REGISTERED NUMBER: 04179330 (England and Wales)

Weston Group Plc

Group Strategic Report, Report of the Directors and

Consolidated Financial Statements for the Year Ended 31 July 2020

Weston Group Plc

Contents of the Consolidated Financial Statements
for the Year Ended 31 July 2020

Company Information
for the Year Ended 31 July 2020

Directors:	R P Weston S P Bickel S R Thomas J E Stock S M Aplin R J Downing (Non-executive) M A Chapman (Non-executive) S A Miles-Brown (Non-executive) A R Taylor (Non-executive)
Secretary:	R P Weston
Registered office:	The Weston Group Business Centre Parsonage Road Takeley Essex CM22 6PU
Registered number:	04179330 (England and Wales)
Auditors:	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Maurice Wilkes Building St John's Innovation Park Cowley Road Cambridge Cambridgeshire CB4 0DS
Bankers:	HSBC Bank Plc London Commercial Banking Centre 71 Queen Victoria Street London EC4V 4AY Lloyds Banking Group 25 Gresham Street London EC2 7HN

Bankers:	Bank of Ireland Bow Bells House 1 Bread Street London EC4M 9BE
	Allied Irish Banks St Helens 1 Undershaft London EC3A 8AB
Solicitors:	Nockolds Solicitors Ltd 6 Market Square Bishop's Stortford Hertfordshire CM23 3UZ
	Fladgate LLP 16 Great Queen Street London WC2B 5DG
	Macfarlanes LLP 20 Cursitor Street London EC4A 1LT

The Directors present their strategic report of the Company and the Group for the year ended 31 July 2020.

Review of business
The Directors are delighted to report a profit in a year which saw unprecedented shocks to the economy from the COVID-19 pandemic as well as the continuing uncertainty from the UK's exit from the European Union (EU).

Despite the continued wrangling over the UK's departure from the EU the Group entered the year with high expectations for another successful year following its excellent year in 2019. In the period to February 2020 trading was progressing well for the Group's largest business, Weston Homes Plc, with sales reservation rates more or less on target. However, the onset of the COVID-19 pandemic in March 2020 had a significant impact on the economy which quickly fed through to the Group.

With the economy effectively closed down for a number of weeks following the government's stay at home request, it was no surprise that the Group's financial performance was impacted. Although the government never specifically instructed the construction industry to lockdown completely, in the way it did with other sectors of the economy, we closed the majority of our construction sites, sales offices and head office for all of April and part of May. The vast majority of staff were furloughed and the Group took advantage of the Coronavirus Job Retention Scheme (CJRS) to minimise the impact on its cash resources.

With the easing of lockdown restrictions, we took the decision to tentatively re-open our sites, sales offices and head office in mid May under strict social distancing and hygiene guidelines. Footfall to our sales offices quickly picked up. Although lower than at pre pandemic levels, the conversion rate into a sale was higher indicating that only those genuinely interested in purchasing a home visited our sites. Sales rates picked up quicker than expected under the circumstances and after lockdown was lifted sales were far better than would have been expected. The government's stamp duty changes in July 2020 in response to the pandemic will without doubt be a positive contributory factor in stimulating pent up demand for the forthcoming year and was a welcome initiative. From a construction point of view, build handovers were also strong after the re-start. We are very pleased with the commitment shown by all involved to achieve this despite the added complexities of operating under social distancing guidelines.

The Group's smaller businesses, namely Weston [Business Centres] Limited and Stansted Environmental Services Limited unsurprisingly also suffered during the year with demand for services falling away during lockdown. Both businesses still reported a small profit in the year.

Although the upturn in sales for Weston Homes was not sufficient to make up for all the turnover and profit lost during lockdown, it was nonetheless sufficient to allow the Group as a whole to post a small profit. The Directors are extremely pleased to achieve this and it demonstrates how remarkably resilient the UK housing market is in the face of such fundamental uncertainties.

Once again, our banking partners have been very supportive of the business. The majority of the Group's funding is derived from a revolving credit facility with its syndicate of banks HSBC, Lloyds Banking Group, Bank of Ireland and Allied Irish Banks. The facility was renegotiated in 2019 and is in place until July 2024. In the latter part of the year it was necessary to approach the banks again to request that some of the covenants within the facility be temporarily relaxed to avoid the inevitable breach which would have occurred due to the effect from the pandemic. We are pleased to say that this was agreed, giving welcome breathing space and the Board is extremely grateful for the banks' support in these incredibly difficult times. In addition to the support given by our banks, we also issued new preference shares during the year bringing some £2.5m of cash into the business, this being taken up by existing shareholders. Since year end, we have also secured an additional £19m of funding under the government backed Coronavirus Large Business Interruption Loan Scheme (CLBILS) from a number of our banking partners, HSBC, Lloyds Banking Group and Allied Irish Banks. This was taken out to help cover the profit and cash lost due to COVID-19. This demonstrates their commitment to the business and we are very grateful for their continued support.

The better than expected pick up in activity following the relaxation of lockdown, coupled with the CJRS support and close scrutinisation of cash outflows enabled the Group to maintain a positive cash flow and healthy headroom in its banking facility at all times.

Financial results

The Group achieved a pre tax profit of £0.6m (2019: £25.0m) from 631 unit sales completions. The number of completions was significantly lower than the 767 reported in 2019 and hence turnover fell from £255.9m to £178.8m but in the context of the year's events this is still an extremely positive outturn.

Gross profit margin fell from 20.2% to 12.8% due to a less favourable mix of sales on a number of sites which came under pricing and cost pressures. It was also impacted, albeit to a lesser extent, by the accelerated writing off of a number of costs during the period when the Company was closed due to the COVID-19 lockdown. Other operating income was significantly higher in 2020 at £6.6m compared to £0.2m last year due to the gain made on the construction and sale of a commercial building previously held as a fixed asset and a grant given by the government under the Coronavirus Job Retention Scheme. The Group subsequently leased the property back to be used as its new head office. In terms of cash generation, we ended the year with a lower level of net debt of £159.9m compared to £162.8m last year. This was on the back of a positive cash inflow generated from operations of £4.8m as shown in the Consolidated Cashflow Statement.

Administrative expenses increased by £1.6m to £26.6m predominantly due to higher salary costs. The tax charge of £0.4m was significantly lower than last year as would be expected with the lower profit albeit the effective tax rate rose significantly to 67.9%. This was due to the high level of tax add backs relative to the low level of profit. No ordinary dividend was paid during the year. Net assets increased from £102.3m to £103.2m.

Future developments

It cannot be denied that the past year has been extremely challenging and it remains to be seen how the UK's exit from the EU plays out and how the COVID-19 situation develops. The second national lockdown recently announced by the Prime Minister is unfortunate, although we had already factored this eventuality into our future forecasts. These events are obviously outside of the Board's control, and so we will need to concentrate even more than ever on the things that are in our control to deliver the best possible customer experience. In addition, the business will need to be agile and nimble to react to what could be a very fluid situation. For example, the type of dwelling our customers demand may change with more people choosing to work from home on a permanent basis even when we return to more normal times. This may affect the internal layout of the units we build and there may be a demand for more outside space and so we need to be aware of these trends when we are purchasing land in the future.

As a Company we are continually reviewing the quality of our offering compared to our competitors. Innovation is very important in this respect. With our state-of-the-art facility at Braintree now in its second year of operation, the team is focused on delivering new ways of doing things to speed up the build process using modern methods of offsite construction and to increase the operational efficiency.

It remains to be seen how things will develop with this new trend for working from home. However, whatever happens we believe there will always be a demand for office space. The demand may be different but we believe it will be there. So paradoxically the pandemic may in fact represent a potential opportunity for Weston Business Centres in the future. As a business providing serviced office accommodation on a flexible basis located in rural Essex, we may see growth in demand for our office space from businesses wishing to move out of London to reduce the risk to their staff from travelling into the city.

We ended the year with a forward sales book approaching £200m which is a great place to be. This, coupled with the banking facilities that are already in place, and a very strong balance sheet means that we are positioned to move forward positively. We also have an excellent pipeline of future developments approaching 7,000 dwellings either with a full planning consent or in the planning process including a number of large schemes.

In summary the Board remains optimistic for the future but vigilance will be the key given the unusual times in which we find ourselves.

Accounting Standards change
During the year the Board took the decision to change from reporting under International Financial Reporting Standards (IFRS) to Financial Reporting Standard 102 (FRS 102).

Section 172 statement
The Board of Weston Homes Plc recognise their duty, under Section 172 of the Companies Act 2006, to act in a way that they consider in good faith and to promote the success of the Company for the benefit of its members and other key stakeholder groups. When making decisions the Directors consider the interests of all its key stakeholders.

The stakeholder groups which the Directors have engaged with and responded to during the year include the following:

Customers: Our dedicated sales teams take our customers through every step of the purchasing process in order to make the process of buying their new accommodation as smooth as possible. By following the Group's strapline of "Built with passion, delivered with pride", the whole process starts with a friendly welcome into our Sales Offices at our developments, where our customers are able to make decisions and choices of finishes and accessories to make their property a home, that is special to them.

Employees: Our employees are kept informed of changes and progress happening within the Group via tri-annual staff presentations, regular team meetings, which, amongst other things, concentrate on individual departments' work, and also ease the interaction between the various departments within the Company, to ensure the Company's smooth running.

Suppliers and subcontractors: We aim to build very strong relationships with our suppliers and subcontractors. Each year, we hold a Business Partner Awards, which recognises the valuable contribution our suppliers and subcontractors make at our developments. Numerous awards are made to those suppliers and subcontractors that stand-out during the year.

Funders: The Group maintains very strong and close relationships with all of its funders. Regular communication is undertaken with monthly reports to its bankers and where possible site visits and other informal meetings.

Communities: We aim to engage with the communities within the locations we operate by communicating with them as much as possible. In particular, our planning teams attend consultations with local residents to hear, and resolve, any concerns they may have. As part of the planning process, we work with the Local Authorities to agree S.106 Agreements, to benefit the community, ranging from a financial contribution to the development of a school or community centre.

Shareholders: The Directors maintain close contact with our shareholders, to keep them informed about how the funds they have provided are being used.

Key performance indicators
The Board monitors and controls the performance of the Group using a number of operational and financial Key Performance Indicators (KPIs). The operational KPIs are focussed around the delivery of high quality homes to our customers in an efficient and timely manner as possible. Targets are set and performance against these is reviewed on a regular basis to ensure we give our customers the best possible experience from the moment they commit to buying a Weston home through to moving in. To achieve this KPIs are set to monitor the timeliness of build handovers, the level of defects, the speed at which customer issues are dealt with, whether the customer would recommend us to a friend and site health and safety. After moving in every customer is asked to complete a customer satisfaction survey and the results of these are reviewed at Board level.

The financial KPIs are designed to measure how the Group is performing against its profitability, unit sales completions, cash and net debt and net asset growth targets. These targets are set at the beginning of the financial year and are kept under constant review by the finance team to ensure that the Group is in compliance with all its banking covenants at all times.

Principal risks and uncertainties
Like all businesses, the Group faces a number of key strategic risks. Some are inherent to the industry and others are more specific. The Board regularly review these risks in order to minimise their potential impact. The principal risks are:

Macroeconomic climate and deterioration in the housing market: the house building industry is extremely sensitive to changes in the general economic climate. At the present time this is magnified significantly from the impact of the COVID-19 pandemic and the continued uncertainties surrounding the UK's future relationship with the European Union. Whilst this is outside the Group's control the macroeconomic climate is the most fundamental risk to its continued success. To minimise the impact, product analysis and evolution is a continual process to ensure that the Group is the market leader on quality and value for money. The close monitoring of changing market conditions in each location also allows for quick realignment of price and other incentives to attract potential customers away from competitors and also to satisfy mortgage providers. In addition, we regularly review the cash flow forecast and this gives us a good insight where corrective action is needed to minimise risks.

Availability of mortgage finance: lending criteria for mortgages remains a key issue in the current environment. The availability of such finance is crucial to our customers' ability to purchase our product. To mitigate this risk, we have actively supported government initiatives including 'Help to Buy' to widen our customer base and to maximise the possibility for customers to secure relevant funding. In addition, the Group operates its own 'First Time Secure Buy Scheme', which aims to assist first time buyers enter the property market.

Liquidity and funding: our ability to continue in operation is the access to sufficient short and long term funding. Actual cash balances in hand are confirmed daily. Any shortfalls are made up using the banking facilities which are pre agreed and in place for a number of years. To manage cash flow effectively, detailed forecasts are prepared and reviewed on a regular basis to ensure that sufficient funds are available and that banking covenants are not breached. The Group maintains a strong relationship with its banks, who are provided with detailed forecasts and trading updates on a regular basis.

Interest rate fluctuations: being highly geared, profitability is impacted by interest rate movements. The Group closely monitors movements in interest rates and regularly assesses the impact on the business and the need for the use of suitable hedging instruments.

Build and cost management: delays in the construction process and additional build costs can have an adverse effect on cash flow and profitability. Poor build quality can lead to additional costs being incurred and also tarnish the reputation of the Group. Detailed appraisals are prepared for each development prior to acquisition with cost movements and build programs monitored closely by key personnel across the business each month throughout the build program. Post completion meetings are undertaken for every development. A dedicated Quality Control team rigorously assesses every property and only once signed off can notice be served for that property to complete.

Land supply and planning: failure to purchase sufficient new land for development at the right time and at the right price would adversely affect future profitability. The Group's strength in this respect is in its ability to react swiftly in making quick decisions when a prospective deal is on the table. The length of time a detailed consent can take to achieve is also a major factor to consider in the process. However, with a dedicated in-house planning team, the bottlenecks which can occur in the planning system and delay the process are reduced as far as possible.

Health and safety: providing a safe environment for every individual who either works on or visits our sites is critical to the success of the Group and the Board takes its responsibilities for Health and Safety extremely seriously. A significant incident could put people or the environment at risk adversely affecting the business' reputation. In the light of the COVID-19 pandemic additional monitoring, social distancing and hygiene measures have been put in place on all construction sites and offices to minimise as much as possible the risk of transmission of the virus. A dedicated in-house Health and Safety department operates across the Group to ensure standards are applied and met. There is also a quarterly Health and Safety awards scheme which helps maintain the profile and critical importance to all staff.

Attracting and retaining high-calibre employees: access to an appropriately skilled workforce is essential in maintaining operational performance. An inability to attract, develop or retain good people will inhibit the Group's ability to achieve its strategy. The Group is committed to building careers for life and attract staff through various comprehensive programmes with structured development opportunities. As part of the 5% Club, the Group pledges to have a minimum of 5% of the workforce enrolled in sponsored programmes. There is ongoing monitoring of employee turnover, absence statistics and feedback from exit interviews. Employee engagement surveys are circulated to measure employee satisfaction and remuneration is benchmarked against industry competitors.

Regulatory compliance: failure to adhere to an increasingly stringent planning and regulatory environment could adversely impact the Group's reputation and result in financial implications, including increased direct costs and penalties and delays in production. To mitigate this, the Group engages extensively with planning authorities and other stakeholders to reduce the likelihood and impact of any disruption.

On behalf of the Board:

R P Weston - Secretary

24 November 2020

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 July 2020.

Principal activity
The principal activity of the Group was that of residential property development. The principal activity of the Company in the year under review was the holding Company of the Group.

Dividends
No ordinary dividend was declared during the year (2019: £3.0m).

Directors
The Directors shown below have held office during the whole of the period from 1 August 2019 to the date of this report.

R P Weston
S P Bickel
S R Thomas
J E Stock
R J Downing (Non-executive)
M A Chapman (Non-executive)
S A Miles-Brown (Non-executive)
A R Taylor (Non-executive)

Other changes in Directors holding office are as follows:

M W Alden resigned on 30 August 2019. J G Y Wood resigned on 29 February 2020. J R Lewis resigned on 30 October 2020 and S M Aplin was appointed on 2 November 2020.

Going concern
The Directors have assessed the Group's ability to continue as a going concern by stressing its cash flow forecasts and modelling a number of adverse "what if" scenarios. This includes the possible effect of the COVID-19 pandemic and continued uncertainty around the UK leaving the European Union. The scenarios include showing the specific impact of another COVID-19 lockdown. We have also modelled a significant reduction in the volumes of properties sold, delays in construction, a reduction in prices and a hybrid of all three. In all of the scenarios no breaches in covenants are anticipated and hence the Group has adequate working capital to meet its needs.

The Group has in place with its syndicate of banks a £203m revolving credit facility committed up until July 2024. Post year-end it also negotiated and utilised a further £19m of loan facilities under the Coronavirus Large Business Interruption Loan Scheme (CLBILS) with certain members of its banking syndicate.

Based on the these committed facilities being available and the cash flow modelling carried out the Directors have concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

Directors' and officers' indemnity insurance
The Company has taken out insurance to indemnify, against third party proceedings, subject to the conditions set out in section 234 of the Companies Act 2006, the Directors of the Company whilst serving on the Board of the Company and of any subsidiary. This cover, where relevant, indemnifies all employees of the Group who serve on the board of all subsidiaries.

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that any appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of the other employees.

The Group is committed to equality of opportunity and has an active equal opportunities policy, to promote an environment free from discrimination, where everyone will receive equal treatment regardless of their gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. Recruitment and employment practices are applied which are fair, equitable and consistent to achieve equality of opportunity.

Employee involvement
The Group recognises the importance of its employees and is committed to effective communication and consultation.

Presentations occur throughout the year, to which all employees are invited. The presentations cover progress against targets, financial results, the future and matters affecting the business. This is to ensure all employees are informed and aware of what is going on in the business.

Employee Forums are utilised where practicable to invite wider employee opinion about changes under consideration. Surveys are carried out periodically to gauge employee satisfaction levels and ascertain the focus when improvement is indicated.

Section 172 of the Companies Act 2006
The Directors have considered Section 172 as detailed in the Strategic Report.

Streamlined Energy Carbon Report

This is the Group's first Streamlined Energy Carbon Report (SECR) which covers the year ended 31 July 2020, therefore no comparison with previous year's activities has been made. Energy consumption and associated emissions have been calculated for all applicable business activities within the UK using recommended methodologies including Energy Savings Opportunities Scheme (ESOS) and fleet and meter data.

The SECR results are summarised as follows:

		Year ended 31 July 2020
1 Energy consumption (measured in kilowatt hours)		**KWh**
Total Energy consumption used to calculate emissions for gas, electricity and transport for UK based activities amounted to		9,528,183.16
2 Emissions (measured in tonnes of carbon dioxide equivalent (tCO2e))		**tCO2e**
Scope 1	Emissions from combustion of gas	91.07
	Emissions from combustion of fuel for transport purposes	821.39
	Emissions from other activities which the Group own or control including operation of facilities	1,097.25
		2,009.71
Scope 2	Emissions from purchased electricity (Indirect - occurring at sources not owned or controlled by the Group)	2.23
	Emissions from purchased gas (Indirect - occurring at sources not owned or controlled by the Group)	3.16
		5.39
Scope 3		-
Total emissions from applicable scopes		2,015.10
Intensity Ratio	Tonnes of CO2e per m2 of properties achieving legal completion within the reporting period	0.044

During the year the Group constructed, sold and leased back a new head office building which, overall, achieved a BREEAM Very Good rating with a level of Excellent having been achieved for energy consumption. BREEAM is a sustainability standard for non-domestic premises to measure its environmental, social and economic sustainability performance. The building includes highly efficient services controlled by a Building Management System which will enable detailed analysis of energy consumption moving forwards. Procedures are currently under review with regards to more detailed energy monitoring across the business.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the 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 accounting standards 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 and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors
So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors
The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the Board:

R P Weston - Secretary

24 November 2020

Opinion

In our opinion, Weston Group Plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 July 2020 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Group Strategic Report, Report of the Directors and Audited Consolidated Financial Statements for the Year Ended 31 July 2020 (the "Annual Report"), which comprise: The Consolidated and Company Balance Sheets as at 31 July 2020; The Consolidated Statement of Comprehensive Income, The Consolidated Cash Flow Statement, and The Group and Company Statements of Changes in Equity for the Year Ended 31 July 2020; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 July 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the Directors' Responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Matthew Mullins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cambridge
25 November 2020

Weston Group Plc

Consolidated Statement of Comprehensive Income
for the Year Ended 31 July 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	178,848	255,919
Cost of sales		(155,973)	(204,291)
Gross profit		22,875	51,628
Administrative expenses		(26,629)	(25,047)
		(3,754)	26,581
Other operating income	4	6,616	247
Operating profit	7	2,862	26,828
Interest receivable and similar income		39	35
		2,901	26,863
Interest payable and similar expenses	8	(2,300)	(1,821)
Profit before taxation		601	25,042
Tax on profit	9	(408)	(5,084)
Profit for the financial year		193	19,958
Other comprehensive income		-	-
Total comprehensive income for the year		193	19,958
Profit attributable to:			
Owners of the parent		193	19,958
Total comprehensive income attributable to:			
Owners of the parent		193	19,958

The notes form part of these financial statements

Weston Group Plc (Registered number: 04179330)

Consolidated Balance Sheet
31 July 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	12	103	194
Tangible assets	13	11,741	19,583
		11,844	19,777
Current assets			
Stocks	15	277,811	273,579
Debtors	16	7,832	9,440
Cash at bank and in hand		28,926	20,980
		314,569	303,999
Creditors			
Amounts falling due within one year	17	(39,134)	(42,942)
Net current assets		275,435	261,057
Total assets less current liabilities		287,279	280,834
Creditors			
Amounts falling due after more than one year	18	(183,852)	(178,385)
Provisions for liabilities	21	(237)	(176)
Net assets		103,190	102,273
Capital and reserves			
Called up share capital	22	246	246
Capital redemption reserve	23	4,180	4,180
Retained earnings	23	98,764	97,847
Shareholders' funds		103,190	102,273

The financial statements were approved by the Board of Directors and authorised for issue on 24 November 2020 and were signed on its behalf by:

R P Weston – Director S R Thomas - Director

The notes form part of these financial statements

Company Balance Sheet
31 July 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments	14	5,089	5,089
Current assets			
Debtors	16	5,906	5,304
Creditors			
Amounts falling due within one year	17	(934)	(1,448)
Net current assets		4,972	3,856
Total assets less current liabilities		10,061	8,945
Creditors			
Amounts falling due after more than one year	18	(625)	(625)
Net assets		9,436	8,320
Capital and reserves			
Called up share capital	22	246	246
Capital redemption reserve	23	2,880	2,880
Other reserves	23	4,313	4,313
Retained earnings	23	1,997	881
Shareholders' funds		9,436	8,320
Company's profit for the financial year		392	2,579

The financial statements were approved by the Board of Directors and authorised for issue on 24 November 2020 and were signed on its behalf by:

R P Weston – Director

S R Thomas - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the Year Ended 31 July 2020

Group

	Share capital £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 August 2018	246	4,180	80,250	84,676
Total comprehensive income	-	-	19,958	19,958
Share based payments	-	-	639	639
Dividends	-	-	(3,000)	(3,000)
Balance at 31 July 2019	246	4,180	97,847	102,273
Total comprehensive income	-	-	193	193
Share based payments	-	-	724	724
Balance at 31 July 2020	246	4,180	98,764	103,190

Company

	Share capital £'000	Merger reserve £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 August 2018	246	4,313	2,880	663	8,102
Total comprehensive income	-	-	-	2,579	2,579
Share based payments	-	-	-	639	639
Dividends	-	-	-	(3,000)	(3,000)
Balance at 31 July 2019	246	4,313	2,880	881	8,320
Total comprehensive income	-	-	-	392	392
Share based payments	-	-	-	724	724
Balance at 31 July 2020	246	4,313	2,880	1,997	9,436

Weston Group Plc

Consolidated Cash Flow Statement
for the Year Ended 31 July 2020

	Cashflow notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Cash generated from operations	1	4,754	(9,014)
Interest paid		(8,811)	(10,802)
Interest element of hire purchase payments paid		(77)	(67)
Non-equity dividends paid		(789)	(722)
Tax paid		(3,166)	(5,981)
Net cash outflow from operating activities		(8,089)	(26,586)
Cash flows from investing activities			
Purchase of intangible fixed assets		(25)	(100)
Purchase of tangible fixed assets		(7,501)	(7,123)
Sale of tangible fixed assets		19,515	623
Interest received		39	35
Net cash inflow/(outflow) from investing activities		12,028	(6,565)
Cash flows from financing activities			
New loans in year		137,677	321,913
Loan repayments in year		(134,894)	(274,500)
Capital repayments in year		(1,276)	(2,038)
Preference shares issued		2,500	-
Equity dividends paid		-	(3,000)
Net cash inflow from financing activities		4,007	42,375
Increase in cash and cash equivalents		7,946	9,224
Cash and cash equivalents at beginning of year	2	20,980	11,756
Cash and cash equivalents at end of year	2	28,926	20,980

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 July 2020

1. Reconciliation of profit before taxation to cash generated from operations

	2020 £'000	2019 £'000
Profit before taxation	601	25,042
Depreciation and amortisation charges	2,326	2,444
Profit on disposal of fixed assets	(4,980)	(32)
Finance costs included in cost of sales	5,713	7,276
Share based payments	724	593
Interest payable and similar expenses	2,300	1,821
Interest receivable and similar income	(39)	(35)
	6,645	37,109
Increase in stocks	(2,190)	(34,575)
Decrease/(increase) in trade and other debtors	1,587	(4,776)
Decrease in trade and other creditors	(1,288)	(6,772)
Cash generated from operations	4,754	(9,014)

2. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 July 2020

	31/7/20 £'000	1/8/19 £'000
Cash and cash equivalents	28,926	20,980

Year ended 31 July 2019

	31/7/19 £'000	1/8/18 £'000
Cash and cash equivalents	20,980	11,756

3. Analysis of changes in net debt

	Opening balance £'000	Cash flows £'000	Non-cash movements £'000	Closing balance £'000
Cash at bank and in hand	20,980	7,946	-	28,926
Loans	(171,757)	(2,783)	-	(174,540)
Preference shares	(9,025)	(2,500)	-	(11,525)
Finance leases	(2,974)	1,276	(1,029)	(2,727)
Total	(162,776)	3,939	(1,029)	(159,866)

1. **Statutory information**

Weston Group Plc is a private Company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. **Accounting policies**

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Transition to FRS 102
The Group transitioned from International Financial Reporting Standards (IFRS) to FRS 102 on 1 August 2019. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 29.

Going concern
The financial statements have been prepared on a going concern basis. The Directors consider that it is appropriate for the financial statements to be prepared on this basis having considered all relevant information, including the Group's trading and cash flow forecasts, the trading opportunities available to the Group and the ongoing support of its banks.

Reduced disclosure
The financial statements of the Company are included in the consolidated Group financial statements. In accordance with FRS 102, the Company has taken advantage of the exemption from the preparation of a Cash Flow Statement for the Company.

The Directors have also taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented an income statement or statement of comprehensive income for the Company alone.

Basis of consolidation
The Group financial statements consolidate the financial statements of Weston Group Plc and its subsidiary undertakings drawn up to 31 July 2020.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect the returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

continued...

2. **Accounting policies - continued**

Significant judgements and estimates
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

(a) Carrying value of development land and buildings
Stocks include work in progress in respect of development land and buildings. Judgement is required to assess whether the cost being carried in the balance sheet is in excess of its net realisable value for each development site. This is achieved through regular monitoring of each site's financial appraisal as it moves through the development cycle.

(b) Revenue recognition
When a contract is judged to be a construction contract, revenue is recognised over time as the performance obligations are satisfied as construction progresses. The Group considers the terms of the contract to identify projects as construction contracts. Judgement is required to assess the percentage completion on each contact as this involves estimating the total expected costs to completion and hence the profit recognised in a particular accounting period.

Turnover and profit recognition
Turnover and profit is recognised at the point of legal completion of each property except for construction contracts. Profit on construction contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. These contracts are primarily for affordable homes and the profit is calculated to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of three years.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold land improvements	-	Straight line over 15 years
Leasehold property improvements	-	Straight line over shorter of the lease term or 10 years
Plant and machinery	-	Straight line over 5/7 years
Motor vehicles	-	Straight line over 4/5 years
Office equipment	-	Straight line over 3/5 years

continued...

2. **Accounting policies - continued**

Stocks
Development land and buildings are valued at the lower of cost and net realisable value and includes the cost of land and direct construction costs including borrowing costs directly attributable to development of properties. Residual freehold interests are shown separately at cost if a contract has been exchanged for sale to a third party at the balance sheet date.

Financial instruments
Basic financial assets, including trade and other receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

continued...

2. **Accounting policies - continued**

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments
Leasing and hire purchase commitments assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged to the Statement of Comprehensive Income over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Pension costs and other post-retirement benefits
The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to profit or loss in the period to which they relate.

Trade and other creditors
Trade and other creditors are measured at amortised cost.

Borrowing costs
Borrowing costs not directly attributable to the development of properties are charged to the Statement of Comprehensive Income as incurred. Borrowing costs that are attributable to the development of properties are capitalised from the date of the initial expenditure on a given development commencing and continues until the properties are ready for sale. After this point has been reached any further borrowing costs charged to such properties are not capitalised but are written off directly to the Statement of Comprehensive Income under interest payable and similar expenses.

Deposits received in advance
Deposits received on reservation and exchange of contracts of open market properties are held within creditors due within one year until legal completion of the related property.

3. **Turnover**

An analysis of turnover by class of business is given below:

	2020	**2019**
	£'000	**£'000**
Residential and commercial property	152,461	214,252
Construction contracts	18,954	37,174
Freehold reversions	5,972	2,912
Rendering of services	1,039	1,069
Rental income received	422	512
	178,848	255,919

continued...

4. Other operating income

	2020 £'000	2019 £'000
Rents received	303	247
Gain on sale of commercial building	4,947	-
Grants received under Coronavirus Job Retention Scheme	1,366	-
	6,616	247

5. Employees and Directors

	2020 £'000	2019 £'000
Wages and salaries	24,125	24,362
Social security costs	2,880	2,732
Other pension costs	1,896	2,126
	28,901	29,220

The average number of employees during the year was as follows:

	2020 No.	2019 No.
Directors - Company	10	11
Directors - Subsidiaries	8	10
Office	205	229
Site	173	171
Conferences and serviced offices	20	21
Environmental consultancy	23	29
	439	471

Pensions

The Group operates defined contribution pension schemes in respect of the Directors and employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost for the year is disclosed above and there were no unpaid contributions at the year end (2019: £nil).

6. Directors' emoluments

	2020 £'000	2019 £'000
Directors' remuneration	4,074	2,566
Directors' pension contributions to money purchase schemes	49	83

Details of Directors' remuneration who are considered to be the key management personnel of the Company are shown above. Employers National Insurance contributions for these individuals totals £621,811 (2019: £355,258).

continued...

6. Directors' emoluments - continued

The Directors' remuneration figure for the current year includes £872,417 in respect of amounts paid for compensation for loss of office.

Information regarding the highest paid Director is as follows:

	2020 £'000	2019 £'000
Emoluments	1,381	534
Company contributions to money purchase pension scheme	13	33

The figure for the highest paid Director relates to J G Y Wood in the current year and M W Alden for the prior year.

7. Operating profit

The operating profit is stated after charging/(crediting):

	2020 £'000	2019 £'000
Operating lease rentals	2,240	2,038
Depreciation - owned assets	1,417	1,619
Depreciation - assets on hire purchase contracts	793	696
Profit on disposal of fixed assets	(33)	(32)
Computer software amortisation	116	129
Audit of the Company and Group financial statements	95	74
Audit-related assurance services	5	5

Operating profit is also stated after crediting the gain made on the disposal of a commercial building previously held in fixed assets and amounts received under the Coronavirus Job Retention Scheme. See note 4.

continued...

8. Interest payable and similar expenses

	2020 £'000	2019 £'000
Bank loans and overdrafts	1,278	667
Hire purchase	77	66
Preference dividends	789	722
Other interest payable	156	366
	2,300	1,821

Reconciliation of finance costs (including non-equity dividends)

	2020 £'000	2019 £'000
Interest paid	9,677	11,591
Movement in prepaid finance costs	333	(1,701)
Creditor movement	416	495
Movement in interest capitalised in the year	(2,413)	(1,288)
Total charged to the statement of comprehensive income	8,013	9,097

Split as follows:

Included in cost of sales	5,713	7,276
Included in finance costs above	2,300	1,821
Total charged to the statement of comprehensive income	8,013	9,097

9. Taxation

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax	282	4,946
Deferred tax	126	138
Tax on profit	408	5,084

continued...

9. **Taxation - continued**

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £'000	2019 £'000
Profit before tax	601	25,042
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	114	4,758
Effects of:		
Expenses not deductible for tax purposes	139	196
Adjustments to tax charge in respect of previous periods	(86)	(34)
Dividends not subject to tax	150	137
Share options	90	45
Effect of other tax rates	1	(18)
Total tax charge	408	5,084

10. **Individual Statement of Comprehensive Income**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

11. **Dividends**

	2020 £'000	2019 £'000
Ordinary shares of £0.01 each		
Final	-	3,000

continued...

12. Intangible fixed assets

Group

	Computer software £'000
Cost	
At 1 August 2019	716
Additions	25
At 31 July 2020	741
Amortisation	
At 1 August 2019	522
Amortisation for year	116
At 31 July 2020	638
Net book value	
At 31 July 2020	103
At 31 July 2019	194

13. Tangible fixed assets

Group

	Land and buildings £'000	Leasehold property improvements £'000	Plant and machinery £'000	Motor vehicles £'000	Office equipment £'000	Totals £'000
Cost						
At 1 August 2019	8,640	4,288	9,528	5,947	2,934	31,337
Additions	6,502	340	1,163	305	593	8,903
Disposals	(14,053)	-	(242)	(941)	-	(15,236)
At 31 July 2020	1,089	4,628	10,449	5,311	3,527	25,004
Depreciation						
At 1 August 2019	215	1,980	5,280	2,061	2,218	11,754
Charge for year	20	289	859	739	303	2,210
Eliminated on disposal	-	-	(212)	(489)	-	(701)
At 31 July 2020	235	2,269	5,927	2,311	2,521	13,263
Net book value						
At 31 July 2020	854	2,359	4,522	3,000	1,006	11,741
At 31 July 2019	8,425	2,308	4,248	3,886	716	19,583

continued...

13. Tangible fixed assets - continued

The carrying value of plant and machinery held under finance leases and hire purchase contracts at 31 July 2020 was £2,179,000 (2019: £1,937,000). Additions during the year include £637,000 (2019: £1,611,000) of plant and machinery under finance leases and hire purchase contracts.

The carrying value of motor vehicles held under finance leases and hire purchase contracts at 31 July 2020 was £1,605,000 (2019: £2,183,000). Additions during the year include £286,000 (2019: £919,000) of motor vehicles under finance leases and hire purchase contracts.

The carrying value of office equipment held under finance leases and hire purchase contracts at 31 July 2020 was £25,000 (2019: £45,000). Additions during the year were £nil (2019: £nil) of office equipment under finance leases and hire purchase contracts.

14. Investments

The Company holds 100% of the share capital of the following subsidiary undertakings:

Name	Class of shares	Nature of business
Weston Homes Plc	Ordinary	Property developers
Weston Homes (31 Millharbour) Ltd*	Ordinary	Property developers
Weston Homes (41 Millharbour) Ltd*	Ordinary	Property developers
Weston Homes (Basildon) Ltd*	Ordinary	Property developers
Weston Homes [Battersea] Ltd*	Ordinary	Property developers
Weston Homes (City) Ltd*	Ordinary	Property developers
Weston Homes (Commercial) Ltd*	Ordinary	Property developers
Weston Homes (Housing) Ltd*	Ordinary	Property developers
Weston Homes (Ipswich) Ltd*	Ordinary	Property developers
Weston Homes (Refurbishment) Ltd*	Ordinary	Property developers
Weston Homes (Skyway) Ltd*	Ordinary	Property developers
Stansted Environmental Services Ltd	Ordinary	Environmental consultancy
Weston [Business Centres] Ltd	Ordinary	Conferences and serviced offices
Weston (Aviation) Ltd	Ordinary	Dormant
Weston (Plant Hire) Ltd*	Ordinary	Dormant
Weston Homes Group Ltd	Ordinary	Dormant
Weston (UK) Ltd	Ordinary	Dormant
Weston (Logistics) Ltd	Ordinary	Dormant
Weston Corporation Ltd	Ordinary	Dormant
Ezee Living Ltd	Ordinary	Dormant
British Offsite Ltd	Ordinary	Dormant

* held indirectly

continued...

15. Stocks

	Group	
	2020	2019
	£'000	£'000
Development land and buildings	272,131	264,335
Residual freeholds	2,227	5,992
Consumables	3,453	3,252
	277,811	273,579

Included in development land and buildings are capitalised borrowing costs of £12,508,620 (2019: £10,803,304).

16. Debtors

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	1,999	2,268	-	-
Amounts owed by Group undertakings	-	-	5,779	5,301
Amounts recoverable on contracts	981	393	-	-
Other debtors	2,602	4,521	120	-
Deferred tax asset	-	22	7	3
Prepayments and accrued income	1,661	2,147	-	-
	7,243	9,351	5,906	5,304
Amounts falling due after more than one year:				
Trade debtors	500	-	-	-
Other debtors	89	89	-	-
	589	89	-	-
Aggregate amounts	7,832	9,440	5,906	5,304

continued...

17. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Preference shares (see note 19)	1,000	1,000	-	-
Hire purchase contracts (see note 20)	1,195	1,293	-	-
Trade creditors	1,031	3,124	-	-
Tax	417	3,250	38	-
Social security and other taxes	961	938	-	-
Other creditors	1,163	1,977	896	1,448
Accruals	22,284	18,803	-	-
Deferred income	11,083	12,557	-	-
	39,134	42,942	934	1,448

18. Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Bank loans (see note 19)	170,255	164,219	-	-
Preference shares (see note 19)	10,525	8,025	625	625
Unsecured loans (see note 19)	1,540	1,344	-	-
Term loan (see note 19)	-	3,116	-	-
Hire purchase contracts (see note 20)	1,532	1,681	-	-
	183,852	178,385	625	625

continued...

19. Loans

An analysis of the maturity of loans is given below:

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Amounts falling due within one year or on demand:				
Preference shares	1,000	1,000	-	-
Amounts falling due between one and two years:				
Term loan	-	3,116	-	-
Preference shares	4,250	4,025	625	625
	4,250	7,141	625	625
Amounts falling due between two and five years:				
Revolving Credit Facility	170,255	164,219	-	-
Amounts falling due in more than five years:				
Unsecured loan	1,540	1,344	-	-
Preference shares	6,275	4,000	-	-
	7,815	5,344	-	-

The Revolving Credit Facility (RCF) is provided by HSBC, Bank of Scotland, Bank of Ireland and Allied Irish Banks. The facility matures on 15 July 2024 and is shown above net of prepaid finance costs of £2,744,926 (2019: £2,780,720). Interest is charged on this facility at LIBOR plus a margin of 3.5%.

The RCF is secured by guarantees and debentures over the Group's assets and fixed charges over current development sites and is monitored by financial covenants.

The Term Loan was a new facility entered into by a Group Company, Weston Homes (Skyway) Limited and was provided by HSBC to help finance the construction of a commercial building. The facility was fully repaid at the year end following completion and sale of the commercial building.

The preference shares are 8% preference shares of £1 each and are redeemable at the option of the Company on dates agreed with the preference shareholders in the years 2021 to 2030. 2,500,000 preference shares of £1 each were allotted during the year.

20. **Finance leases and hire purchase contracts**

Minimum lease payments fall due as follows:

Group

	2020 £'000	2019 £'000
Net obligations repayable:		
Within one year	1,195	1,293
Between one and five years	1,532	1,681
	2,727	2,974

The Group has finance lease and hire purchase contracts for various items of plant and machinery and motor vehicles. The Group's obligations are secured by a fixed charge over specific tangible fixed assets.

The difference between total minimum lease payments and the present value of minimum lease payments is immaterial.

There is no material difference between the fair value of the Group's borrowings and their book value.

21. **Provisions for liabilities**

	Group	
	2020 £'000	2019 £'000
Deferred tax	100	-
Other provisions	137	176
Aggregate amounts	237	176

Group

	Deferred tax £'000	Other provisions £'000
Balance at 1 August 2019	(22)	176
Provided during year	122	(39)
Balance at 31 July 2020	100	137

continued...

22. **Called up share capital**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £'000	2019 £'000
24,500,942	Ordinary	£0.01	245	245
86,884,381	Ordinary B	£0.00001	1	1
			246	246

23. **Reserves**

Group

	Retained earnings £'000	Capital redemption reserve £'000	Totals £'000
At 1 August 2019	97,847	4,180	102,027
Profit for the year	193	-	193
Share based payments	724	-	724
At 31 July 2020	98,764	4,180	102,944

Company

	Retained earnings £'000	Capital redemption reserve £'000	Other reserves £'000	Totals £'000
At 1 August 2019	881	2,880	4,313	8,074
Profit for the year	392	-	-	392
Share based payments	724	-	-	724
At 31 July 2020	1,997	2,880	4,313	9,190

continued...

24. Commitments and contingent liabilities

The Group has contingent liabilities in respect of bonds and other agreements entered into in the normal course of business.

The Company has given an unlimited cross guarantee in respect of the bank borrowings of certain Group undertakings. At 31 July 2020 the bank borrowings amounted to £173,000,000 (2019: £167,000,000).

The Company has given guarantees in respect of two operating leases entered into by a subsidiary undertaking of an annual amount of £1,363,000 (2019: £1,363,000.)

25. Operating lease commitments

	2020 £'000	2019 £'000
Within one year	3,274	2,145
Between one year and five years	14,716	8,677
In more than five years	60,762	34,010
	78,752	44,832

26. Related party disclosures

Other creditors include the following amounts which are owed to individuals who are Directors of the Company:

	2020 £'000	2019 £'000
R P Weston	7	295
S P Bickel	1	265
J G Y Wood	-	49

During the year, goods and services to the value of £4,583,298 (2019: £5,424,084), were acquired from R G Taylor Engineering Limited, which is part owned by A Taylor. A Taylor is considered to have significant influence over The Taylor Family Trust, which owns a significant number of the shares in the Company.

Included in creditors within one year and greater than one year are loan balances of £1,539,819 (2019: £1,343,943) and £7,400,000 redeemable 8% preference shares of £1 each (2019: £6,400,000) owed to A E Bickel, who is the mother of S P Bickel, a Director of the Company. During the year £244,845 (2019: £nil) was paid for the provision of the loan facility and £538,667 (2019: £512,000) in dividends on the redeemable 8% preference shares of £1 each. The dividends are shown under interest payable and similar expenses.

Also included in creditors within one year is a loan balance of £888,181 (2019: £888,181) owed to A Taylor. A Taylor is considered to have significant influence over The Taylor Family Trust, which owns a significant number of the shares in the Company.

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26. **Related party disclosures - continued**

Included in creditors greater than one year are £3,500,000 redeemable 8% preference shares of £1 each (2019: £2,000,000). Of these, £1,250,000 (2019: £1,000,000) are owed to S P Bickel and his wife L Bickel, £1,250,000 (2019: £1,000,000) are owed to S Hoenig, the sister of S P Bickel and her husband N Hoenig and £1,000,000 (2019: £nil) are owed to A Taylor who is the mother of Andrew Taylor, a Director of the Company and has significant influence over The Taylor Family Trust.

Dividends of £86,667 (2019: £80,000) were paid during the year to S P Bickel and L Bickel and S Hoenig and N Hoenig respectively and £26,667 (2019: nil) to A Taylor. The dividends are shown under interest payable and similar expenses.

Also included in creditors greater than one year in the Company only figures are 625,000 redeemable 8% preference shares of £1 each to the Weston Homes Plc Pension Scheme (2019: 625,000). During the year dividends of £50,000 (2019: £50,000) were paid in respect of these. This is shown under interest payable and similar expenses.

During the year a Group Company carried out construction works for J G Y Wood, a former Director of the Company totalling £418,590 (2019: £50,975). No amounts were outstanding at the year end.

During the year the Company extended loans to a number of Directors of the Group amounting to £259,236 (2019: £nil). These loans are interest free and are repayable in the event of their resignation as a Director. Of the total amount of loans given £140,128 was repaid during the year following the resignation of one of the Directors.

The Company has taken advantage of the exemption contained in paragraph 33.1A of FRS 102 not to disclose transactions with wholly owned Group undertakings.

27. **Ultimate controlling party**

The ultimate controlling parties are R P Weston and The Taylor Family Trust.

28. **Share-based payment transactions**

During a previous year the Company made an equity settled share based payment to certain employees of the Group. The shares issued to those employees were B ordinary shares. These shares cannot typically be transferred for 10 years from issue and, in certain circumstances, must be forfeited to the Company if the employee leaves. The B ordinary shareholders are entitled to dividends in any year after the preference share dividends have been fully paid and £3.5m has been distributed to Ordinary Shareholders in the same period; and a limited return of equity on sale, flotation or liquidation of the Group (the "Exit").

The shares have been valued based on the expected returns, discounted to present value.

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28. **Share-based payment transactions - continued**

The Capital Asset Pricing Methodology was used to help determine an appropriate discount rate to apply to the returns expected to accrue to the B ordinary shares on Exit. The discount rate reflects volatility risk and the level of influence of the holders on the business.

Expected future dividend distributions have been discounted using the Company's cost of equity of 11.5% estimated based on analysis of comparable companies.

During the year the Company recognised total expenses of £723,938 (2019: £592,667) related to equity-settled share-based payment transactions.

29. **First year adoption of FRS 102**

The Company transitioned to FRS 102 on 1 August 2019.

There has been no material effect on the accounting policies or on the opening equity or profit and loss for the prior year.