9m).

The Group ended the year with cash of £19.1m (2021: £13.9m), which is driven by £8.3m of cash generated from operations, a net cash outflow of £3.4m in working capital, £1.4m of loan repayments and other net cash inflows of £1.7m.

As at 31 October 2022, the Group had a Revolving Credit Facility of £10.0m (2021: £5.0m) in place with NatWest Banking Group, which was undrawn at the year end.

Approval of the Strategic Report

The strategic report on pages 6 to 69 has been approved by the Board and signed on its behalf by:

GS CHERRY
Director
28th July 2023

THE COURTYARD
Hatfield Peverel

HEALTH & SAFETY

We have stringent health & safety standards in place throughout the business that are in line with the wider construction industry.

KEY PERFORMANCE INDICATORS

- Accident incident injury rate (AIIR)
- Minor injuries
- Near misses & dangerous occurrences
- Internal health & safety compliance rate

KEY RISK AREAS ON SITE

- Working at height
- Traffic management
- Housekeeping
- Personal protective equipment

2022 KEY TARGETS & OBJECTIVES

- AIIR lower than the HBF industry average (272)
- Health & safety audit compliance rate of lower than 4.0
- Increase reporting of near misses
- Improved traffic management across all developments
- Promote health & safety Executive (HSE) health campaigns for dust controls

“There is a continuous focus on health & safety”

Although there has been increased activity levels across our regional offices, there were no reportable injuries throughout 2022 on any of our developments and regional offices. This resulted in a reduction of the Group’s AIIR ending the year with an AIIR of 0 (2021:1,394). The Group target was to have an AIIR lower than the construction industry average of 272.

Our health & safety audit compliance rate for 2022 was 3.9, this was lower than the internal target rate of 4.0. Achieving these important KPI's is an endorsement to the effectiveness of our health & safety processes and procedures and our employees commitment to ensuring compliance within their roles and responsibilities.

To support continuous improvements across the Group we have revised and updated our induction processes, employee minimum training requirements and set health & safety targets and objectives for the coming year.

Our key targets for 2023 are:

- To maintain an AIIR lower than the HBF industry standard (239)
- Have a health & safety audit compliance rate of lower than 3.9
- Increase reporting of near misses and dangerous occurrences
- Reduce the 'top 5' issues raised in health & safety audits
- Promote HSE health campaigns for dust and manual handling

Strategies are in place to achieve the targets and objectives which are communicated to those responsible for actioning them. These are reviewed and monitored throughout the year and included in quarterly BIGs and monthly Board meetings.

We have improved our engagement with employees regarding health & safety related topics by introducing a quarterly newsletter. This keeps the Group informed on current affairs within the business and how the Group is performing against our targets and objectives.

Another goal to strengthen employee engagement and support is to build upon our introduction of the Group Mental Health policy. In 2021 we trained a small number of employees in mental health awareness, we now have set a target to increase this number year-on-year by introducing mental health first aiders in all regions. This will ensure we provide avenues for all employees to pursue should they require support.

STUART GORDON
HEAD OF GROUP HEALTH & SAFETY

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 and ongoing care.

5 STAR HOME BUILDER CUSTOMER SATISFACTION
HBF 2023
HOME BUILDERS FEDERATION

Homes Built by Hand

STABLEFORD GREEN
Bishop’s Stortford

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.

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.

We continue to have a 28 day period between build completion and sales completion to allow a sufficient amount of time for snagging, desnagging and cleaning. Our approach to quality can be seen through our strong overall customer satisfaction scores, as 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 Group operations.

96.9%

OVERALL CUSTOMER SATISFACTION

5 Customer Care Key Indicators

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

INFORMATION TECHNOLOGY

> “As our regional operations continue to evolve, we recognise that there is a requirement for our IT infrastructure to be robust, scalable and reliable.
>
> We have clear business objectives and we are focused on a quality experience for our employees, partners and customers, this means investing early on in our IT infrastructure.”

Matt Blackmore
Group IT & Systems Manager

Our Information Technology (IT) enables us to support to the expansion of the business and following our recent hiring of Matt Blackmore as Group IT & Systems Manager, we have started our IT transformation journey.

Our aim is for all users to gain access to company data from wherever they may be, by a variety of digital means. Video conferencing, file sharing, and collaborative team communication tools are now standard for employees to do their jobs efficiently and effectively.

The need for a flexible but robust IT infrastructure has never been greater, nor has the need to ensure that strong IT Governance is in place to direct resources at our core systems that support the business and enable the achievement of our business plan.

From a technology perspective, substantial work was undertaken to mobilise the workforce to allow for flexible working. This included providing employees with the IT equipment and tools to work from home and site, as well as scaling up Stonebond's IT infrastructure and systems to support a remote workforce.

It is important that we continue to implement increased technology such as data analytics, cybersecurity, automated processing, and integration with our third-party systems.

Our key IT design principles are:

- System Investment
- Policies & Governance
- Culture & Engagement
- Bespoke to Our Operations
- Hardware
- Sharing & Distribution
- New Technology & Innovation
- 3rd Party Collaboration

OUR IT PRIORITIES:

- Cloud
- Cyber Resilience
- Automation
- Governance, Data Management & Data Insights
- Smarter Working
- Disaster Recovery

Cloud

Cloud is undoubtedly a key component of our technology architecture, enabling us to support our workforce to work remotely as well as underpinning next-generation technologies such as Artificial Intelligence. This will dramatically reduce the ongoing support requirements and complexities, ensuring systems are kept up-to-date and managed appropriately.

The Group will continue to work towards a fully cloud-based environment given the scale of its operation and diversity of services provided. Our cloud strategy will align with our business priorities, optimising the cloud and providing scalability, whilst at the same time ensuring agility and security in our operations.

Cyber Resilience

Stonebond has responsibility to our customers, partners, supply chain, stakeholders and all organisations it works with, to protect their data, which is considered sensitive and to keep our networks free from attack or disruption.

Our priority is to ensure that Stonebond is secure and resilient to cyber threats and remains confident in the digital world.

Automation

Stonebond's automation strategy aims to simplify our IT operations while improving speed and agility by enabling software to perform various management tasks with minimal human intervention whilst increasing our data integrity. Working with industry leading software providers, we are implementing a business intelligence platform to help wider business reporting. Being able to automate reports with technology will be a huge benefit to the business and its employees from an efficiency point of view.

Further automation within our infrastructure creates more user-friendly systems and efficiencies across Stonebond's workforce, enabling the users and partners to seamlessly access and use our corporate resources and data.

INFORMATION TECHNOLOGY

Governance, Data Management & Data Insights

It is essential that effective governance arrangements ensure that information underpins our business objectives and supports collaboration by our partners and customers.

We have an approach to information governance with roles and responsibilities being assigned to senior management to govern information effectively. There are developed systems and processes in place across Stonebond to manage access to information requests, with ownership of responsibilities designated to Information Asset Owners and Data Owners so that information risks can be managed appropriately.

Compliance standards such as the General Data Protection Regulation are already in place with an introduction of ISO 27001 within 2023.

Smarter Working

Smart working is more than just having the capability to work remotely, whether that's at home, site or elsewhere. It's about having the technology and flexibility to make the best possible decisions about how, when and where to work, to best serve our employees and customers.

Key technologies that enable smarter working are well established:

- Virtual meetings
- IP Telephony
- Variety of end user devices / hardware
- Productivity tools
- Collaboration tools

There is an extended remit to look at creating great places to work and enhancing the 'people experience & culture' while not losing sight of the original smarter working pillars (people and culture; leadership; technology; and workspaces).

There's a desire to help build connections and team cohesion while maintaining levels of social interaction.

Disaster Recovery

Our strategy is to ensure our system uptime is reliable whilst maintaining our data integrity and availability, and continuity across the business.

At Stonebond, we rely on the IT infrastructure and services which is an integral part of the operational environment. We have implemented a comprehensive Disaster Recovery Plan to ensure that these services can be re-established quickly and completely in the event of a 'disaster' of any magnitude.

Development & Innovation this Year

- Hardware refreshment
- Cyber security enhancements
- Cloud infrastructure
- Continual investment into our core systems
- Advanced customer care platform
- New document management platform
- Enhanced internal processes
- Continia expense system fully implemented
- Mandatory cyber security training for all employees
- Multi factor authentication enhancements

In-line with our IT strategy, we have enhanced our internal operations, combining both our financial forecasting and appraisal tools. A monthly finance automation working group has now been set up to produce a bespoke software that will allow our forecasting to be instantaneous. This achievement has not only enhanced efficiency from a workload perspective but allowed ease of expansion, quicker business decisions and further analysis of information presented to the Board.

SECTION 172 (1) STATEMENT

Statement by the directors in performance of their statutory duty in accordance with s172(1) of the Companies Act 2006.

The directors of the Group consider that they have, both individually and collectively, acted in good faith in a way which would most likely promote the success of the Group for the benefit of the members as a whole, and in doing so have had regard (amongst other matters) to factors (a) to (f) as set out in s172(1) of the Companies Act 2006 for the decisions taken during the year ended 31 October 2022. In making this statement, the directors have considered the following matters:

(a) the likely consequences of any decision in the long-term: the Directors monitored progress against the Group's strategy during the year and concluded that it will support the long-term success of the Group. Shorter term expectations in supporting that strategy are approved as part of the annual budgeting process, against which the performance of the Group is monitored. Decisions taken during the year are made in the context of the Group's strategy in order to ensure that they are consistent with that strategy, take account of the Group's principal risks and support long-term value generation for all stakeholders;

(b) the interests of the Group's employees: our people are key to the success of our business. We seek to recruit the best people, train them well and look after them so that they perform to the best of their ability and remain with us for the long-term. The Directors have ultimate responsibility for ensuring the Group's decisions consider the interest of our employees and during the year addressed the feedback from the prior years employee engagement survey;

(c) the need to foster the Group's business relationships with suppliers, customers and others: managing the Group's relationships with suppliers and customers is critical in ensuring the Group delivers on its strategy. We have dedicated commercial teams across our regions to ensure we maintain an effective working relationship with our subcontractors and suppliers in that location. We actively address any comments which are collected as part of our annual stakeholder survey. For customers, our dedicated Sales and Customer Care teams are responsible for providing the highest levels of service both pre and post completion respectively. The success of this is clearly demonstrated by the achievement of our 5-star housebuilder status by the HBF for the first time in the Group's history.

(d) the impact of the Group's operations on the community and the environment: the Group strives to have a positive impact on the communities in which it operates and minimise the environmental impact of its operations. Further details of our community initiatives and the environmental steps we take are provided in further detail throughout the Strategic Report;

(e) the desirability of the Group maintaining a reputation for high standards of business conduct: upholding the strong reputation that the Group has created is a key consideration when key decisions are being made by the Directors. The Directors are committed to the principle of equal opportunities and equal treatment for all employees across the Group. The Group has established well defined policies on anti-slavery and anti-bribery and corruption; and

(f) the need to act fairly as between members of the Group: the Group always seeks to ensure that its communications are transparent and its actions are in accordance with the Company's stated strategic aims to promote the long-term success of the Group.

Further details as to specific actions taken are provided throughout the Strategic Report for the year ended 31 October 2022.

STONEBOND AT WATERBEACH
Cambridge

SPRINGFIELD ROAD
Chelmsford

Governance
Report

CHAIRMEN'S STATEMENT

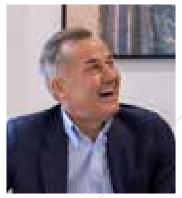
We are pleased to introduce this report, which describes the activities of the Board during the year, along with the Company's governance arrangements.

This financial year the Board has focused on strategic priorities to continue the growth of the Company whilst having correct processes in place to ensure that our decisions are consistent and predictable for our stakeholders.

There was significant change to the Board in 2022 with the appointments of Cara Ryan and Kate Davies as Independent Non Executive Directors. They bring a wealth of experience to us having worked with local authorities, housing associations and listed Housebuilders.

2022 also saw the introduction of the Board's commitment to be Carbon Neutral across our reported Scope 1 and Scope 2 emissions, with a continued emphasis on enhancing our social value.

Graham and Richard Cherry – Co-Chairmen



"Our focus continues to be on growth and sustainability."

The purpose and strategic focus of the Group is centred around creating new homes and communities that provide sustainable, social, economic and environmental value back to the community.

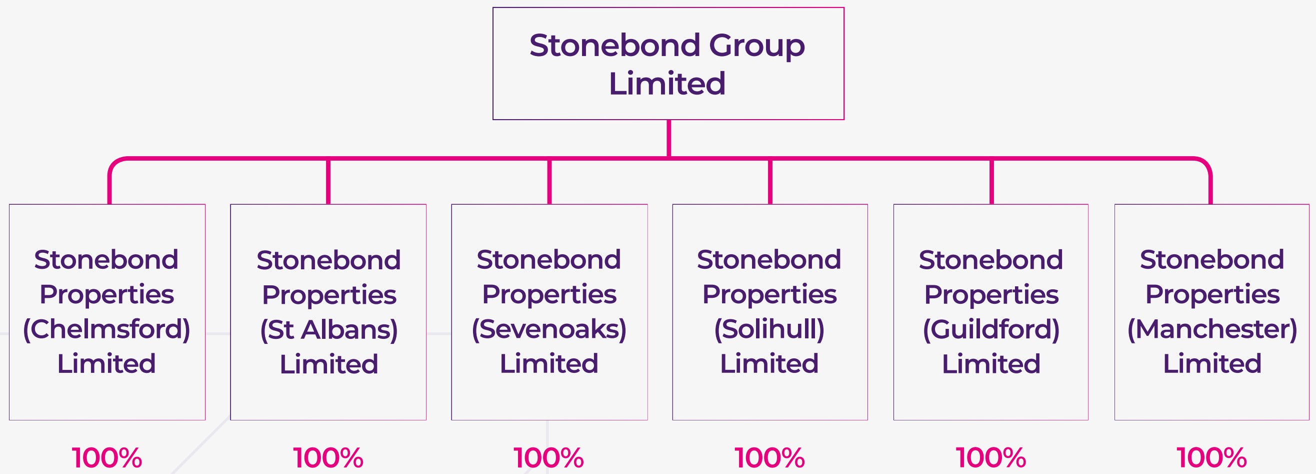
The Group is not listed on a Stock Exchange. However the principles and provisions highlighted in the FRC's Corporate Governance Code 2018 (the 'Code') are highly influential to the Board to help drive its effectiveness.

In making decisions, the Board and the Group's Directors are mindful of their duties codified by the Companies Act 2006 (the CA) and in particular their obligations under section 172(1) of the CA which requires a director to act in a way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. By considering the Group's vision, purpose and values and having a process in place for decision making, we aim to ensure that our decisions are consistent and predictable for our stakeholders.

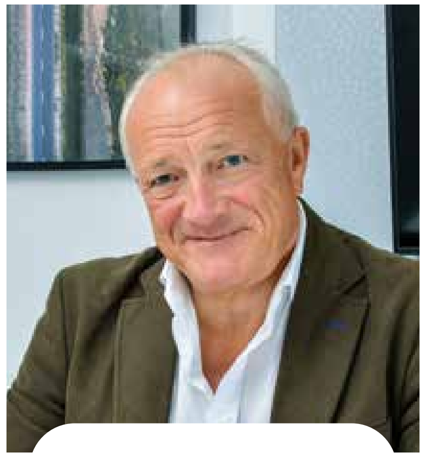
The Board is committed to applying the appropriate high standards of corporate governance commensurate with the Group's size and maturity. Therefore the Group has aligned its governance with best practice against The Wates Corporate Governance Principles for Large Private Companies.

All of our regional limited companies are wholly owned subsidiaries of Stonebond Group Limited as shown in the diagram below.

Group Structure



BOARD OF DIRECTORS



GRAHAM CHERRY
CO-CHAIRMAN

Graham is an influential and highly respected housebuilding figure, having served as Group CEO of Countryside Properties PLC from 1996 to 2013, amongst other senior executive positions.

After more than 40 years with Countryside, Graham has since led the growth and expansion of Stonebond, the family business that he founded alongside his brother Richard.

Under his stewardship, Stonebond has quickly grown to become a leading partnerships-focussed developer, delivering high-quality mixed-tenure homes across six regional operations.

He is a co-founder of The Cherry Family Foundation, which he established with his brother to support disadvantaged young people, whilst he is also a Member of The Chartered Institute of Building.

RICHARD CHERRY
CO-CHAIRMAN

Richard's distinguished career in housebuilding stretches over 35 years.

He spent the majority of this with Countryside Properties PLC, the national housebuilding business that his father founded. During this time he was CEO of Countryside's partnerships business, which specialised in regeneration and mixed-tenure housing delivery, as well as holding a Main Board position.

Since retiring from Countryside, he has focused on growing Stonebond into a premium partnerships developer, alongside his brother and Stonebond's co-founder, Graham.

He is a Fellow of the Royal Institute of Chartered Surveyors and a co-founder of The Cherry Family Foundation, which was established in 2021 to give back to the communities where they have grown up, live and work.

ANDREW CORNELIUS
GROUP CHIEF EXECUTIVE

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 / BTR providers having been a JV Board Member on five 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.

KATE DAVIES
NON-EXECUTIVE DIRECTOR

Kate has worked for local authorities and housing associations for over 30 years. Most recently as the CEO of Notting Hill Genesis, Kate focused on building new homes, improving the existing portfolio and providing excellent services for over 67,000 households.

In addition to her role at Stonebond, Kate is a Non Executive Director at TopHat, a technologically driven, modular housing construction company.

EXECUTIVE MANAGEMENT TEAM

ROBERT WILKINSON
MANAGING DIRECTOR (CHELMSFORD)

Robert joined Stonebond in January 2021 as Managing Director of the Chelmsford business. He has significant experience of delivering both private housing developments and Land Led Partnerships having previously held the position of Managing Director at Countryside Properties PLC East London.

Since joining, the Chelmsford business has grown four-fold with a significant number of new projects in development and many more in the pipeline. Robert is committed to the delivery of quality homes across all tenures and building and maintaining excellent relationships with all our stakeholders.

PETER WILLIAMS
MANAGING DIRECTOR (ST ALBANS)

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

Peter has been responsible for establishing the regional operations at St Albans and will continue to grow the land bank and business operations to contribute to the Company's strategic plans.

GREG LENDRUM
MANAGING DIRECTOR (SEVENOAKS)

Greg joined Stonebond in April 2021 from Countryside Properties PLC, 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 has been 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.

MATTHEW WHALE
MANAGING DIRECTOR (GUILDFORD)

Matthew 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 PLC, first as a Sponsorship Trainee whilst at university and then a Graduate Management Trainee.

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

JONATHAN RICHARDS
MANAGING DIRECTOR (SOLIHULL)

Jonathan joined Stonebond in November 2022 as Managing Director of the Solihull region. He holds more than 20 years' experience of housebuilding across the Midlands, having worked previously for CALA Homes, McCarthy Stone and Spitfire Homes. Most recently he was Managing Director of Seven Homes.

Jonathan will be looking to expand Stonebond's growing Solihull operation, which is expected to deliver more than 500 homes per annum across the Midlands within the next four years. As part of this he will establish new partnerships with housing providers and local authorities, in line with the land led strategy.

ALEXANDRA BARKER
GROUP COMPANY SECRETARY & CHIEF SOLICITOR

Alexandra joined Stonebond in October 2020. Her appointment marked a key milestone for the business in setting up our in-house legal department to service all legal requirements across the Stonebond Group. As Company Secretary, she works closely with the Board of the Directors on all governance related matters.

Alexandra has over ten years' experience as a qualified lawyer within the development sector and has worked at both private practice law firms and held in-house roles at housebuilder companies. She works closely with all departments to ensure a seamless transition from land purchase through to completion of sales and is an invaluable asset to our senior management team.

DEEPEN SHAH
HEAD OF GROUP FINANCE

Deepen joined Stonebond in June 2021 with over 15 years of financial reporting and control experience from a Banking and Treasury background. He is a qualified Chartered Accountant having completed his training at a big 4 financial services firm.

Deepen has extensive experience in delivering and managing financial performance, business partnering and financial reporting having previously spent over 10 years at NatWest Banking Group.

CORPORATE GOVERNANCE STATEMENT

Governance Structure

The Board determines the long-term strategy and direction of the Group including approval of the annual budget and management business plan. It is responsible for ensuring that the Group acts ethically and meets its legal and regulatory responsibilities.

Whilst the Board retains oversight and accountability for decision making within the Group, responsibility for day-to-day decision making is delegated to the CEO and the Executive Management Team. 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 a bi-annual basis by the Board.

The Board consists of the Co-Chairmen, the CEO and two Independent Non-Executive Directors. It is the Group's policy that the roles of the Chairmen and the CEO are separate, with their roles and responsibilities clearly divided.

The Co-Chairmen are responsible for:

- Leading and managing the Board, its effectiveness and governance
- Ensuring Board members are aware of and understand the views of key stakeholders
- Helping set the tone from the top in terms of the purpose, goal, culture, vision and values for the whole organisation
- Creating the conditions for overall Board effectiveness

The CEO is responsible for the leadership and day-to-day management of the Group, with an oversight of; safety, operations, finance, regulation, commercial, asset management, customer services, information services, human resources, corporate communications and legal.

The Independent Non-Executive Directors are responsible for providing constructive challenge and bringing independence to the Board and its decision-making process.

Particularly:

- Bringing a wide range of skills and experience, including independent judgement on issues of strategy, performance and risk management
- Scrutinising and challenging the performance of the Group's business
- Assessing risk and the integrity of the financial information and controls

The profiles of our Board of Directors can be reviewed on page 74.

The profiles of our Executive Management Team can be reviewed on page 76.

Group Policies & Procedures

There are Group policies and procedures, governing all aspects of the business including health & safety, customer service, sales approval, procurement, legal, financial reporting and capital expenditure.

A comprehensive staff handbook is provided to each new starter as part of their induction into the Group and is available to all members of staff on the Group's intranet. A bi-annual audit of the staff handbook is conducted by a third-party consultant to ensure that the Company remains compliant with all HR and other legislative requirements. The staff handbook sets out the Group's operating policies and procedures for all employees which includes our Anti Bribery and Corruption, Gifts and Hospitality and Whistleblowing policies. There are also industry leading governance structures in place for investment approval, land acquisition and start on site.

The Board takes responsibility for all policies and procedures which are reviewed on an annual basis. The Board are informed of each whistleblowing report. During the year there were no incidents reported.

There is no requirement for the Group to have formal Audit, Nomination or Remuneration Committees. However, the Board considers its annual programme of agenda items, including:

- Oversight of accounting principles and their implementation
- Oversight of the effectiveness of internal controls, risk management and compliance
- Oversight of the effectiveness of the internal and external audit functions

There are also Business Improvement Groups ('BIGs') across all disciplines within the Group at which a member from the Board is always in attendance. One of the key objectives of the BIGs is to assess the current processes for that discipline to drive continuous improvements from an efficiency and risk

Activities of the Board

The Board provides leadership and sets the Group's long-term strategic objectives. The Board, along with the Executive Management Team, met formally four times during the year.

Good governance plays a significant role in a successful business strategy and the Board has undertaken a number of key activities across these areas during the year and two working examples are illustratively set out below:

Diversity and Inclusion

The Board recognises the importance of diversity both on the Board and within the workforce as a whole. This financial year saw the addition of Cara Ryan and Kate Davies to our Board. Whist there are no current plans to increase the Board membership, when it does the Board will ensure that its appointment processes are committed to improving diversity and will look at a variety of factors along side merit including, but not limited to, gender, ethnicity, disability and age. In addition the Board is responsible for reviewing diversity and succession planning.

STRATEGY	EXAMPLE BOARD DECISION	LINK TO STAKEHOLDER
Commitments to continuous improvements to ESG.	The Company's operations being carbon neutral across our reported Scope 1 & Scope 2 emissions.	• Employees • Suppliers: Vendors & Subcontractors • Customers • Government
Improve workplace diversity and to support women within the Construction industry.	The Board implemented a menopause policy into its staff handbook making flexible workplace adjustments to any members of staff affected by the menopause at work.	• Employees • Customers • Government

Remuneration

The Board takes advice from independent external consultants who provide updates on legislative requirements, market best practice and remuneration benchmarking. Pay is aligned with performance, taking into account fair pay and conditions across the Group's workforce.

Board Effectiveness

All Board Directors have access to the advice and services of the Company Secretary and Group's Legal team. They may also take independent professional advice at the Company's expense. The Chairmen and Company Secretary are responsible for ensuring that Directors receive accurate, timely and clear information. To ensure that adequate time is available for Board discussion and to enable informed decision-making, briefing papers are prepared and circulated to Directors at least a week prior to scheduled Board Meetings. The Board also receives regular and timely information on all key aspects of the business, including health & safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability, all supported by KPI's.

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 & 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 Board to make effective decisions. Financial results are reported monthly and compared with both budget and the previous month's forecast.

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.

RISK MITIGATION

Current Assessment of Principal 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 are put in place to ensure the Group's risk appetite 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 floorplates, 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 disaster recovery procedure is in place.

RISK MITIGATION

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 & safety issues considered at every Board meeting. Regular visits to sites by senior management to monitor health & 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.

RISK	IMPACT	MITIGATION
Decline in sales performance	(Private plot sales) - Poor forecasting of market demand, or inability to react quickly enough to changes in market demand, in terms of product, location and price will impact Stonebond's competitiveness and reduce sales or sales prices. (Affordable / BTR sales) - Short term demand scaled back from affordable / BTR partners for new business.	Market research on private sites undertaken / updated to ensure sites acquired in line with strategy. Ensuring a broad mix of product on each development site to appeal to widest market as possible. Maintaining flexibility on schemes to switch delivery between private and affordable tenures. Strong relationships established with existing partners for repeat contracts / business based on proven delivery across our established regions and our experienced land teams recruited in newer regions to deliver new business. Remaining active in the land market during periods of short term subdued demand by investing in our land pipeline and being prepared to transact with our partners when they return to the market. Monitoring market conditions and investor appetite through regular contact with agents, land vendors and industry bodies, together with internal review through monthly market updates, board meetings, quarterly land BIG meetings and quarterly Group board meetings.

DIRECTOR'S 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 & Future Developments

The Strategic Report on pages 6 to 69 includes a review of the business, the Group's trading for the year ended 31 October 2022 and an overview of future developments.

SECR

Please refer to page 36 in our strategic report for our SECR results for the year ended 31 October 2022.

Results & 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 (2021: £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)
K Davies (appointed 1 October 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 2022 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 UK-adopted international accounting standards. 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
- 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.

Principal risks and uncertainties are covered on pages 82 to 85 within the Governance Report. The following areas are covered within the Strategic Report:

- Disabled employees
- Employee interactions
- Engagement with suppliers and customers

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

On Behalf of the Board

GS CHERRY, Director
28th July 2023

Company registration number: 12485436

2022 Financial Statements

INDEPENDENT AUDITOR'S REPORT

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 2022, which comprise of the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company 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 the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. 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 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with 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 the ongoing conflict in Ukraine and the current cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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.

INDEPENDENT AUDITOR'S REPORT

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 regulation 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. We corroborated our enquiries through our review of board minutes;
- We assessed the susceptibility of the Group's financial statements to material misstatement including how fraud may 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 those journal entries matching certain risk criteria; and
  - Challenging assumptions and judgements made by management in its significant accounting estimates.

- 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 engagement leader's assessment that the audit team collectively had the appropriate competence and capabilities to identify or recognise 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.

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.

Use of our report

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

Grant Thornton UK LLP

Stephen Wyborn
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Chelmsford
28th July 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2022 £	2021 £
Revenue	3	98,739,659	65,175,735
Cost of sales		(79,039,805)	(51,103,326)
Gross profit		**19,699,854**	**14,072,409**
Administrative Expenses	4	(12,117,857)	(7,487,645)
Other Operating Income	5	2,142,322	-
Other Operating Expense	5	(1,654,339)	-
Operating profit	4	**8,069,980**	**6,584,764**
Finance income	7	1,211	1,108
Finance charges	8	(1,724,198)	(457,192)
Profit before tax		6,346,993	6,128,680
Taxation	9	(981,896)	(1,188,062)
Profit for the year attributable to owners of the parent		**5,365,097**	**4,940,618**

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 2022 £	At 31 October 2021 £
Non-current assets			
Intangible assets	10	240,350	227,208
Property, plant and equipment	11	373,401	180,944
Right of Use Asset	11	2,234,766	95,038
Trade and other receivables	14	58,980	528,749
		2,907,497	1,031,939
Current assets			
Inventories	13	80,850,795	45,917,796
Trade and other receivables	14	6,859,500	3,732,742
Cash and cash equivalents	15	19,090,063	13,861,389
		106,800,358	63,511,927
Current liabilities			
Trade and other payables	16	43,256,565	12,111,197
Lease liabilities	18	478,038	32,584
Borrowings	19	52,578	1,299,000
		43,787,181	13,442,781
Non-current liabilities			
Trade and other payables	16	14,639,443	9,432,537
Lease liabilities	18	1,788,906	62,454
Borrowings	19	-	134,328
		16,428,349	9,629,319
Provisions for liabilities			
Deferred Tax	17	18,440	17,778
Net assets		**49,473,885**	**41,453,988**
Equity			
Share capital	24	28,669,535	26,004,545
Share premium account		31,098	41,298
Capital redemption reserve		10	-
Retained earnings		17,216,570	11,851,473
Other reserves		3,556,672	3,556,672
Equity attributable to owners of the parent company		49,473,885	41,453,988

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 28th July 2023 and were signed on its behalf by:

GS Cherry, Director
Registered number: 12485436

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium £	Capital redemption reserve £	Other reserves £	Retained earnings £	Equity attributable to owners of the parent company £
At 1 November 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 24)	92	41,298	-	-	-	41,390
Reduction of shares	-	-	-	-	-	-
Dividend in specie	-	-	-	-	-	-
	92	41,298	-	-	-	41,390
At 31 October 2021	26,004,545	41,298	-	3,556,672	11,851,473	41,453,988
Comprehensive income for the year						
Profit for the year	-	-	-	-	5,365,097	5,365,097
	-	-	-	-	5,365,097	5,365,097
Transactions with owners						
Issue of shares (note 24)	2,665,000	-	-	-	-	2,665,000
Share buyback & cancellation	(10)	(10,200)	10	-	-	(10,200)
	2,664,990	(10,200)	10	-	-	2,654,800
At 31 October 2022	28,669,535	31,098	10	3,556,672	17,216,570	49,473,885

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2022 £	2021 £
Cash flow from operating activities			
Profit for the financial year before taxation		6,346,993	6,128,680
Finance income	7	(1,211)	(1,108)
Finance costs	8	1,724,198	457,192
Depreciation of property, plant and equipment	11	373,139	89,143
Amortisation of intangible assets	10	74,066	62,481
Loss on disposal of property, plant and equipment	11	-	1,654
Tax paid		(250,000)	(514,029)
		8,267,185	6,224,013
Changes in working capital			
Increase in inventories		(34,932,999)	(12,571,500)
Increase in trade and other receivables		(2,656,989)	(3,275,509)
Increase in trade and other payables		34,158,533	11,111,917
Net cash generated from / (used in) operating activities		**4,835,730**	**1,488,921**
Cash flow from investing activities			
Purchase of intangible assets	10	(87,208)	(127,615)
Purchase of property, plant and equipment	11	(292,251)	(86,678)
Interest received	7	1,211	1,108
Net cash used in investing activities		**(378,248)**	**(213,185)**
Cash flow from financing activities			
Issue of ordinary shares	24	2,665,000	41,390
Purchase of shares	24	(10,200)	-
Repayment of loans	19	(1,380,750)	(1,200,000)
Capital payments on lease liabilities	18	(309,441)	(32,584)
Interest paid on lease liabilities	18	-	(5,416)
Other interest paid		(193,417)	(109,893)
Net cash generated from financing activities		**771,192**	**(1,306,503)**
Net increase / (decrease) in cash and cash equivalents		**5,228,674**	**(30,767)**
Cash and cash equivalents at beginning of financial year	15	13,861,389	13,892,156
Cash and cash equivalents at end of financial year	15	**19,090,063**	**13,861,389**

NOTES TO THE 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 2022 are those of the Company and all of its subsidiaries. They have been prepared in accordance with UK-adopted international accounting standards ("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 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 years ended 31 October 2021 and 31 October 2022.

2.2 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.

2.3 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 Company 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 Group 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.

2.4 Other operating income and expense

Other operating income and expense consists of the sale of part exchange units and the sale of undeveloped land. They are not considered part of the principal activity of the Company and as such are recognised within 'other operating income' and 'other operating expense'.

Part exchange units
The fair value of the part exchange property is established by independent surveyors, reduced for costs to sell and recognised within Inventories. The onwards sale of a part-exchange property is recognised at the fair value of consideration received or receivable. The income and expense associated with this are recognised in other operating income and other operating expenses. Income is recognised at a point in time which is on legal completion, as this is when the customer obtains control of the property and Stonebond have transferred ownership.

Sale of undeveloped land
Once the land has been purchased, it is recognised within inventories, at the lower of costs and net realisable value. The associated income and expense relating to the onward sale of the undeveloped land is recognised at a point in time. Income is recognised at the fair value of consideration received or receivable, at which point the carrying value of land is recognised within cost of sales.

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
Standard House Types	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 2021	Year ended 31 October 2022
3.85%	3.85%	3.85%*

*Where SONIA was >0.05% we have added this to our discount rate, as our incremental borrowing rate is that of 3.85% plus SONIA.

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 schemes 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 of 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.
- "Capital redemption reserve" represents the nominal value of shares repurchased by the Company.
- "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

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 Group.

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.

3. Revenue

	2022 £	2021 £
Private sales (recognised at a point in time)	41,337,168	26,978,372
Land-led partnership sales (recognised over time)	32,619,068	12,650,232
Land-led partnership sales (recognised at a point in time)	24,783,423	25,547,131
	98,739,659	65,175,735

4. Operating profit

	2022 £	2021 £
Operating profit is stated after charging:		
Depreciation of property, plant and equipment:		
• Owned assets	104,300	56,559
• Right of use assets under leases	268,839	32,584
Amortisation of intangible assets	74,066	62,481
Amounts payable to the company's auditors:		
• For audit of the parent company	14,025	17,750
• For audit of subsidiaries	84,219	58,250
• Non-audit fees	28,270	17,150

5. Other Operating Income and Expense

	2022 £	2021 £
Other Operating Income		
Sale of Land	1,232,538	-
Sale of Part Exchange units	909,784	-
	2,142,322	-

	2022 £	2021 £
Other Operating Expenses		
Cost of land sold	734,231	-
Cost of part exchange units sold	920,108	-
	1,654,339	-

6. Directors and employees

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

	2022 £	2021 £
Wages and salaries	10,207,663	6,212,204
Social security	1,291,771	735,801
Pension costs	377,417	218,159
	11,876,851	7,166,164

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

	2022 £	2021 £
Site staff	22	10
Office staff	76	47
Senior management	8	7
	106	64

Remuneration of Directors	2022 £	2021 £
Emoluments and fees for qualifying services	630,708	505,400
	630,708	505,400

Highest Paid Director	2022 £	2021 £
Emoluments and fees for qualifying services	571,125	505,400

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2021: £Nil).

Key management personnel are identified as the Directors and members of the executive management team. Total key management personnel compensation for the year was £3,129,995 (2021: £2,080,601).

7. Finance income

	2022 £	2021 £
Interest on bank deposits	1,211	1,108

8. Finance expense

	2022 £	2021 £
Interest on bank overdraft & drawdown facilities	193,417	109,893
Finance charge on deferred land payment	1,436,896	341,883
Interest on Corporation Tax Liability	25,082	-
Interest expense on lease liabilities	68,803	5,416
	1,724,198	457,192

9. Taxation

	2022 £	2021 £
Current tax:		
UK corporation tax based on the results for the year	1,056,671	1,170,284
Adjustments in respect of prior year	(93,215)	-
	963,456	1,170,284
Deferred tax:	9,408	13,488
Origination and reversal of temporary differences	2,971	4,290
Effect of tax rate change on opening balance	6,061	-
Adjustments in respect of prior year		
	18,440	17,778
Total tax on profits on ordinary activities	981,896	1,188,062

Factors affecting the tax charge for the year

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

	2022 £	2021 £
Profit on ordinary activities before tax	**6,346,993**	**6,128,680**
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (all periods)	1,205,929	1,164,449
Effects of:		
Expenses not deductible for tax purposes	9,667	2,890
Fixed Asset Timing Differences	(6,849)	-
Permanent capital allowances differences in excess of depreciation	(487)	-
Remeasurement of deferred tax changes in tax rates	2,971	7,690
Additional deduction for land remediation	(143,761)	-
Adjustments to tax in previous periods	(93,215)	-
Adjustments to deferred tax in previous periods	14,092	-
Movement in deferred tax not recognised	(6,451)	-
Over provided in previous years	-	13,033
Total tax	981,896	1,188,062

10. Intangible assets

	Computer software £	Standard House Types £	Website development £	Total £
Cost				
At 1 November 2020	164,733	-	2,500	167,233
Additions	103,225	-	24,390	127,615
At 31 October 2021	267,958	-	26,890	294,848
Additions	8,818	75,752	2,638	87,208
At 31 October 2022	276,776	75,752	29,528	382,056
Amortisation				
At 1 November 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
Charge for the year	67,325	-	6,741	74,066
At 31 October 2022	129,890	-	11,816	141,706
Net book value				
At 31 October 2022	146,886	75,752	17,712	240,350
At 31 October 2021	205,393	-	21,815	227,208

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

11. Property, plant and equipment

	Computer Equipment £	Assets under construction £	Fixtures and fittings £	Right of use assets £	Total £
Cost					
At 1 November 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
Additions	93,842	-	198,409	2,413,458	2,705,709
Disposals	-	(385)	-	-	(385)
At 31 October 2022	249,795	9,973	363,154	2,543,795	3,166,717
Depreciation					
At 1 November 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
Charge for the year	38,181	2,138	59,090	273,730	373,139
Disposals	-	-	-	-	-
At 31 October 2022	103,577	2,138	143,806	309,029	558,550
Net book value					
At 31 October 2022	146,218	7,835	219,348	2,234,766	2,608,167
At 31 October 2021	90,557	10,358	80,029	95,038	275,982

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

12. Subsidiary undertakings

Details of subsidiary undertakings as at 31 October 2022 and 31 October 2021 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	Ordinary £1	100
Stonebond Properties (St Albans) Limited	132 - 136 New London Road, Chelmsford, Essex, England	Ordinary £1	100
Stonebond Properties (Sevenoaks) Limited	132 - 136 New London Road, Chelmsford, Essex, England	Ordinary £1	100
Stonebond Properties (Solihull) Limited	132 - 136 New London Road, Chelmsford, Essex, England	Ordinary £1	100
Stonebond Properties (Guildford) Limited	132 - 136 New London Road, Chelmsford, Essex, England	Ordinary £1	100

The following subsidiary undertakings were incorporated during the year ended 31 October 2022.

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

13. Inventories

	At 31 October 2022 £	At 31 October 2021 £
Work in progress	79,343,001	45,917,796
Part exchange units	1,507,794	-
	80,850,795	45,917,796

The carrying amount of inventories includes £13,851,200 (2021: £17,097,353) pledged as security for liabilities.

14. Trade and other receivables

	At 31 October 2022 £	At 31 October 2021 £
Current		
Trade receivables	1,803,835	1,103,642
Other receivables	369,066	693,630
Contract assets	4,318,993	1,857,030
Prepayments	367,606	78,440
	6,859,500	3,732,742
Non-current		
Trade receivables	58,980	528,749
	6,918,480	4,261,491

Other receivables include £88,940 (2021: £401,273) of VAT to be reclaimed.

15. Cash and cash equivalents

	At 31 October 2022 £	At 31 October 2021 £
Cash at bank (GBP)	19,090,063	13,861,389

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

16. Trade and other payables

	At 31 October 2022 £	At 31 October 2021 £
Current		
Trade payables	6,203,305	1,032,833
Other tax and social security	1,213,124	29,548
Other payables	27,057,411	6,179,923
Contract liabilities	980,123	567,711
Accruals	6,290,114	3,519,925
Current tax payable	1,512,488	781,257
	43,256,565	12,111,197
Non-current		
Trade Payables	221,858	503,831
Other payables	14,417,585	8,928,706
	14,639,443	9,432,537
	57,896,008	21,543,734

Movement in contract liabilities	2022 £	2021 £
At begining of year	567,711	467,750
Revenue recognised in the year	(567,711)	(467,750)
Revenue deferred into future periods	980,123	567,711
At end of year	980,123	567,711

Other creditors includes deferred land creditors of £41,376,419 (2021: £14,735,916). 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 2022, the liabilities had been discounted by £2,546,767 (2021: £540,084), reflecting the time value of money.

Included within other creditors is £Nil (2021: £12,343,790) which is secured by legal charge over land included in inventory carried by subsidiary companies. Included in other creditors is £2,485,866 (2021: £2,392,126) which is secured by a deferred payment bond carried by subsidiary companies.

17. Deferred Tax

	2022 £	2021 £
At beginning of year	17,778	-
Charged to profit or loss	662	17,778
At end of year	18,440	17,778

	2022 £	2021 £
Fixed asset timing differences	25,728	18,474
Short term timing differences	(7,288)	(696)
Total tax	18,440	17,778

18. 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 Group's incremental borrowing rate is used instead. This is determined by reference to the interest application on the Group's borrowings.

	At 31 October 2022 £	At 31 October 2021 £
Carrying amount at the beginning of the year	95,038	127,622
Additions	2,413,458	-
Depreciation charge	(273,730)	(32,584)
Carrying amount at the end of the year:	2,234,766	95,038

	At 31 October 2022 £	At 31 October 2021 £
Interest expense on lease liabilities	68,803	5,416
Total cash outflow for leases	309,441	38,000

	At 31 October 2022 £	At 31 October 2021 £
Short-term lease expense	8,285	100,500
Low value lease expense	11,748	10,927
Aggregate undiscounted commitments for short-term leases	-	-

Lease liabilities	At 31 October 2022 £	At 31 October 2021 £
Current	478,038	32,584
Non-current	1,788,906	62,454
	2,266,944	95,038

19. Borrowings

	At 31 October 2022 £	At 31 October 2021 £
Amounts falling due within one year		
Other loans	52,578	1,299,000
	52,578	1,299,000
Amounts falling due within one to two years		
Other loans	-	134,328
	-	134,328
Amounts falling due within two to five years		
Other loans	-	-
	-	-
Total borrowings	52,578	1,433,328

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 £10m with NatWest Group.

Reconciliation of liabilities arising from financing activities

31 October 2022	At 1 November 2021 £	Additions £	Interest unwind £	Repaid in cash £	At 31 October 2022 £
Lease liabilities	95,038	2,412,544	68,803	(309,441)	2,266,944
Other loans	1,433,328	-	-	(1,380,750)	52,578
	1,528,366	2,412,544	68,803	(1,690,191)	2,319,522

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

20. 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 2022 £	At 31 October 2021 £
Trade receivables (note 14)	1,862,815	1,632,391
Other receivables (note 14)	369,066	292,357
Accrued income (note 14)	4,318,993	1,857,030
Cash and cash equivalents (note 15)	19,090,063	13,861,389
	25,640,937	17,643,167

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 2022 £	At 31 October 2021 £
Trade payables (note 16)	6,425,163	1,032,833
Other payables (note 16)	41,474,996	14,743,078
Lease liabilities (note 18)	2,266,944	95,038
Borrowings (note 19)	52,578	1,433,328
Accruals (note 16)	6,290,114	3,519,925
	56,509,795	20,824,202

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).

21. 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 14, 15, 16, 18, 19, 20 and 22.

Liquidity risk
Liquidity risk is dealt with in note 22 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 8), 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.

22. 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 2022 and 2021, on the basis of their earliest possible contractual maturity.

At 31 October 2022	Total £	Within 1 year £	Within 1-2 years £	Within 2-5 years £	Beyond 5 years £
Trade payables	6,425,163	6,203,305	221,858	-	-
Other payables	43,923,186	29,505,601	14,417,585	-	-
Current tax payable	1,512,488	1,512,488	-	-	-
Accruals	6,290,114	6,290,114	-	-	-
Lease liabilities	2,864,574	478,038	768,188	895,678	722,670
Borrowings	52,578	52,578	-	-	-
	61,068,103	44,042,124	15,407,631	895,678	722,670

At 31 October 2021	Total £	Within 1 year £	Within 1-2 years £	Within 2-5 years £	Beyond 5 years £
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	-

23. 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 2022 £	At 31 October 2021 £
Equity	49,473,885	41,453,988
Cash and cash equivalents	(19,090,063)	(13,861,389)
Borrowings	52,578	1,433,328
	30,436,400	29,025,927

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.

24. Share capital

Allotted, called up and fully paid	At 31 October 2022 Number	At 31 October 2021 Number
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
Ordinary C5 shares of £1 each	2,665,000	-
Growth shares of 10p each	1,450	1,550
Total share capital	28,678,490	26,013,590

Allotted, called up and fully paid	At 31 October 2022 £	At 31 October 2021 £
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
Ordinary C5 shares of £1 each	2,665,000	-
Growth shares of 10p each	145	155
Total share capital	28,669,535	26,004,545

The following shares were issued in the periods presented:

Year ended 31 October 2022

	Number	Share capital £
At 1 November 2021	26,013,590	26,004,545
Issue of Ordinary C5 Shares	2,665,000	2,665,000
Cancellation of 100 x 10p Growth shares	(100)	(10)
At 31 October 2022	28,678,490	28,669,535

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, C4 and C5 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.

NOTES TO THE FINANCIAL STATEMENTS

25. 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 2022 £	At 31 October 2021 £
Entities with control, joint control or significant influence over the group	-	-
Entities over which the group has control, joint control or significant influence	-	-
	-	-

26. Financial commitments

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

COMPANY BALANCE SHEET

	Notes	At 31 October 2022 £	At 31 October 2021 £
Assets			
Non-current assets			
Investments	3	6	5
Property, plant and equipment	4	9,669	2,711
Intangible Assets	5	83,214	-
Trade and other receivables	6	30,032,592	30,354,390
		30,125,481	30,357,106
Current assets			
Trade and other receivables	6	200,290	63,835
Cash and cash equivalents		6,508	23,865
		206,798	80,700
Current liabilities			
Trade and other payables	7	817,790	470,308
Borrowings	8	52,578	1,299,000
		870,368	1,769,308
Non-current liabilities			
Borrowings	8	-	134,328
Net Assets		29,461,911	28,541,270
Equity			
Share capital	9	28,669,535	26,004,545
Share premium		31,098	41,298
Capital redemption reserve		10	-
Retained earnings		761,268	2,495,427
Shareholders' funds		**29,461,911**	**28,541,270**

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 loss for the year ended 31st October 2022 was £1,734,159 (2021: Profit of £2,516,578).

The financial statements were approved by the Board of Directors and authorised for their issue on 28th July 2023 and were signed on its behalf by:

GS Cherry, Director
Registered number: 12485436

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium £	Capital redemption reserve £	Retained (losses)/ earnings £	Total equity £
As at 1 November 2020	26,004,453	-	-	(21,151)	25,983,302
Comprehensive expense 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
Comprehensive income for the year					
Loss for the year	-	-	-	(1,734,159)	(1,734,159)
	-	-	-	(1,734,159)	(1,734,159)
Transactions with owners					
Issue of shares (note 8)	2,665,000	-	-	-	2,665,000
Share buy-back & cancellation	(10)	(10,200)	10	-	(10,200)
	2,664,990	(10,200)	10	-	2,654,800
At 31 October 2022	28,669,535	31,098	10	761,268	29,461,911

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

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

for the year ended 31 October 2022

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. Principal 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 loss for the year ended 31 October 2022 was £1,734,159 (2021: Profit of £2,516,578).

2.2 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.

2.3 Taxation

(a) 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.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

for the year ended 31 October 2022

(b) 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.

2.4 Valuation of investments
Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 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.

2.6 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.

2.7 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.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

for the year ended 31 October 2022

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.

2.8 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.

2.9 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.

2.10 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.

2.11 Critical accounting judgements

There are no critical accounting judgements.

3. Investments

	Investments in subsidiaries £
Cost or valuation	
As at 1 November 2020	26,004,519
Additions	2
As at 31 October 2021	26,004,521
Additions	1
As at 31 October 2022	26,004,522
Impairment	
As at 1 November 2020	26,004,516
Impairment losses	-
As at 31 October 2021	26,004,516
Impairment losses	-
As at 31 October 2022	26,004,516
Carrying Amount	
As at 31 October 2022	6
As at 31 October 2021	5

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 2020	3,624	3,624
Additions	-	-
At 31 October 2021	3,624	3,624
Additions	8,721	8,721
At 31 October 2022	12,345	12,345
Depreciation		
At 1 November 2020	-	-
Charge for the year	913	913
At 31 October 2021	913	913
Charge for the year	1,763	1,763
At 31 October 2022	2,676	2,676
Net book value		
At 31 October 2022	9,669	9,669
At 31 October 2021	2,711	2,711

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

5. Intangible assets

	Standard house types £	Total £
Cost		
At 1 November 2020	-	-
Additions	-	-
At 31 October 2021	-	-
Additions	83,214	83,214
At 31 October 2022	83,214	83,214
Amortisation		
At 1 November 2020	-	-
Charge for the year	-	-
At 31 October 2021	-	-
Charge for the year	-	-
At 31 October 2022	-	-
Net book value		
At 31 October 2022	83,214	83,214
At 31 October 2021	-	-

6. Trade and other receivables

	At 31 October 2022 £	At 31 October 2021 £
Current Receivables		
Amounts due from group undertakings	-	-
Other receivables	98,539	33,770
Contract assets	37,775	29,588
Prepayments	63,976	577
	200,290	63,835
Non-Current Receivables		
Amounts due from group undertakings	30,032,592	30,354,390
	30,032,592	30,354,390
	30,232,882	30,418,325

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

for the year ended 31 October 2022

7. Trade and other payables

	At 31 October 2022 £	At 31 October 2021 £
Current		
Trade Payables	64,427	-
Amounts due to group undertakings	6	5
Other tax & social security	69,302	18,171
Other payables	5,985	1,600
Accruals	678,070	450,532
	817,790	470,308

8. Borrowings

	At 31 October 2022 £	At 31 October 2021 £
Amounts falling due within one year		
Other loans	52,578	1,299,000
	52,578	1,299,000
Amounts falling due within one to two years		
Other loans	-	134,328
	-	134,328
Amounts falling due within two to five years		
Other loans	-	-
	-	-
Total borrowings	52,578	1,433,328

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 £10m.

9. Share capital

	At 31 October 2022 Number	At 31 October 2021 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
Ordinary C5 shares of £1 each	2,665,000	-
Growth shares of 10p each	1,450	1,550
Total share capital	28,678,490	26,013,590

	At 31 October 2022 £	At 31 October 2021 £
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
Ordinary C5 shares of £1 each	2,665,000	-
Growth shares of 10p each	145	155
Total share capital	28,669,535	26,004,545

The following shares were issued in the periods presented:

Year ended 31 October 2022

	Number	Share capital £
At 1 November 2021	26,013,590	26,004,545
Issue of Ordinary C5 Shares	2,665,000	2,665,000
Cancellation of 100 x 10p Growth shares	(100)	(10)
At 31 October 2022	28,678,490	28,669,535

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, C4 and C5 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.


THE CRESCENT
Goffs Oak

Supplementary Information

GLOSSARY

TERM	DEFINITION
5 Star HBF Customer Satisfaction Score	The Group's five-star rating in the Home Builders Federation 8-week customer survey, based on responses from customers who legally completed between 1 October 2021 to 30 September 2022
2022	The Company's financial year ending 31 October 2022
Act	Companies Act 2006
Affordable equivalent unit	This is calculated by dividing the revenue recognised in the period by the average selling price on the scheme to give an equivalent unit price. By dividing total revenue by the average selling price gives the number of affordable equivalent units
AIIR	Accident Incident Injury Rate
ASP	Average Selling Price – being total revenue divided by the number of units
BNG	Biodiversity Net Gain
BAME	BAME - Black, Asian, Minority Ethic
BTR	Build-to-Rent
Board	The Board of Directors of the Company
Co2e	Carbon Dioxide equivalent
Code	UK Corporate Governance Code issued in July 2018
Company	Stonebond Group Limited
Controlled land	Land which is owned and controlled by the Group, including joint ventures and joint arrangements
EMT	Executive Management team
ESG	Environmental, social and governance
FHS	Future Homes Standards
FRC	Financial Reporting Council
FY22	The Company's financial year ending 31 October 2022
GDPR	General Data Protection Regulations
Group	The Company and its subsidiary undertakings
HA	Housing Association
HBF	Home Builders Federation
HMRC	HM Revenue & Customs
HSE	Health & Safety Executive
IAS	International Accounting Standards
IFRS	International Financial Reporting Standard
IT	Information Technology
KPI	KPI - Key Performance Indicator
LAs	Local Authorities
Legal Completions	The legally completed sale of units, including joint venture completions but excluding partner delivery equivalent units
NHBC	The National House Building Council
PRS	Private rented sector
Regions	Our six operating regions being: Chelmsford, St Albans, Sevenoaks, Solihull, Guildford and Manchester
Return on capital employed (ROCE)	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 and intangibles
RIs	Reportable Incidents are defects found during inspections carried out by the warranty provider throughout the build stage
RPS	Registered providers
SDLT	Stamp Duty Land Tax
SECR	Streamlined Energy and Carbon Reporting
TOMs	Themes, outcomes and measures
VAT	Value added tax

GROWTH PROFILE

	2022	2021	2020	2019
Income Statement				
Affordable revenue - £'m	57.4	38.2	5.1	2.1
Private revenue - £'m	41.3	27.0	16.5	19.0
Total revenue - £'m	98.7	65.2	21.6	21.1
Gross Profit - £'m	19.7	14.1	4.2	5.1
Operating Profit - £'m	8.1	6.6	1.0	2.6
GP%	20.0%	21.5%	19.8%	24.0%
OP%	8.2%	10.1%	3.3%	12.1%
Other				
Affordable equivalent units	198	151	26	11
Private units	66	46	26	30
Total units	264	197	52	41
Affordable unit %	75%	77%	50%	27%
Private unit %	25%	23%	50%	73%
ROCE	27.4%	24.3%	5.2%	20.3%
Employees at year end	120	77	47	27
Operating regions	6	4	2	1

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