

REGISTERED NUMBER: 02387333 (ENGLAND AND WALES)

LOVELL

LOVELL PARTNERSHIPS LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

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LOVELL PARTNERSHIPS LIMITED

CONTENTS

| | Page |
|--|----------------|
| Company Information | 1 |
| Strategic Report | 2 - 9 |
| Directors' Report | 10 - 13 |
| Independent Auditor's Report | 14 - 18 |
| Statement of Comprehensive Income | 19 |
| Balance Sheet | 20 |
| Statement of Changes in Equity | 21 |
| Accounting Policy Information | 22 - 34 |
| Notes to the Financial Statements | 35 - 56 |

LOVELL PARTNERSHIPS LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2024

Directors

S Coleby
S M Breslin
S P Crummett (resigned 7 May 2024)
J S Elliott
D E Gough
J C Morgan
K K Gangotra (appointed 7 May 2024)

Company Secretary

Clare Sheridan (resigned 27 June 2024)
Helen Mason (appointed 27 June 2024, resigned 22 April 2025)
Lisa Minns (appointed 3 June 2025)

Head Office

Marston Park
Tamworth
Staffordshire
B78 3HN

Registered Office

Kent House
14–17 Market Place
London
W1W 8AJ

Independent Auditor

Ernst & Young LLP
2 Blagrove Street
Reading
RG1 1AZ

LOVELL PARTNERSHIPS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Principal activities

Lovell Partnerships Limited (hereafter referred to as “the Company”) focuses on working in partnerships with local authorities and housing associations. Activities include mixed tenure developments; building and developing homes for open market sale and for social/affordable rent. In addition, the Company carries out ‘design & build’ house contracting and planned maintenance & refurbishment. These have not changed during the year and are not expected to change in the foreseeable future. Our strategy is reviewed annually but has remained consistent for a number of years, with our focus on long term frameworks that allow us to build more meaningful relationships with our key customers. The Company is a member of Morgan Sindall Group plc (hereafter referred to as “the Group”) and its subsidiaries and its activities are included in those of the Group’s Partnership Housing division.

Business review

The results for the year and key performance indicators for the Company were as follows:

| | Year to 31 December 2024 £000 | Year to 31 December 2023 £000 | Change |
|---|--|--|--------|
| Revenue | 867,714 | 819,597 | +5.9% |
| Adjusted operating profit ¹ | 24,947 | 23,961 | -4.1% |
| Adjusted operating margin ¹ | 2.88% | 2.92% | +4bps |
| Adjusted profit before tax ¹ | 20,379 | 20,707 | -1.6% |
| Secured order book ² | 2,124,320 | 2,034,134 | +4.4% |

¹ Excluding exceptional building safety charge (2024: £2.7m, 2023: nil)

² The ‘secured order book’ is the sum of the ‘committed order book’ and the ‘framework order book’. The ‘committed order book’ represents the Company’s share of future revenue that will be derived from the signed contracts or letters of intent. The ‘framework order book’ represents the Company’s expected share of revenue from the frameworks on which the Company has been appointed. This excludes prospects where confirmation has been resolved or preferred bidder only, with no formal contract or letter of intent in place.

Throughout the year, demand for contracting remained strong and cushioned the impact of continued weakness within the open market element of the mixed-tenure activities. At the same time, the Company continued to maximise construction on the contracted affordable homes on mixed-tenure sites to maintain activity. Reflecting this, revenue increased by 5.9% to £867.7m (2023: £819.6m) with a further shift in the balance towards contracting activities. Wider geographical coverage and additional contracting work has resulted in contracting revenue (including planned maintenance and refurbishment) increasing by 24.2% to £570m (2023: £459m). The revenue generated from mixed-tenure activities was down 17.4% in the year to £297.7m (2023: £360.6m). Headwinds such as high interest rates and inflation, mortgage availability and the lack of support for first time buyers, continues to influence consumer confidence, which together with continued planning constraints has resulted in subdued sales

LOVELL PARTNERSHIPS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Business review (continued)

The Company's cost of sales were higher throughout the year with a 6.0% increase to £791.3m (2023: £746.5m). However, cost inflation has been less severe than in previous years resulting in the adjusted operating profit increasing to £24.9m (2023: £24.0m), with an operating margin of 2.88% (2023: 2.92%).

The Company ended the year in a strong position in terms of future workload, with work winning successes increasing the secured forward order book & development pipeline by 4.4% to £2,124m (2023: £2,034m).

In 2022 the Company signed the Developers' Pledge ("the Pledge") with the Department for Levelling Up, Housing and Communities ("DLUHC") setting out the principles under which life-critical fire safety issues on buildings that they have developed of 11 metres and above are to be remediated. The Group subsequently signed the Developer Remediation Contract in March 2023 on behalf of all its divisions. An exceptional charge of £5.5m was recognised in 2022 due to the materiality and irregular nature of creating provisions arising because of the pledge. As at 31 December 2024 the provision carried forward for utilisation in future periods is £5.9m (2023: £4.7m).

In the current year, the legal and constructive obligations related to the Pledge (including reimbursement of grants provided by the Building Safety Fund), the Building Safety Act and associated fire safety regulations have been reassessed based on further information and the site-specific building safety provision was updated. During the year it was identified that significant additional work is now required on one scheme (Miles Platting). The legal requirement has not changed, however it was assessed that further spend would be required to achieve clean Fire Risk Assessments (FRA) and Fire Risk Appraisal of External Walls (FRAEW). This has resulted in an additional £2.7m exceptional provision being recognised during the financial year.

During the year, 1,808 units were completed across open market sales and social housing (including through joint ventures) compared to 1,923 units in 2023. The average sales price of £237k compared to the prior-year average of £239k.

For mixed tenure revenue streams, 1,295 open market and social housing units excluding joint ventures were completed compared to 1,494 in the prior year. A further 513 open market and social housing units were delivered in joint venture partnerships compared to 429 in the prior year.

The Company currently has a total of 66 (2023: 61) mixed tenure sites at various stages of construction and sales, with an average of 166 (2023: 163) open market units per site. Average site duration is 47 months (2023: 48 months), providing long-term visibility of activity.

Work won in the year included: 727 units as the division moved into phases 2 and 3 at South Thamesmead, in joint venture with Peabody; the 500-unit Grahame Park development in North London in partnership with the London Borough of Barnet; a 350-unit development in Williton, Somerset with Aster Group; a 309-unit development in Balderton, Newark; a 290-unit scheme at the Elm Grove Estate in partnership with Sutton Council; 176 units in Winchburgh, West Lothian; a 115-unit scheme in Haverfordwest, Pembrokeshire with Pobl Group; 112 units on phase 4 of the Castleward development in Derby with Riverside; and 82 units in Primrose Hill in partnership with Birmingham City Council.

LOVELL PARTNERSHIPS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Business review (continued)

Elsewhere, good progress continued to be made on other mixed-tenure schemes, in partnerships with Riverside, Clarion Housing, L&Q, Together Housing Group, Repton Property Developments (owned by Norfolk County Council), the Borough Council of King's Lynn & West Norfolk, Flagship Group, Pobl Group, West Sussex County Council, Suffolk County Council and Homes England. The Company saw good levels of demand for contracting work with clients increasingly looking to award work either through frameworks or direct negotiation.

Key contracting schemes awarded in the year included: an £80m, 321-unit project at Leaside Lock in East London for The Guinness Partnership; a £14m, 70-unit development in Castle Gresley for East Midlands Homes; an £11m, 38-unit scheme at Saffron Lane for Leicester City Council; a £10m, 45-unit development in Isleham, Cambridgeshire for Havebury Housing Partnership; a £10m, 56-unit scheme in Baginton, Warwickshire for Platform Housing Group; a £9m, 55-unit scheme at Crick Road, Portskewitt for Candleston Homes; a £40m, 87-unit scheme at Carlton Dene for Westminster City Council; and a number of retrofit and refurbishment projects for local authorities and housing associations. These schemes will start to contribute to the company's reported performance from 2025 onwards.

Financial position and liquidity

The financial position of the Company is presented in the Balance Sheet. The total shareholder's funds at 31 December 2024 were £268.6m (2023: £156.1m). The Company had net current assets of £185.9m (2023: £98.8m) at 31 December 2024.

As at 31 December 2024 the Company owed £55m (2023: £nil) to group undertakings, due to the group's cash pooling arrangement, that are payable on demand and are not interest bearing. The company has invested significant working capital in new developments and this is reflected in the significant increase in the inventory balance at year-end of £377.2m (2023: £287.6m) and the investments in subsidiaries and joint ventures balance of £61.9m (2023: £57.0m). As a result the cash balance during the year has decreased substantially to £1.9m (2023: £10.8m).

During the year the total provisions balance increased to £11.1m (2023: £9.8m) largely driven by additional fire safety works required for one scheme, Miles Platting. This has been detailed in the Business Review section above.

Return on capital employed decreased to 9% (2023: 12%).

The Company participates in the Group's centralised treasury arrangements and shares banking arrangements, including the provision of cross guarantees, with its ultimate parent Morgan Sindall Group plc and fellow subsidiaries.

As at 31 December 2024, the Group held cash of £544.2m, including £23.1m (2023: £26.1m) which is the Group's share of cash held within jointly controlled operations, and total overdrafts repayable on demand of £51.8m (together net cash of £492.4m). Should further funding be required, the Group has significant committed financial resources available including unutilised bank facilities of £180m (2023: £180m) of which £165m matures in October 2027 and £15m matures in June 2027.

Key performance indicators

Key performance indicators are reviewed by Directors in the monthly Board Pack. These include the Company targeting to achieve five star builder standard, monitored by the Sales Director and specific health and safety measures, managed by the Head of Health & Safety. These cover:

LOVELL PARTNERSHIPS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Key performance indicators (continued)

- management of Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) incidents;
- management of High Potential Incidents (HPIs);
- reduction of underground service strikes;
- health and safety training including contractor workshops;
- health & safety and environmental inspections;
- health and safety reporting

No other key performance indicators are deemed necessary to explain the development, performance or position of the Company.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to:

- securing longer term regeneration and land development opportunities;
- influence of government stimulus on the UK housing sector;
- delays in the planning environment impacting site delivery;
- health and safety incidents that cause harm to an individual or the community as a result of works carried out by the Company;
- the potential impact of the Company's non-adherence to environmental performance requirements;
- capacity constraints within the supply chain, and the continuing associated inflationary impact on raw materials and availability of contracted labour;
- skills shortages across the key construction disciplines;
- non adherence to the Developer Pledge mitigating life-critical fire-safety issues;
- counterparty and liquidity risk;
- contractual risk (including mispricing of contracts, managing changes to contracts and contract disputes, poor project delivery and poor contract selection).

Further discussion of risks and uncertainties in the context of the Group as a whole is provided in the strategic report in the Group's annual report, which does not form part of this report.

Financial risk management objectives and policies

The Company's operations expose it to a variety of financial risks that include credit risk, liquidity risk, interest rate risk and price risk.

Credit risk

With regard to credit risk, the Company has implemented policies that require appropriate credit checks on potential customers before contracts are commenced. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers outside of the Group. Furthermore, in relation to debtors, retentions and contract assets, the Company monitor the credit strength of customers to ensure current and future balances can be recouped from contracts.

The Company has implemented policies that require appropriate credit checks on potential subcontractors before contracts are commenced. The Company has no significant concentration of credit risk, with exposure spread over a large number of subcontractors outside of the Group.

LOVELL PARTNERSHIPS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Financial risk management objectives and policies (continued)

Furthermore, in relation to creditors, retentions and contract liabilities, the Company monitor the credit strength of subcontractors to ensure contract deliverability.

Liquidity risk

This is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company aims to manage liquidity by ensuring that it will always have sufficient resources to meet its liabilities when they fall due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Liquidity is provided through cash balances and access to the Group's committed bank loan facilities.

Interest rate risk

In respect of interest rate risk, the Company has interest bearing assets and liabilities. Interest bearing assets and liabilities include cash balances, overdrafts and loans to joint venture companies, all of which have interest rates applied at floating market rates. The risk is mitigated by using a range of alternative banking facilities across the Group where both assets and liabilities can be transferred to take advantage of interest rate fluctuations.

Price risk

The Company has some exposure to commodity price risk as a result of its operations, in relation to both materials and labour. This risk is managed on a project by project basis by limited forward buying of certain commodities and by negotiating annual purchase agreements with key suppliers. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Section 172(1) statement

The directors of the Company, when taking strategic, financial and operational decisions, consider what is most likely to promote the success of the Company and the Group in the long term, for the benefit of shareholders and having regard to the interests of wider stakeholders. The directors also understand the importance of engaging with key stakeholders and taking their views into account when making decisions as well as considering the impact of our activities on local communities, the environment, including climate change, and the Group's reputation.

In order to maintain a reputation for high standards of business conduct, we adhere to our Group Code of Conduct which states our commitment to our Human Rights Policy and provides a framework for how we should act when engaging with our clients, partners, colleagues and suppliers. The Code of Conduct gives our employees practical guidance on upholding the Group's Core Values and delivering on the Group's strategic priorities which include our Total Commitments to being a responsible business.

The key activities of the Company's directors during the year included:

- Approval of the financial statements for the year ended 31 December 2024;
- Preparation of the Company's five-year strategic plan and annual budget for approval by the Group Board;
- Reviewing and discussing financial performance against budget, including exceptional items and any deviations from expectations to consider the operational improvements;
Preparation of monthly reports on performance for the Group Board, including health and safety, risks and opportunities, and stakeholder engagement;

LOVELL PARTNERSHIPS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Section 172(1) statement (continued)

- Overseeing work winning, contract reviews and risk management through established governance procedures;
- In support of our suppliers, overseeing payment practices in line with requirements of the prompt payment code to which the company and the group are signatories;
- Monitoring environmental performance against the strategy and continued to deliver on its sustainability and climate change commitments;
- Developing the culture of the Company and progressing diversity and inclusion;
- Overseeing the Company's people policies: recruitment; development and reward; equality and diversity; health and wellbeing; compliance with labour/employment law; and data protection laws and regulations;
- Reviewing the legal and constructive obligations with regard to remedial work to rectify legacy building safety issues, where an appropriate exceptional provision has been created.

Further information, including the Group's Section 172 statement, can be found in the Group's 2024 report and accounts at www.morgansindall.com.

Engagement with our key stakeholders

Shareholder engagement

The Company's ultimate and immediate shareholder is the Group and their ultimate shareholders. We create value for the Group by generating strong and sustainable results that translate into dividends. The directors discuss Company performance with the Group's executive directors in monthly management meetings and provide executive summaries for the Group Board. In addition, the directors routinely engage with the Group Board on topics of strategy, governance and performance. Company strategic plans are reviewed by the Group Board and include information on the impact of our activities on each stakeholder group and the environment.

Employee engagement

Our employees are at the forefront of our business. We are proud of our people who have the passion, commitment and the range of expertise we need to support and make a difference for our clients.

Our key priorities are to provide our employees with a fair, respectful and safe environment in which to work; have regard for their health and wellbeing; invest in their personal development and career progression; offer support for flexible working; and create an open and honest culture that promotes diversity and inclusion. Our employee policies are designed to support these goals and take account of external legislation, our Code of Conduct and Core Values so that we can continue to recruit, develop and retain the talent needed to deliver our strategy.

We believe it is essential to engage with our employees to understand their views and priorities and how they feel about the business.

The Group's 2024 annual report and accounts describe how the Group Board engages with employees across the Group and how it reviews the Company's employee engagement activities throughout the year.

LOVELL PARTNERSHIPS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Section 172(1) statement (continued) *Employee engagement (continued)*

We engage directly with our employees and keep them updated with our business goals, market conditions, operational performance, health and wellbeing support and career advancement and personal development opportunities, using a variety of communication methods and channels.

All new starters are given a formal induction programme which includes introducing them to our Core Values and Total Commitments.

We hold an annual conference for employees where directors and other senior managers communicate key messages and employees have the opportunity to share ideas and experiences with us and colleagues from different roles and regions. We encourage our employees to challenge the status quo and think differently so that they can keep improving, for example, the majority of employees have signed up to the Company's Carbon Pledge 2022, which is utilised in order to maintain our key position as an industry carbon reduction leader.

We hold regular workshops and conduct surveys of our employees, following which we analyse their feedback and share with them the results together with the actions that we will be undertaking in response and the impact of those activities. Examples of the actions we have taken in 2024 include the Lovell Way workshops, which enhances our core values and develops employee engagement as the workforce grows.

A savings related share option scheme ("Sharesave") is currently in operation under which employees are given the opportunity to purchase Morgan Sindall Group plc shares in the future at a discount.

Diversity and inclusion

We recognise that diversity of thought, perspectives and experiences drive innovation and provide competitive advantage and therefore ensure that our employment practices promote a diverse and inclusive work environment. We are committed to creating opportunities for career growth and building a continuous learning culture. We hold personal development conversations with our employees throughout their careers with us and help them gain the skills they need to support their ambitions and drive the business forward.

We have developed action plans to improve inclusion. These include focusing on our recruitment and retention processes, promoting careers in the industry and supporting diversity and inclusion in our supply chain.

Disabled employees

The Company's policy aligns with the Group policy to give full and fair consideration to job applications made by disabled people; commit to making reasonable adjustments to their role and responsibilities; and offer the training and support they need to give them the same opportunities for progression as our other employees.

LOVELL PARTNERSHIPS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Section 172(1) statement (continued)

Engagement with suppliers, clients and partners and local communities

We believe the best approach to developing and nurturing long-term relationships is to base them on trust, by maintaining regular dialogue, listening attentively, being open and transparent when giving information, and working collaboratively.

We engage with and monitor our subcontractors' performance against set criteria and give constructive feedback. The Group's whistle blowing service is available to our subcontractors to raise any concerns they have about behaviours or decisions that do not uphold the standards set by our Code of Conduct. We follow the Prompt Payment Code and in 2024 paid 96% of invoices within 60 days (2023: 97%).

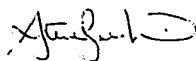
We continue to keep our payment performance under review and to publish our payment practices data every 6 months in accordance with UK law.

We work with clients from the public, commercial and regulated sectors and our partners include local authorities, landowners and housing associations. In addition, we consider the needs of local communities and the 'end users' who will occupy or use the spaces and infrastructure we create. Long-term relationships with our clients and partners are key to the Group's organic growth strategy. Our decentralised approach enables us to engage with our clients and partners at local level and tailor our services as needed. We focus on customer experience and we ask for clients' feedback on project completion via questionnaires and interviews, the results of which are shared with the project teams and analysed by the directors to drive further improvements.

Our project teams liaise and with local residents and communities before and during our projects and where appropriate we engage members of the local community in consultations on a project's development. We also partner with schools to introduce construction as a career option and our project teams get involved in local charities and events.

We report to the Group Board of directors on a monthly basis on details of our relationships with our supply chain, clients and local communities, including feedback and satisfaction metrics and details of community initiatives. Further information on stakeholder engagement and the Group's delivery on its Total Commitments can be found in the Group's 2024 annual report and accounts.

Approved by and on behalf of the Board



S M Breslin
Director
8 August 2025

LOVELL PARTNERSHIPS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their annual report and the audited financial statements for the year ended 31 December 2024. The annual report comprises the strategic report and directors' report, which together provide the information required by the Companies Act 2006. The financial statements have been prepared in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position as well as the financial position of the Company, its cash flows, liquidity position and the borrowing facilities are described in the strategic report on pages 2 to 9.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence during the going concern period, which the directors have defined as the date of approval of the 31 December 2024 financial statements through to 31 August 2026.

The Group has provided a letter of support that it is willing and able to provide financial support to the Company for a period through to 31 August 2026 in order for the Company to meet its financial liabilities as and when they fall due, to the extent that the Company has insufficient funds to meet such liabilities. This support would be provided through the mechanism of the cash pooling arrangement in place with the Group, which the Company participates in.

As at 31 December 2024, the Group held cash of £544.2m, including £23.1m (2023: £26.1m) which is the Group's share of cash held within jointly controlled operations, and total overdrafts repayable on demand of £51.8m (together net cash of £492.4m). Should further funding be required, the Group has significant committed financial resources available including unutilised bank facilities of £180m (2023: £180m) of which £165m matures in October 2027 and £15m matures in June 2027.

For the group's Going Concern assessment, the Group directors compiled cash flow projections incorporating each division's detailed business plans with an overlay of Group-level contingency. At Group level, the base case financial projections assume modest revenue growth, and improvements in both profit margin and return on capital employed in line with the Group's strategy and medium-term targets. As per the Group's business model, operating cash flows are assumed to broadly follow forecast profitability in the Group's construction activities, but are more independently variable in partnerships, driven by the timing of construction spend and programmed completions on schemes.

The impact of a number of plausible downside scenarios on the Group's funding headroom (including financial covenants within committed bank facilities) has been modelled with consideration of the Group's principal risks that could have a direct impact on operational cash flows.

There are no individual scenarios that are considered to materially impact the going concern conclusion of the Group, and our assessment included modelling the financial impact on the business plan of a severe downside scenario where the impact of a reasonably plausible combination of the divisional risks were applied in aggregate.

LOVELL PARTNERSHIPS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Going concern (continued)

In the event of this severe collection of scenarios occurring, there is still a reasonable expectation that the Group will be able to continue in operation and meet its liabilities. In addition, the Board has considered a range of potential mitigating actions that may be available if this worst-case collection of scenarios arises. These primarily include a reduction in investment in working capital and a reduction in the dividend. As part of the sensitivity analysis, the directors also modelled a scenario that stress-tests the Group's forecasts and projects, to determine the scenario under which the headroom would exceed the committed bank facilities. The model showed that the Group's operating profit would need to deteriorate substantially for the headroom to exceed the committed facilities.

The directors consider there is no plausible scenario where cash inflows would deteriorate this significantly. Based on the results of its review and analysis, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the going concern period through until 31 August 2026.

Based on the above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence to the end of the going concern period. Thus they continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

The financial risk management policies of the Company are disclosed in the strategic report.

Directors

The directors who served during the year and to the date of this report are shown on page 1. None of the directors had any interest in the shares of the Company during the year ended 31 December 2024.

Directors' indemnities

The Company indemnifies the directors in its Articles of Association to the extent allowed under section 232 of the Companies Act 2006. Furthermore, the Group maintains liability insurance for its directors and officers and those of its directors and officers of its associated companies. The Group has also indemnified certain directors of its Group companies to the extent permitted by law against any liability incurred in relation to acts or omissions arising in the ordinary course of their duties. The Company has not made qualifying third-party indemnity provisions for the benefit of its directors during the year.

Dividends

No interim dividend (2023: £12.4m) was paid during the year. The directors do not recommend the payment of a final dividend (2023: £nil).

Post balance sheet events

There were no subsequent events that affected the financial statements of the Company.

Political contributions

The Company made no political contributions during the year (2023: £nil).

LOVELL PARTNERSHIPS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Employment policies

The Company insists that a policy of equal opportunity employment is demonstrably evident at all times. Selection criteria and procedures and training opportunities are designed to ensure that all individuals are selected, treated and promoted on the basis of their merits, abilities and potential.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and 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 Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should as far as possible, be identical to that of a person who does not suffer from a disability.

Engagement with employees and other stakeholders

Details on engagement with employees and other stakeholders can be found in the strategic report on pages 7 to 9.

Environmental performance

As our parent company (Morgan Sindall Group plc) has reported in full on the Task Force on Climate-related Financial Disclosures ('TCFD') and the Streamlined Energy and Carbon Reporting ('SECR') requirements then we are taking the exemptions available as a subsidiary not to disclose our own assessment of this. The reporting can be found in the 'Climate Reporting' on page 63 of the Morgan Sindall Group plc annual report.

Independent auditor and disclosure of information to the independent auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Company has abolished the requirement to hold annual general meetings. Subject to the receipt of any objections as provided under statute or the Company's Articles of Association, the Company is relying on the provisions as provided in section 487 of the Companies Act 2006 for the deemed reappointment of Ernst & Young LLP as auditor.

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The directors confirm that they have complied with the above requirements in preparing the financial statements. 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 Practice (United Kingdom Accounting Standards and applicable

LOVELL PARTNERSHIPS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Directors' responsibilities statement (continued)

law) including FRS 101. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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. Under applicable law and regulations, the directors are also responsible for preparing a strategic report, and directors' report that comply with that law and those regulations.

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.

Approved for and on behalf of the Board



S M Breslin
Director
8 August 2025

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVELL PARTNERSHIPS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2024**

Opinion

We have audited the financial statements of Lovell Partnerships Limited for the year ended 31 December 2024 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 26, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 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

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 company's ability to continue as a going concern for a period to 31 August 2026.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVELL PARTNERSHIPS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2024**

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 course of 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 this gives rise to 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 the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVELL PARTNERSHIPS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2024

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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (UK GAAP, the Companies Act 2006, and the Companies (Miscellaneous Reporting) Regulations 2018), the Building Safety Act 2022 and the relevant tax compliance regulations in the UK.
- We understood how Lovell Partnerships Limited is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and papers provided to the Board and the ultimate parent company's Audit Committee, noting the strong emphasis of transparency and honesty in the company's culture and the levels of oversight the Board and the ultimate parent company's management have over the company despite the decentralised operating model of the group.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was a susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the programmes and controls that the company has established to address risks identified, or that otherwise prevent and detect fraud; and how senior management monitor those programmes and controls. Where the risk was higher, we performed audit procedures to address each identified fraud risk. These procedures are set out below and were designed to provide reasonable assurance that the financial statements were free from material fraud and error.
 - We performed risk assessment of the full project population and selected a sample of those we deem to be higher-risk (based on value and/or complexity) and obtained an understanding of the contract terms, key operational or commercial issues, judgements impacting the project position and revenue and margin recognised. Factors we considered when determining higher-risk projects to select included the size of the project, those with significant inventory balances, low margin and loss-making projects or those with a significant deterioration in margin, and stage of completion;
 - Performed walkthroughs of the significant classes of revenue transactions recognised over time and assessed the design effectiveness of key controls.
 - Discussed management's project risk assessment with the Head of Finance, Commercial Director and the respective regional Financial Directors;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVELL PARTNERSHIPS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2024**

- Performed site visits at a selection of higher-risk projects in order to corroborate the stage of completion in person through review of the operations and discussions with project personnel on-site to form an independent view on the judgements taken;
- Performed a detailed review of the signed agreements to understand the commercial terms and review of any legal correspondence or expert advice that has been obtained to support any project positions recorded;
- Assessed the appropriateness of supporting evidence and the requirements of IFRS 15 and the company's accounting policy;
- Reviewed contract asset balances and challenged management on both the recognition criteria together with the recovery of balances at the year end which have not been provided for including the consideration of counterparty risk;
- Inspected correspondence with counterparties and lawyers in respect of claims for and against the company and assessed the judgements made in respect of the existence of assets and the completeness of liabilities;
- Assessed the reasonableness of calculations of estimated costs to complete, which included understanding of the risks/outstanding works on the project, the impact of any delays or other delivery issues and relevant forecast cost increases that have been recognised in relation to this;
- Assessed the appropriateness of cost allocations across projects including testing of whether there has been any manipulation of costs between profit-making and loss-making projects;
- Challenged the rationale for material provisions held at a project level and concluded if these are appropriate;
- Challenged the level of onerous provisions recognised for loss-making projects as well as any cost contingencies on the remaining project at year end;
- Performed revenue cut off testing over open market house sales made a month pre and post year end;
- Assessed the correlation between revenue, receivables and cash balances using data analytical tools or through other substantive test of detail procedures; and
- Reviewed manual revenue journals recorded to assess whether these have been properly authorised, are appropriately substantiated and are for a valid business purpose.

Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management, including internal audit and the legal department, and journal entry testing with a focus on journals indicating unusual transactions based on our understanding of the business and discussions held with the individuals mentioned above. In addition, we completed procedures to conclude on the compliance of the disclosures in the financial statements with the requirements of the relevant accounting standards and applicable UK legislation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVELL PARTNERSHIPS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2024**

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.

Ernst & Young LLP

Katie Dallimore Fox (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Reading, United Kingdom
8 August 2025

LOVELL PARTNERSHIPS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

| | | 2024 | Restated* |
|--|-----------|---------------|---------------|
| | Notes | £000 | 2023 £000 |
| Revenue | 1 | 867,714 | 819,597 |
| Cost of sales | | (791,369) | (746,512) |
| Gross profit | | 76,345 | 73,085 |
| Analysed as: | | | |
| Adjusted gross profit | | 79,089 | 73,085 |
| Exceptional building safety charge | 16 | (2,744) | - |
| Administrative expenses | | (56,746) | (51,040) |
| Other operating income | 2 | 2,604 | 1,916 |
| Operating profit | 3 | 22,203 | 23,961 |
| Analysed as: | | | |
| Adjusted operating profit | | 24,947 | 23,961 |
| Exceptional building safety charge | | (2,744) | - |
| Interest receivable | 6 | 1,010 | 1,140 |
| Dividend income | 7 | 2,000 | 1,000 |
| Interest payable | 6 | (7,577) | (5,394) |
| Profit before tax | | 17,636 | 20,707 |
| Analysed as: | | | |
| Adjusted profit before tax | | 20,380 | 20,707 |
| Exceptional building safety charge | | (2,744) | - |
| Tax | 8 | (4,633) | (4,827) |
| Profit for the financial year attributable to owners of the Company | 19 | 13,003 | 15,880 |
| Total comprehensive income for the year attributable to owners of the Company | | 13,003 | 15,880 |

* Prior year balances have been restated, see Note 26.

Continuing operations

The results for the current and previous financial years all derive from continuing operations.


LOVELL PARTNERSHIPS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2024

| | | 2024 | Restated* |
|--|-------|------------------|------------------|
| | Notes | £000 | 2023 £000 |
| Non-current assets | | | |
| Intangible assets | 9 | 26,594 | 26,594 |
| Property, plant and equipment | 10 | 10,216 | 9,262 |
| Trade and other receivables | 13 | 8,593 | - |
| Investments in subsidiaries and joint ventures | 11 | 61,906 | 57,008 |
| | | 107,309 | 92,864 |
| Current assets | | | |
| Inventories | 12 | 377,251 | 287,605 |
| Contract assets | 14 | 52,268 | 57,360 |
| Trade and other receivables | 13 | 73,402 | 70,670 |
| Current tax asset | | 1,810 | 229 |
| Cash and cash equivalents | | 1,930 | 10,778 |
| | | 506,661 | 426,642 |
| Total assets | | 613,970 | 519,506 |
| Current liabilities | | | |
| Contract liabilities | 14 | (10,410) | (15,464) |
| Trade and other payables | 15 | (299,208) | (301,689) |
| Lease Liabilities | 22 | (1,093) | (940) |
| Provisions | 16 | (10,101) | (9,792) |
| | | (320,812) | (327,885) |
| Net current assets | | 185,849 | 98,757 |
| Non-current liabilities | | | |
| Trade and other payables | 15 | (15,346) | (28,128) |
| Lease liabilities | 22 | (5,697) | (4,906) |
| Provisions | 16 | (969) | - |
| Deferred tax liabilities | 17 | (2,568) | (2,460) |
| | | (24,580) | (35,494) |
| Total liabilities | | (345,392) | (363,379) |
| Net assets | | 268,578 | 156,127 |
| Capital and reserves | | | |
| Called up share capital | 18 | 213,948 | 114,500 |
| Retained earnings | 19 | 54,630 | 41,627 |
| Total shareholder's funds | | 268,578 | 156,127 |

* Prior year balances have been restated, see Note 26.

The financial statements of Lovell Partnerships Limited (company number 02387333) were approved by the Board and authorised for issue on 8 August 2025. They were signed on its behalf by:



S M Breslin
Director
8 August 2025

The notes on pages 35 to 56 form an integral part of these financial statements.

LOVELL PARTNERSHIPS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

| | Share capital (Note 18) £000 | Retained earnings (Note 19) £000 | Total £000 |
|---|------------------------------------|--|----------------|
| Restated balance 1 January 2023 * | 114,500 | 38,147 | 152,647 |
| Restated Total comprehensive income | - | 15,880 | 15,880 |
| Dividends paid | - | (12,400) | (12,400) |
| Restated balance at 31 December 2023 | 114,500 | 41,627 | 156,127 |
| Total comprehensive income | - | 13,003 | 13,003 |
| Share capital issued | 99,448 | - | 99,448 |
| Dividends paid (Note 24) | - | - | - |
| At 31 December 2024 | 213,948 | 54,630 | 268,578 |

* Prior year balances have been restated, see Note 26.

The notes on pages 35 to 56 form an integral part of these financial statements.

LOVELL PARTNERSHIPS LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2024

General information

Lovell Partnerships Limited (the 'Company') is a private company limited by shares, incorporated and domiciled in the UK under the Companies Act 2006 and registered in England and Wales. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 9. The address of the registered office is given on page 1.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the Company has prepared its financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, non-current assets held for sale, presentation of a cash flow statement, presentation of standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the consolidated accounts of Morgan Sindall Group plc, which are available to the public at www.morgansindall.com.

The financial statements have been prepared under the historical cost convention, except where otherwise indicated.

These financial statements are presented in pounds sterling which is the Company's presentational and functional currency. The values are rounded to the nearest thousand pound (£000) except when otherwise stated.

Reclassification of contract assets and liabilities

It was identified during the year that a number of contracts had both a contract asset and a contract liability balance at the prior year balance sheet date. Per IFRS 15 the contract assets/liabilities should be netted off at a contract level with individual contracts only presenting either a net contract asset or net contract liability position. This has led to the prior year contract assets and liabilities balances both being overstated by £5.5m however there is no net impact on balance sheet and no impact on the current assets or net assets position. As the impact is not considered qualitatively material to the users of the financial statements the prior year balances have not been restated. However the impact would be to reduce the prior year contract assets balance from £57,360k to £51,860k and contract liabilities balance from £15,464k to £9,964k.

Reclassification of dilapidation provisions

Dilapidation provisions were previously included within accruals. This has been reclassified as provision in the current year. The impact of recognising the prior year balance within provisions would be an increase of the provisions balance in 2023 of £749k and a reduction of accruals of £749k. As the impact is not considered qualitatively or quantitatively material to the users of the financial statements the prior year balances have not been restated.

Trade rebate recognition

Historically the Company recognised trade rebates on receipt however during the year the accounting policy was reviewed and amended to align with IAS 1 Presentation of Financial Statements which states that 'an entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting'. This has resulted in a decrease in the prior year cost of sales of £1,649,000, an increase in prior year trade and other receivables of £5,268,000, and an increase in prior year opening retained earnings of £3,619,000. As the values are considered material we have restated the prior year balances.

LOVELL PARTNERSHIPS LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2024

Immediate and Ultimate parent undertaking

The directors consider that the immediate and ultimate parent undertaking and ultimate controlling party of this Company is Morgan Sindall Group plc, which is registered in England and Wales. It is the only group into which the results of the Company are consolidated. Copies of the consolidated financial statements of Morgan Sindall Group plc are publicly available from morgansindall.com or from its registered office Kent House, 14-17 Market Place, London W1W 8AJ.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the preparation of consolidated financial statements because it is included in the Group accounts of Morgan Sindall Group plc. These financial statements are separate financial statements and present information about the Company as an individual undertaking.

Adoption of new and revised standards

New and revised accounting standards adopted by the Company

During the year, the Company has adopted the following new and revised standards and interpretations. Their adoption has not had any significant impact on the accounts or disclosures in these financial statements.

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current'
- Amendments to IAS 1 'Non-current Liabilities with Covenants'
- Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback'
- Amendment to IAS 7 and IFRS 7 'Supplier Finance Arrangements'

New and revised accounting standards and interpretations which were in issue but were not yet effective and have not been adopted early

At the date of the financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 18 'Presentation and Disclosures in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- Amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures'
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'

The Company is currently assessing the impact of the standards but does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods. The accounting policies as set out below have been applied consistently to all periods presented in these financial statements.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position as well as the financial position of the Company, its cash flows, liquidity position and the borrowing facilities are described in the strategic report on pages 2 to 9.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence during the going

LOVELL PARTNERSHIPS LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2024

Going concern (continued)

concern period, which the directors have defined as the date of approval of the 31 December 2024 financial statements through to 31 August 2026.

The Group has provided a letter of support that it is willing and able to provide financial support to the Company for a period through to 31 August 2026 in order for the Company to meet its financial liabilities as and when they fall due, to the extent that the Company has insufficient funds to meet such liabilities. This support would be provided through the mechanism of the cash pooling arrangement in place with the Group, which the Company participates in.

As at 31 December 2024, the Group held cash of £544.2m, including £23.1m (2023: £26.1m) which is the Group's share of cash held within jointly controlled operations, and total overdrafts repayable on demand of £51.8m (together net cash of £492.4m). Should further funding be required, the Group has significant committed financial resources available including unutilised bank facilities of £180m (2023: £180m) of which £165m matures in October 2027 and £15m matures in June 2027.

For the group's Going Concern assessment, the Group directors compiled cash flow projections incorporating each division's detailed business plans with an overlay of Group-level contingency. At Group level, the base case financial projections assume modest revenue growth, and improvements in both profit margin and return on capital employed in line with the Group's strategy and medium-term targets. As per the Group's business model, operating cash flows are assumed to broadly follow forecast profitability in the Group's construction activities, but are more independently variable in regeneration, driven by the timing of construction spend and programmed completions on schemes.

The impact of a number of plausible downside scenarios on the Group's funding headroom (including financial covenants within committed bank facilities) has been modelled with consideration of the Group's principal risks that could have a direct impact on operational cash flows.

There are no individual scenarios that are considered to materially impact the going concern conclusion of the Group, and our assessment included modelling the financial impact on the business plan of a severe downside scenario where the impact of a reasonably plausible combination of the divisional risks were applied in aggregate.

In the event of this severe collection of scenarios occurring, there is still a reasonable expectation that the Group will be able to continue in operation and meet its liabilities. In addition, the Board has considered a range of potential mitigating actions that may be available if this worst-case collection of scenarios arises. These primarily include a reduction in investment in working capital and a reduction in the dividend. As part of the sensitivity analysis, the directors also modelled a scenario that stress-tests the Group's forecasts and projects, to determine the scenario under which the headroom would exceed the committed bank facilities. The model showed that the Group's operating profit would need to deteriorate substantially for the headroom to exceed the committed facilities.

The directors consider there is no plausible scenario where cash inflows would deteriorate this significantly. Based on the results of its review and analysis, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the going concern period through until 31 August 2026.

Based on the above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence to the end of the going concern period. Thus they continue to adopt the going concern basis in preparing the financial statements.

LOVELL PARTNERSHIPS LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2024

Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, which requires unanimous consent for strategic, financial and operating decisions.

(i) Joint ventures

A joint venture generally involves the establishment of a corporation, partnership, or other entity in which each venturer has an interest. The Company operates a number of joint ventures for which it performs design and build construction work. The Company accounts for the results of this work as a normal contract, but amounts owed under these contracts are reported as amounts owed by joint ventures under note 11 in the notes to the financial statements. Investment in, and loans to, joint ventures are reported separately under note 11 in the notes to the financial statements. The results, assets and liabilities of joint ventures are not incorporated in the accounts as the Company is exempt by virtue of section 400 of the Companies Act 2006 from the preparation of consolidated financial statements because it is included in the Group accounts of Morgan Sindall Group plc.

Intangible assets - goodwill

Goodwill arises on business combinations and represents the excess of the cost of an acquisition over the Company's share of the identifiable net assets acquired at the acquisition date. Where the cost is less than the Company's share of the identifiable net assets, the difference is recognised in the statement of comprehensive income as a gain from a bargain purchase.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Goodwill is tested for impairment annually. The projects associated with the goodwill are assessed based on their profit and cash flow projections to ensure the benefits generated are in excess of the book value.

Property, plant and equipment

Freehold and leasehold property, plant, machinery and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided in equal annual instalments at rates calculated to write off the cost of the assets, less estimated residual value, over their estimated useful lives as follows:

| | |
|--|----------------------------|
| Freehold buildings | 50 years |
| Plant, equipment, fixtures and fittings | between three and 10 years |
| Right of use - Leasehold buildings | the period of the lease |
| Right of use - Plant, equipment, fixtures and fittings | the period of the lease |

Freehold land is not depreciated as it is considered to have an indefinite useful life.

Residual value is calculated on prices prevailing at the date of acquisition.

Gains/Losses on disposal of assets are recognised as the difference between the disposal proceeds and the carrying value of the asset at the date of disposal. This gain/loss is included in the statement of comprehensive income.

LOVELL PARTNERSHIPS LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2024

Investments in subsidiaries and joint ventures including loans

Investments and loans to joint ventures are stated at cost less provision for impairment. Investments are reviewed for impairment at the earlier of the Company's reporting date or where an indicator of impairment is identified. The carrying value of assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs include materials and direct labour. Net realisable value is based on estimated selling price, less further costs expected to be incurred to complete and sell the asset. Provision is made for obsolete, slow-moving or defective items where appropriate. Management is required to employ judgement in estimating the profitability of a site/phase and in assessing any impairment provisions which may be required.

Land held for development, including land in the course of development until legal completion of the sale of the asset, is initially recorded at cost. Regular reviews are carried out to identify any impairment in the value of the land by comparing the total estimated selling prices less estimated selling expenses against the book cost of the land plus estimated costs to complete. A provision is made for any irrecoverable amounts. Where, through deferred payment terms, the fair value of land purchased differs from the amount that will subsequently be paid in settling the liability, the difference is charged as a finance expense in the statement of comprehensive income over the period to settlement.

Investments in land without the benefit of planning consent, either through the purchase of land or non-refundable deposits paid on land purchase contracts subject to planning consent, are included initially at cost. Regular reviews are carried out for impairment in the values of these investments and provision made to reflect any irrecoverable element. The impairment reviews consider the existing use value of the land and assess the likelihood of achieving planning consent and the value thereof.

Revenue

Revenue is defined as the value of goods and services rendered excluding discounts and VAT and is recognised as follows:

(a) Construction contracts

A significant portion of the Company's revenue is derived from construction contracts. These services are provided to customers across a wide variety of sectors and the size and duration of the contracts can vary significantly from a few weeks to more than 10 years.

The majority of contracts are considered to contain only one performance obligation for the purposes of recognising revenue. Whilst the scope of works may include a number of different components, in the context of construction activities these are usually highly interrelated and produce a combined output for the customer.

Contracts are typically satisfied over time. For fixed price construction contracts progress is measured through a valuation of the works undertaken by a professional quantity surveyor, including an assessment of any elements for which a price has not yet been agreed such as changes in scope.

Variations are not included in the estimated total contract price until the customer has agreed the revised scope of work.

LOVELL PARTNERSHIPS LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2024

Where the scope has been agreed but the corresponding change in price has not yet been agreed, only the amount that is considered highly probable not to reverse in the future is included in the estimated total contract price. Where delays to the programme of works are anticipated and liquidated damages would be contractually due, the estimated total contract price is reduced accordingly. This is only mitigated by expected extensions of time or commercial resolution being achieved where it is highly probable that this will not lead to a significant reversal in the future.

For cost reimbursable contracts, expected pain share is recognised in the estimated total contract price immediately whilst anticipated gain share and performance bonuses are only recognised at the point that they are agreed by the customer.

In order to recognise the profit over time it is necessary to estimate the total costs of the contract. These estimates take account of any uncertainties in the cost of work packages which have not yet been let and materials which have not yet been procured, the expected cost of any acceleration of or delays to the programme or changes in the scope of works and the expected cost of any rectification works during the defects liability period.

Once the outcome of a construction contract can be estimated reliably, margin is recognised in the income statement in line with the stage of completion. Where a contract is forecast to be loss-making, the full loss is recognised immediately in the income statement.

Mixed tenure construction contracts revenue includes the fair value of the consideration received or receivable on amounts contractually due at the balance sheet date relating to the stage of completion of the agreement as verified by surveys performed by the relevant customer as this reflects the performance obligations delivered at the balance sheet date.

(b) Sale of land and properties

The Company derives a significant portion of revenue from the sale of land, along with the development and sale of mixed tenure/open market residential properties and commercial properties.

Contracts are typically satisfied at a point in time. This is usually deemed to be legal completion as this is the point at which the Company has an enforceable right to payment. The only exception to this is pre-let forward sold developments where the customer controls the work in progress as it is created; or where the Company is unable to put the asset being constructed to an alternative use due to legal or practical limitations and has an enforceable right to payment for the work completed to date. Where these conditions are met, the contract is accounted for as construction contract in accordance with paragraph (a) above.

Revenue from the sale of land, residential and commercial properties is measured at the transaction price agreed in the contract with the customer. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

In order to recognise the profit it is necessary to estimate the total costs of a development. These estimates take account of any uncertainties in the cost of work packages which have not yet been let and materials which have not yet been procured and the expected cost of any rectification works.

LOVELL PARTNERSHIPS LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2024

Profit is recognised by allocating the total costs of a scheme to each unit at a consistent margin. For mixed tenure schemes which also incorporate a construction contract, the margin recognised for the open market units is consistent with the construction contract element of the development.

Private housing sales

Revenue is recognised in the income statement at a point in time when the performance obligation, being the legal title transfer of a completed dwelling, has been satisfied.

Incentives

Sales incentives are substantially cash in nature. Cash incentives are recognised as a house sales revenue reduction based on the cost to the Company of providing the incentive.

Part exchange properties

Proceeds from the sale of properties taken in part exchange are recognised as revenue at a point in time. This is when legal title is transferred.

(c) Contract balances

Contract assets

Contract assets primarily relate to the Company's right to consideration for construction work completed but not invoiced at the balance sheet date. The contract assets are transferred to trade receivables when the amounts are certified by the customer. On most contracts, certificates are issued by the customer on a monthly basis.

Contract liabilities

Contract liabilities primarily relate to the advance consideration received from customers in respect of performance obligations which have not yet been fully satisfied and for which revenue has not been recognised. Contract liabilities are recognised as revenue when performance obligation to the customer has been satisfied.

(d) Contract costs

Costs to obtain a contract are expensed unless they are incremental, i.e. they would not have been incurred if the contract had not been obtained, and the contract is expected to be sufficiently profitable for them to be recovered.

Costs to fulfil a contract are expensed unless they relate to an identified contract, generate or enhance resources that will be used to satisfy the obligations under the contract in future years and the contract is expected to be sufficiently profitable for them to be recovered.

Where costs are capitalised, they are amortised over the shorter of the period for which revenue and profit can be forecast with reasonable certainty and the duration of the contract except where the contract becomes loss making. If the contract becomes loss making, all capitalised costs related to that contract are immediately expensed.

(e) Government grants

Funding received in respect of developer grants, where funding is awarded to encourage the building and renovation of affordable housing, is recognised as revenue on a stage of completion basis over the life of the project to which the funding relates.

LOVELL PARTNERSHIPS LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2024

Funding received to support the construction of housing where current market prices would otherwise make a scheme financially unviable is recognised as revenue on a legal completion basis when the properties to which it relates are sold.

Government grants are initially recognised as income in advance at fair value when there is reasonable assurance that the Company will comply with the conditions attached and the grants will be received.

Leases

Where the Company is a lessee, a right-of-use asset and lease liability are recognised at the outset of the lease other than those that are less than one year in duration or of a low value.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date based on the Company's expectations of the likelihood of lease extension or break options being exercised. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The lease liability is subsequently adjusted to reflect imputed interest, payments made to the lessor and any lease modifications.

The right-of-use asset is initially measured at cost, which comprises the amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Company and an estimate of any costs that are expected to be incurred at the end of the lease to dismantle or restore the asset. The right-of-use assets are presented within the property, plant and equipment line in the balance sheet and depreciated in accordance with the Company's accounting policy on property, plant and equipment. The amount charged to the income statement comprises the depreciation of the right-of-use asset and the imputed interest on the lease liability.

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Pensions

The Company contributes to The Morgan Sindall Retirement Benefits Plan and to other employees' personal pension arrangements, which are of a defined contribution type, and to a number of Local Government Pension Schemes ('LGPS'), which are defined benefit schemes. It is not possible to separately identify the Company's share of the underlying assets and liabilities of the LGPS and therefore the Company accounts for the schemes as though they were defined contribution schemes. For all schemes the amount charged to the statement of comprehensive income is equal to the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Shared equity loan receivables

The Company offers shared equity home ownership schemes under which qualifying home-buyers can defer payment of part of the agreed sales price up to a maximum of 25% until the earlier of the loan term (10 or 25 years depending upon the scheme), remortgage or resale of the property.

On occurrence of one of these events, the Company will receive a repayment based on its contributed equity percentage and the applicable market value of the property as determined by a member of the Royal Institution of Chartered Surveyors. Early or part repayment is allowable under the scheme and the loan is secured by way of a second charge over the property. The loans are non-interest bearing.

LOVELL PARTNERSHIPS LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2024

The shared equity receivable balance is designated as at fair value through profit or loss under IFRS 9. Fair value movements are recognised in operating profit and include accreted interest. There have been no transfers between categories in the fair value hierarchy in the current and preceding year.

Revenue resulting from the initial sale of properties under the shared equity scheme is recognised at the fair value of the consideration received or receivable.

Share-based Payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value is expensed in employee benefits expenses on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves. No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Other operating income

The income from joint ventures relates to loans provided to the joint venture entities, all of which have interest rates applied at floating market rates.

Income tax

The income tax expense represents the current and deferred tax charges. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity.

Current tax is the Company's expected tax liability on taxable profit for the year using tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Taxable profit differs from that reported in the statement of comprehensive income because it is adjusted for items of income or expense that are assessable or deductible in other years and is adjusted for items that are never assessable or deductible.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding tax bases used in tax computations. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profits, or differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

LOVELL PARTNERSHIPS LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2024

Income tax (continued)

Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is recognised on temporary differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at the tax rates expected to apply when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted and are only offset where this is a legally enforceable right to offset current tax assets and liabilities.

Dividends

Dividends to the Company shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest receivable

Bank interest receivable is recognised in the statement of comprehensive income when received. Interest received from loans provided to joint venture entities in the form of senior debt are accrued and recognised in the statement of comprehensive income accordingly.

Interest payable

Bank interest payable is recognised in the statement of comprehensive income when paid. The unwind of discounted future land payment accruals, together with the interest payable on the Company's lease liabilities are amortised using the effective interest rate method. All amounts are recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash held at bank and in hand. The Company participates in the Group's banking arrangements, where cash pooling is utilised.

Trade and other receivables

Trade and other receivables are stated at fair value (plus any directly attributable transaction costs) upon initial recognition. Subsequent to initial recognition, they are recognised at amortised cost using the effective interest method.

The Company forms a provision for impairment equal to the size of the lifetime expected credit losses from trade and other receivables. The loss provision is determined on the basis of historical payment data and forward looking information.

Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classed as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

LOVELL PARTNERSHIPS LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2024

Current/non-current classification

Current assets include assets held primarily for trading purposes, cash and cash equivalents, and assets expected to be realised in, or intended for sale or consumption as part of the Company's normal identifiable operating cycle. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes in line with the Company's identifiable normal operating cycle. These liabilities are expected to be settled as part of the Company's normal course of business. All other liabilities are classified as non-current liabilities.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets and financial liabilities are subsequently measured at either fair value or amortised cost, depending on the classification of the financial assets and financial liabilities.

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment of financial assets

The Company always recognises lifetime expected credit losses for trade receivables, contract assets and loans to joint ventures. The expected credit losses on these financial assets are based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

LOVELL PARTNERSHIPS LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2024

Supplier rebates

Rebates are treated as a deduction in the costs of purchase. Rebates that have been earned but not yet received are accrued for as a rebate receivable. A rebate receivable is recognised when the receipt is considered probable and the value can be reliably measured.

Grants

Grants received are credited to the statement of comprehensive income during the life of the project to which they relate or, for grants received from the Construction Industry Training Board, as training is provided to employees. Difference between the amount recognised in the statement of comprehensive income and the amount received are shown as either deferred income or accrued income in the balance sheet.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are recognised for events covered by the Group's captive or self-insurance arrangements, legal claims and restructuring.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement where the reimbursement has met the virtually certain recognition criteria.

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.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires the Company's management to make judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements and estimates in applying the Company's accounting policies

The following are the critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

(a) Revenue recognition – mixed tenure schemes (judgement)

The Company acts as developer and/or contractor on a number of mixed-use schemes. In some instances, judgement is required to determine whether the revenue on a particular element of the scheme should be recognised as work progresses (recognised over time) or upon legal completion (recognised at a point in time). A detailed assessment is performed of the contractual agreements with the customer as well as the substance of the transaction to determine performance obligations have been satisfied. Relevant factors that are considered include the point at which legal ownership of the

LOVELL PARTNERSHIPS LIMITED

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2024

land passes to the customer, the degree to which the customer can specify the major structural elements of the design prior to construction work commencing and the degree to which the customer can specify modifications to the major structural elements of the building during construction.

(b) Revenue and profit recognition for long term contracts (judgement and estimate)

In order to determine the revenue and profit recognition in respect of the Company's construction contracts, the Company has to estimate the total costs to deliver the contract as well as the final contract value. Similarly for mixed tenure schemes the Company has to also forecast the total revenue from open market units. The Company has to allocate total expected costs between the amount incurred on the contract to the end of the reporting period and the proportion to complete in a future period. The assessment of the total costs to be incurred and final contract value requires a degree of judgement and estimation.

The final contract value may include assessments of the recovery of variations which have yet to be agreed with the client, as well as additional compensation claim amounts. The amount of variations and claims are often not fully agreed with the customer due to timing and requirements of the normal contractual process. Therefore, assessments are based on an estimate of the potential cost impact of the compensation claims and revenue is constrained to amounts that the Company believes are highly probable of being received. The estimation of costs to complete is based on all available relevant information and may include judgements and estimates of any potential defect liabilities or liquidated damages for unagreed scope or timing variations. Costs incurred in advance of the contract that are directly attributable to the contract may also be included as part of the total costs to complete the contract. Judgement is required to consider when any pre contract costs are directly attributable to a specific contract.

(c) Building safety provision (estimate)

Management have reviewed legal and constructive obligations with regard to remedial work to rectify legacy building safety issues. Where obligations exist, these have been evaluated for the likely cost to address, including repayments of the Building Safety Fund, and an appropriate provision has been created.

The ongoing legislative and regulatory changes in respect of legacy building safety issues create uncertainty around the extent of remediation required for legacy buildings, the liability for such remediation, recoveries from other parties (which would only be recognised when virtually certain to be received) and the time to be considered. This implies inherent uncertainty as to the precise future obligations of the Company in respect of building fire safety issues.

Management has recognised a provision based on its best estimate of the future obligations. However, should the costs of remediation increase by 5%, due to factors such as increased inflation, the impact on the remediation costs would be £0.3m.

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. Analysis of revenue

All revenue relates to the Company's principal activity carried out in the UK. Revenue is analysed below:

| | 2024 | 2023 |
|--|----------------|----------------|
| | £000 | £000 |
| Revenue from construction contracts satisfied over time | 570,021 | 459,001 |
| Revenue from mixed tenure construction contracts satisfied over time | 121,433 | 174,961 |
| Revenue from sale of properties satisfied at a point in time | 176,260 | 185,635 |
| Total revenue | 867,714 | 819,597 |

2. Other operating income

| | 2024 | 2023 |
|-------------------------------------|--------------|--------------|
| | £000 | £000 |
| Income from joint ventures | 2,604 | 1,916 |
| Total other operating income | 2,604 | 1,916 |

The income from joint ventures relates to loans provided to the joint venture entities, all of which have interest rates applied at floating market rates.

3. Operating profit

| | 2024 | 2023 |
|--|---------|---------|
| | £000 | £000 |
| Operating profit is stated after charging/(crediting): | | |
| Depreciation of tangible fixed assets (see note 10): | | |
| - owned assets | 1,361 | 1,192 |
| - Right of use assets | 1,110 | 1,215 |
| Loss on sale of tangible fixed assets | 10 | 10 |
| Cost of inventories recognised as an expense | 154,292 | 200,441 |
| Staffing costs (see note 4) | 95,165 | 84,990 |
| Fees payable to the Company's auditor for the audit of the Company's annual accounts | 259 | 336 |
| Impairment of financial asset – trade receivables | (419) | (475) |
| Impairment of financial asset – amounts owed by group undertakings | (106) | (260) |

Non-audit fees payable by the Company during the year were £nil (2023: £nil) relating to other services.

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

4. Staff costs

| | 2024 | 2023 |
|--|--------|--------|
| | £000 | £000 |
| Wages and salaries | 81,794 | 73,192 |
| Social security costs | 9,624 | 8,487 |
| Redundancy costs | 1,044 | 886 |
| Pension costs | 2,703 | 2,425 |
| | 95,165 | 84,990 |
| Average number of employees | | |
| | No. | No. |
| The average monthly number of employees (including executive directors) during the year was: | 1,192 | 1,136 |

5. Directors' remuneration

| | 2024 | 2023 |
|--|-------|-------|
| | £000 | £000 |
| Directors' remuneration | | |
| Emoluments | 2,376 | 2,319 |
| Company contributions to money purchase pension scheme | 41 | 34 |
| | 2,417 | 2,353 |
| Remuneration of the highest paid director | | |
| Emoluments | 815 | 796 |
| Company contributions to money purchase pension scheme | 10 | 9 |
| | | |
| | No. | No. |
| The number of directors who: | | |
| - are members of money purchase pension schemes | 4 | 4 |
| - exercised options over shares in the ultimate Group | 3 | 1 |

Total emoluments excludes amounts in respect of share options (granted and/or exercised), pension contributions, benefits under pension schemes and benefits under long term incentive plans.

Two current directors and one former director of the Company received no emoluments (2023: £nil) in their capacity as directors of this Company. These individuals are remunerated by another company in the Group.

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

6. Net interest receivable/(payable)

| | 2024 | 2023 |
|---|----------------|----------------|
| | £000 | £000 |
| Bank interest receivable | 62 | 167 |
| Interest receivable from joint ventures | 219 | - |
| Other interest receivable | 729 | 973 |
| Interest receivable | 1,010 | 1,140 |
| Other interest payable | (5,495) | (1,572) |
| Unwinding of discount on future land payments accrual (note 15) | (1,720) | (3,576) |
| Lease liabilities | (362) | (246) |
| Interest payable | (7,577) | (5,394) |

Other interest receivable relates to £0.73m interest received from Community Solutions for Regenerations (Hertfordshire) Limited (2023: £0.91m) for the loan provided to the entity, and interest received from balances with Group £nil (2023: £0.06m).

Other interest payable relates to £0.97m bank interest paid (2023: £1.1m) and interest paid on balances with the Group £4.5m (2023: 0.5m), which has increased in the year as a result of increased funding drawn from the Group.

7. Dividend income

| | 2024 | 2023 |
|------------------------|--------------|--------------|
| | £000 | £000 |
| Dividend income | 2,000 | 1,000 |
| Dividend income | 2,000 | 1,000 |

Dividend income relates to £0.75m profit share from Lovell Together (Pendleton) LLP and £1.25m Anthem Lovell LLP (2023: £1m profit share from Lovell Latimer LLP).

8. Tax

| | 2024 | Restated* |
|--|--------------|--------------|
| | £000 | 2023 |
| | | £000 |
| UK corporation tax charge on profit for the year | 4,685 | 5,442 |
| Effect of residential property developer tax | - | 76 |
| Adjustment in respect of previous years | (160) | (878) |
| Total current tax | 4,525 | 4,640 |
| Origination and reversal of timing differences | 58 | 251 |
| Effect of residential property developer tax | - | - |
| Adjustment in respect of previous years | 50 | (64) |
| Total deferred tax (note 17) | 108 | 187 |
| Total tax expense | 4,633 | 4,827 |

* Prior year balances have been restated, see Note 26.

Corporation tax is calculated at 25% (2023: 23.5%) of the estimable taxable profit for the year. The actual tax charge for the current and preceding year differs from the standard rate for the reasons set out in the following reconciliation:

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

| | 2024 | 2023 |
|--|--------------|--------------|
| | £000 | £000 |
| Profit before tax | 17,636 | 20,707 |
| Tax on profit at corporation tax rate | 4,409 | 4,866 |
| <i>Factors affecting the charge for the year:</i> | | |
| Tax liability upon joint ventures profits/partnership income | 733 | 1,072 |
| Non-taxable income and expenses | (399) | (209) |
| Effect of residential property developer tax | - | 76 |
| Other items | - | (36) |
| Adjustment to tax charge in respect of previous years | (110) | (942) |
| Total tax expense | 4,633 | 4,827 |

The UK statutory Corporation Tax rate increased from 19% to 25% from 1 April 2023. Consequently, the applicable tax rate for the Company was 25% (2023: 23.5%). Deferred taxes at the balance sheet date are measured at the enacted rates that are expected to apply to the unwinding of each asset or liability. Accordingly deferred tax balances as at 31 December 2024 have been calculated at 25% (2023: 25%).

Pillar Two legislation has been enacted in the UK, effective from 1 January 2024. The company is within the scope of Pillar Two and has assessed its potential exposure to Pillar Two income taxes. The company does not expect any material exposure to Pillar Two top-up taxes and no provision has been made for Pillar Two top-up taxes.

9. Intangible assets

| | Goodwill £000 |
|--------------------------------|------------------|
| Cost and net book value | |
| As at 31 December 2023 | 26,594 |
| As at 31 December 2024 | 26,594 |

Goodwill represents the value of people, track record and expertise acquired within acquisitions that are not capable of being individually identified and separately recognised. Goodwill is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired. In testing goodwill for impairment, the recoverable amount has been estimated from value-in-use calculations. The key assumptions for value-in-use calculations are those regarding the forecast revenue and margin, discount rates and long term growth rates in the market sector. Forecast revenue and margin are based on past performance, secured workload and workload likely to be achievable in the short to medium term (more detail regarding past performance and order book can be found in the Strategic Report on page 2).

Cash flow forecasts have been determined by using Board approved budgets for the next three years. Cash flows beyond three years have been extrapolated using an estimated nominal growth rate of 3.4% (2023: 3.3%). This growth rate does not exceed the long term average for the market. Discount rates are pre-tax and reflect the current market assessment of the time value of money and the specific risks to the business. The risk adjusted nominal rate used for the goodwill balance is 14.2% (2023: 15.1%). In carrying out this exercise, no impairment of goodwill or other intangible assets has been identified. No reasonably foreseeable change in the assumptions used within the value in use calculations would cause an impairment of goodwill.

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

10. Property, plant and equipment

| | Plant. Equipment, fixtures and fittings £000 | Right of use assets- Leasehold Buildings £000 | Right of use assets- Plant, equipment, fixtures and fittings £000 | Total £000 |
|-------------------------------|--|---|--|-----------------|
| Cost | | | | |
| As at 1 January 2024 | 9,136 | 9,839 | 397 | 19,372 |
| Additions | 1,905 | 1,533 | - | 3,438 |
| Disposals | (189) | (739) | - | (928) |
| As at 31 December 2024 | 10,852 | 10,633 | 397 | 21,882 |
| Depreciation | | | | |
| As at 1 January 2024 | (5,309) | (4,421) | (380) | (10,110) |
| Charge for the year | (1,361) | (1,083) | (17) | (2,461) |
| Disposals | 179 | 726 | - | 905 |
| As at 31 December 2024 | (6,491) | (4,778) | (397) | (11,666) |
| Net Book Value | | | | |
| As at 31 December 2024 | 4,361 | 5,855 | - | 10,216 |
| As at 31 December 2023 | 3,827 | 5,418 | 17 | 9,262 |

Assets fully written down during the financial year had a cost and accumulated depreciation of £1.3m (2023: £0.3m).

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

11. Investments in subsidiaries and joint ventures including loans

| | Subsidiaries Equity Investment £000 | Joint Venture Equity Investment £000 | Capital investments £000s | Total £000 |
|---|--|---|---------------------------------|---------------|
| Opening balance as at 1 January 2023 | 6,748 | 1,285 | 36,921 | 44,954 |
| Capital advances | - | - | 20,890 | 20,890 |
| Capital repayments during the year | - | - | (8,836) | (8,836) |
| Closing balance as at 31 December 2023 | 6,748 | 1,285 | 48,975 | 57,008 |
| Capital advances | - | - | 28,840 | 28,840 |
| Capital repayments during the year | - | - | (23,942) | (23,942) |
| Closing balance as at 31 December 2024 | 6,748 | 1,285 | 53,873 | 61,906 |

The details of the Company's subsidiaries are shown below. The country of incorporation and principal place of business is the UK and the address of the registered office of each entity is the same as the registered office of this Company unless otherwise indicated.

| Name of Company | Principal activity | Proportion of ordinary shares held |
|---|---------------------------------|---------------------------------------|
| 345 Park Place Residents Management Company Limited**† | Real estate management | 100% |
| Abbey Walk Management Company Limited**† | Real estate management | 100% |
| AH Burnholme Limited† | Development of supported living | 100% |
| All Saints Green Residents Management Company Limited***† | Real estate management | 100% |
| Anthem Lovell LLP | Regeneration | 50% |
| Bincombe Park Residents Management Company Limited**† | Real estate management | 100% |
| Blossomfield (Thorp Arch) Management Company Limited**† | Real estate management | 100% |
| Briarswood Residents Management Company Limited**† | Real estate management | 100% |
| Caldon Quay Residents Management Company Limited**† | Real estate management | 100% |
| Cherry Pie Meadow Residents Management Company Limited**† | Real estate management | 100% |
| Community Solutions Living Limited | Development of supported living | 100% |
| Cornish Park Residents Management Company Limited**† | Real estate management | 100% |
| Crown Meadows Residents Management Company Limited**† | Real estate management | 100% |
| Crosse courts (Basildon) Management Company Limited**† | Real estate management | 100% |
| Drummond Park (Ludgershall) Residents Management Company Limited**† | Real estate management | 100% |
| Eden Park (Bonscale Crescent) Residents Management Company Limited**† | Real estate management | 100% |
| Eden Valley Management Company Limited**† | Real estate management | 100% |

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

11. Investments in subsidiaries and joint ventures including loans (continued)

| Name of Company | Principal activity | Proportion of ordinary shares held |
|--|------------------------|------------------------------------|
| Edmundham Developments LLP | Regeneration | 50% |
| Electric Quarter Residents Management Company Limited*† | Real estate management | 100% |
| Exford Drive Management Company Limited*† | Real estate management | 100% |
| Fairfields Management Company Limited*† | Real estate management | 100% |
| Foxglove Meadows Residents Management Company Limited*† | Real estate management | 100% |
| Gallus Fields Residents Management Company Limited*† | Real estate management | 100% |
| Garrett Grove Residents Management Company Limited *† (incorporated 4 February 2024) | Real estate management | 100% |
| Golwg Y Bryn Residents Management Company Limited*† | Real estate management | 100% |
| Hamsard 3134 Limited | Regeneration | 100% |
| Hamsard 3135 Limited | Regeneration | 100% |
| Heath Farm Residents Management Company Limited*† | Real estate management | 100% |
| Ingleby View Management Company Limited*† | Real estate management | 100% |
| Keepers Gate (WSM) Residents Management Company Limited*† | Real estate management | 100% |
| Kensington Gardens Management Limited*† | Real estate management | 100% |
| Kings Reach (Snaith) Residents Management Company Limited*† | Real estate management | 100% |
| Kinsted Developments LLP | Real estate management | 50% |
| Lavender Chase and The Driftwoods Residents Management Company Limited*† | Real estate management | 100% |
| Laxton Close Management Company Limited*† | Real estate management | 100% |
| Littlehampton Management Company Limited*† | Real estate management | 100% |
| Lockside Residents Management Company Limited* | Real estate management | 100% |
| Lovell Bow Limited | Dormant | 100% |
| Lovell Director Limited | Dormant | 100% |
| Lovell Flagship LLP | Regeneration | 50% |
| Lovell Guf Limited† | Real estate management | 100% |
| Lovell Later Living LLP | Regeneration | 100% |
| Lovell Latimer LLP | Regeneration | 50% |
| Lovell Plus Limited | Dormant | 100% |
| Lovell Property Rental Limited | Property letting | 100% |
| Lovell Together LLP | Regeneration | 50% |

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

11. Investments in subsidiaries and joint ventures including loans (continued)

| Name of Company | Principal activity | Proportion of ordinary shares held |
|--|------------------------|---------------------------------------|
| Lovell/ Abri Weymouth LLP | Regeneration | 50% |
| Lovell Together (Pendleton) LLP | Real estate management | 50% |
| Laurus Lovell Whally LLP | Regeneration | 50% |
| Lymington Mews Management Company Limited*† | Real estate management | 100% |
| Meggeson Management Company Limited*† | Real estate management | 100% |
| Minshull Way Residents Management Company Limited*† | Real estate management | 100% |
| Morgan Sindall Consortium LLP (Group own 100%) | Regeneration | 33.33% |
| Morris Walk North Management Company Limited*† | Real estate management | 100% |
| Morris Walk South Residents Management Company Limited*† | Real estate management | 100% |
| Mount View (Melton Mowbray) Residents Company Limited*† | Real estate management | 100% |
| Oaktree Grange Residents Management Company Limited*† | Real estate management | 100% |
| Oakwood Gardens (Burniston) Residents Management Company Limited*† | Real estate management | 100% |
| Park View (Holt) Residents Management Company Limited*† | Real estate management | 100% |
| Pich Management Company Limited*† | Real estate management | 100% |
| Pipit Mews Management Company Limited*† | Real estate management | 100% |
| Pool House Wombourne Limited | Regeneration | 100% |
| Principal Point Residents Management Company Limited*† | Real estate management | 100% |
| Queensbury Park Management Company Limited*† | Real estate management | 100% |
| RMC The Meadows, Clifton-upon- Teme Limited*† | Real estate management | 100% |
| Romsey Extra Care Limited† | Regeneration | 100% |
| Ruby Brook Estate Management Company Limited*† | Real estate management | 100% |
| Ruby Brook Management Company Limited*† | Real estate management | 100% |
| Ruby Meadow Management Company Limited*† | Real estate management | 100% |
| Saddlers Grange (Howden) Management Company Limited*† | Real estate management | 100% |

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

11. Investments in subsidiaries and joint ventures including loans (continued)

| Name of Company | Principal activity | Proportion of ordinary shares held |
|--|------------------------|------------------------------------|
| Saints Quarter (Steelhouse Lane) Residents Management Company Limited**† | Real estate management | 100% |
| Saredon Gardens Residents Management Company Limited**† | Real estate management | 100% |
| Shawbrook Manor (Residents) Management Company Limited**† | Real estate management | 100% |
| Somerford Park Residents Management Company Limited**† | Real estate management | 100% |
| South Thamesmead LLP*** | Regeneration | 50% |
| St Mary's View (Residents) Management Company Limited**† | Real estate management | 100% |
| Station House (Stourbridge) Management Company Limited**† | Real estate management | 100% |
| Stoke Development Limited† | Regeneration | 100% |
| Tennyson Fields Management Company Limited**† | Real estate management | 100% |
| Tennyson Fields (Phase 2) Residents Management Company Limited**† | Real estate management | 100% |
| The Acorns (Walsham Le Willows) Residents Management Company Limited**† | Real estate management | 100% |
| The Compendium Group Limited | Regeneration | 50% |
| The East Avenue Residents Management Company Limited**† | Real estate management | 100% |
| The Junction Apartments Residents Management Company Limited**† | Real estate management | 100% |
| The Junction Residents Management Company Limited**† | Real estate management | 100% |
| The Laureates Residents Management Company Limited**† | Real estate management | 100% |
| The Mill (Site 1) Residents Management Company Limited**† | Real estate management | 100% |
| The Mill (Site 2) Residents Management Company Limited**† | Real estate management | 100% |
| The Paddocks (Beverley) Residents Management Company Limited**† | Real estate management | 100% |
| The Sycamores (Kirk Ella) Management Company Limited**† | Real estate management | 100% |
| The Way Beswick (Zone 1) Management Limited**† | Real estate management | 100% |
| The Way Beswick (Zone 3) Management Limited**† | Real estate management | 100% |

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

11. Investments in subsidiaries and joint ventures including loans (continued)

| Name of Company | Principal activity | Proportion of ordinary shares held |
|--|------------------------|------------------------------------|
| The Way Beswick (Zone 4) Management Limited**† | Real estate management | 100% |
| The Way Beswick (Zone 5) Management Limited**† | Real estate management | 100% |
| The Way Beswick (Zone 6) Management Limited**† | Real estate management | 100% |
| The Way Beswick (Zone 7) Management Limited**† | Real estate management | 100% |
| The Woodlands (Hessle) Residents Management Company Limited**† | Real Estate management | 100% |
| Tixall View Residents Management Company Limited**† | Real estate management | 100% |
| Trinity Walk Residents Management Company Limited**† | Real estate management | 100% |
| Victoria Court (Newport No 1) Residents Management Company Limited*****† | Real estate management | 50% |
| Victoria Court (Newport No 2) Residents Management Company Limited**† | Real estate management | 100% |
| Waterside Quay Residents Management Company Limited**† | Real estate management | 100% |
| Wensum Grange Management Company Limited**† | Real estate management | 100% |
| Westcroft 12 Management Company Limited**† | Real estate management | 100% |
| Weston Woods Residents Management Company Limited**† | Real estate management | 100% |
| Weymouth Community Sports LLP† | Regeneration | 100% |
| Wild Walk Donnington Wood Residents Management Company Limited**† | Real estate management | 100% |
| William's Park Residents Management Company Limited**† | Real estate management | 100% |
| Woodlark Chase (Warren Drive) Residents Management Company Limited**† | Real estate management | 100% |

*Registered office: One Eleven, Edmund Street, Birmingham B3 2HJ.

**Registered office: 100 Avebury Boulevard, Milton Keynes MK9 1FH.

*** Registered office: 48 Westminster Bridge Road, London SE1 7JB.

**** Registered office: 7 Neptune Court, Vanguard Way, Cardiff SF24 5PJ.

† Indirect holding.

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

12. Inventories

| | 2024 £000 | 2023 £000 |
|---|----------------|----------------|
| Land | 142,222 | 117,636 |
| Residential developments and undeveloped land | 219,301 | 157,248 |
| Part exchange properties | 1,176 | 2,147 |
| Show homes | 14,552 | 10,574 |
| | 377,251 | 287,605 |

Land includes £142.2m (2023: £117.7m) which is owned or unconditionally contracted by the Company. Residential developments and undeveloped land relates to work in progress. Lovell offer part exchanges on a selection of mixed tenure schemes, in 2024 part exchange payments added to inventories was £4.6m (2023: 3.9m). Inventory including residential developments and developed land expensed during the year was £154.3m (2023: £200m).

The inventory balance includes provisions for the potential non recovery of inventory amounting to £8.8m (2023: £10.8m).

13. Trade and other receivables - Current

| | 2024 £000 | Restated* 2023 £000 |
|--|---------------|---------------------------|
| Amounts falling due within one year | | |
| Trade receivables | 28,705 | 25,011 |
| Amounts owed by subsidiaries | 10,513 | 20,341 |
| Amounts owed by joint ventures | 14,078 | 8,516 |
| Prepayments and accrued income | 5,337 | 6,396 |
| Other receivables | 1,427 | 2,609 |
| | 60,060 | 62,873 |
| Amounts falling due after more than one year | | |
| Trade receivables | 13,342 | 7,797 |
| | 73,402 | 70,670 |

| Trade and other receivables - Non-Current | 2024 £000 | 2023 £000 |
|---|--------------|--------------|
| Amounts owed by subsidiaries | 6,950 | - |
| Amounts owed by joint ventures | 1,643 | - |
| | 8,593 | - |

* Prior year balances have been restated, see Note 26.

Amounts owed by subsidiaries are payable on demand and are not interest bearing. £8.6m (2023: £nil) of the amounts owed by subsidiaries and joint ventures are expected to be received after more than 12 months.

Trade receivables are stated after provisions for non-recovery of £0.7m (2023: £1.1m). Trade receivables include retentions held by customers for contract work at 31 December 2024 were £25.9m (2023: £17.6m). These will be collected in the normal operating cycle of the Company.

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

13. Trade and other receivables (continued)

The Company manages the collection of retentions through its post completion project monitoring procedures and ongoing contract with clients to ensure that potential issues that could lead to the non-payment of retentions are identified and addressed promptly. The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Expected credit losses are based on the difference between the contracted cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. For trade and other receivables, the Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date.

During 2023, a provision for impairment losses of £0.7m was recognised against amounts owed by subsidiaries. This was in relation to an amount owed by a wholly owned subsidiary company; Community Solutions Living Limited. This provision for impairment was reassessed during 2024 and increased to £0.8m. The bad debt provision recognised reduces the carrying value of the amount receivable from this wholly owned subsidiary to £nil (2023: £nil).

14. Contract assets/(liabilities)

The Company has recognised the following revenue-related contract assets and liabilities:

| | 2024 £000 | 2023 £000 |
|----------------------|--------------|--------------|
| Contract assets | 52,268 | 57,360 |
| Contract liabilities | (10,410) | (15,464) |

The contract assets primarily relate to the Company's right to consideration for construction work completed but not invoiced at the balance sheet date. The contract assets are transferred to trade receivables when the amounts are certified by the customer. On most contracts certificates are issued by the customer on a monthly basis.

The Company has taken advantage of the practical expedient in paragraph 94 of IFRS 15 to immediately expense the incremental costs of obtaining contracts where the amortisation period of the assets would have been one year or less.

The contract liabilities primarily relate to the advance consideration received from customers in respect of performance obligations which have not yet been fully satisfied and for which revenue has not been recognised. All contract liabilities held at 31 December 2024 are expected to satisfy performance obligations in the next 12 months.

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

14. Contract assets/(liabilities) (continued)

Significant changes in the contract assets and the contract liabilities during the year are as follows:

| | 2024 £000 | | 2023 £000 | |
|---|--------------------|-------------------------|--------------------|-------------------------|
| | Contract assets | Contract liabilities | Contract assets | Contract liabilities |
| As at 1 January | 57,360 | (15,464) | 54,110 | (10,066) |
| Revenue recognised | | | | |
| - Performance obligations satisfied in the current year | 691,454 | 15,464 | 633,962 | 10,066 |
| Cash received for performance obligations not yet satisfied | - | (10,410) | - | (15,464) |
| Amounts transferred to trade receivables | (696,546) | - | (630,712) | - |
| As at 31 December | 52,268 | (10,410) | 57,360 | (15,464) |

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the balance sheet date:

| | 2025 £m | 2026 £m | 2027+ £m | Total £m |
|-------------------|------------|------------|-------------|-------------|
| As at 31 December | 606 | 276 | 213 | 1,095 |

The £1,095m is included in the Company's contracting secured order book as at 31 December 2024 (2023: £1,117).

15. Trade and other payables

| | 2024 £000 | 2023 £000 |
|---|--------------|--------------|
| Amounts falling due within one year | | |
| Trade payables | 92,073 | 70,486 |
| Amounts owed to Morgan Sindall Group undertakings | 55,396 | 102,142 |
| Social security and other taxes | 4,021 | 3,173 |
| Other payables | 1,980 | 3,667 |
| Accruals for future land payments | 30,803 | 20,838 |
| Other accruals | 114,935 | 101,383 |
| | 299,208 | 301,689 |
| Amounts falling due after one year | | |
| Accruals for future land payments | 15,346 | 28,128 |
| | 15,346 | 28,128 |

Amounts owed to Morgan Sindall Group undertakings are payable on demand and are not interest bearing. This includes £55m owed to Morgan Sindall Group due to the group's cash pooling arrangement (2023: £nil).

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

15. Trade and other payables (continued)

Other payables comprise of property buyer deposits £0.5m (2023: £1.3m) received in advance before the associated performance obligations are satisfied and the revenue recognised.

Other accruals include contracting cost accruals of £105.4m (2023: £91.6m) and administrative expense accruals £9.5m (2023: £9.8m).

Accruals for future land payments have been discounted by £1.7m (2023: £2.6m) to reflect the time value of money. Accruals for future land payments represents amounts committed to future land payments dated between 2025 and 2028. The unwinding of the discount is recognised under interest payable in the income statement (see note 6).

The directors consider that the carrying amount of trade payables approximates to their fair value.

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

16. Provisions

| | Contract & Legal £000 | Building Safety £000 | Dilapidation £000 | Total £000 |
|----------------------------|-----------------------------|-------------------------|----------------------|---------------|
| At 1 January 2023 | 6,785 | 5,141 | - | 11,926 |
| Additions | 6,224 | 1,867 | - | 8,091 |
| Utilised | (5,426) | (409) | - | (5,835) |
| Release | (2,497) | (1,893) | - | (4,390) |
| At 31 December 2023 | 5,086 | 4,706 | - | 9,792 |
| Additions | 2,832 | 3,343 | 969 | 7,144 |
| Utilised | (3,394) | (1,579) | - | (4,973) |
| Release | (14) | (879) | - | (893) |
| Reclassification | (279) | 279 | - | - |
| At 31 December 2024 | 4,231 | 5,870 | 969 | 11,070 |
| Current | 4,231 | 5,870 | - | 10,101 |
| Non-current | - | - | 969 | 969 |
| At 31 December 2024 | 4,231 | 5,870 | 969 | 11,070 |

Contract and legal provisions

Contract and legal provisions include litigation provisions of £0.6m (2023: £1.1m), and loss provisions on contracts £0.6m (2023: £0.8m). Subcontractor performance bond provisions have been entered into in the normal course of business £3.0m (2023: £3.1m) and will be utilised within the normal operating cycle. It is anticipated that these costs will be incurred in the next financial year. The performance bond facilities and banking facilities of the Group are supported by cross guarantees given by the Company and other participating companies in the Group. It is not anticipated that any liability will accrue.

Building Safety provision

In 2022 the Company signed the Developers' Pledge ("the Pledge") with the Department for Levelling Up, Housing and Communities ("DLUHC") setting out the principles under which life-critical fire safety issues on buildings that they have developed of 11 metres and above are to be remediated. The Group subsequently signed the Developer Remediation Contract in March 2023 on behalf of all of its divisions. The provision will be utilised in the normal operating cycle.

Management have reviewed legal and constructive obligations with regard to remedial work to rectify legacy building safety issues. Where obligations exist, these have been evaluated for the likely cost to address, including repayments of the Building Safety Fund. As a result of this review process provisions are recognised, as reported in the table above, excluding those recognised in joint ventures. Note 21 includes details of contingent liabilities related to building safety. It is anticipated that these costs will be incurred in the next financial year.

Dilapidation provision

Provisions relating to dilapidations have been recognised in the year and these are utilised as costs are incurred. The 2023 balance was £749k and this was previously presented in accruals. This has been reclassified as provision in the current year. It is anticipated that these costs will be incurred over the period of February 2026 to October 2034.

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

17. Deferred tax liability

| | 2024 £000 | 2023 £000 |
|----------------------------------|--------------|--------------|
| Balance at 1 January | 2,460 | 2,273 |
| Income statement charge (note 8) | 108 | 187 |
| Balance at 31 December | 2,568 | 2,460 |

Deferred tax liabilities consist of the following amounts:

| | 2024 £000 | 2023 £000 |
|----------------------------------|--------------|--------------|
| Accelerated capital allowances | (839) | (899) |
| Goodwill | 3,958 | 3,799 |
| Short term timing differences | (551) | (440) |
| Balance as at 31 December | 2,568 | 2,460 |

Certain deferred tax assets and liabilities, as shown above, have been offset as the Company has a legally enforceable right to do so.

18. Share capital

| | 2024 Number | 2024 £000 | 2023 Number | 2023 £000 |
|---|--------------------|----------------|--------------------|----------------|
| Issued and fully paid ordinary shares of £1 each | | | | |
| 1 January | 114,500,000 | 114,500 | 114,500,000 | 114,500 |
| Issued during the year | 99,448,242 | 99,448 | - | - |
| 31 December | 213,948,242 | 213,948 | 114,500,000 | 114,500 |

The Company has one class of ordinary share which carries no rights to fixed income.

19. Retained earnings

| | 2024 £000 | Restated * 2023 £000 |
|----------------------------------|---------------|----------------------------|
| Restated Balance as at 1 January | 41,627 | 38,147 |
| Profit for the year | 13,003 | 15,880 |
| Dividends | - | (12,400) |
| Balance as at 31 December | 54,630 | 41,627 |

* Prior year balances have been restated, see Note 26.

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

20. Pension commitments

The Company contributes to the Morgan Sindall Retirement Benefits Plan and to other employees' personal pension arrangements. The Morgan Sindall Retirement Benefits Plan is a defined contribution post-retirement benefit plan under which the Company pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts. The assets of the schemes are held separately from those of the Company in funds under the control of trustees. The total costs charged to the statement of comprehensive income of £2,703,000 (2023: £2,425,000) represent contributions payable to the plan by the Company. The pension creditor at 31 December 2024 was £527,000 (2023: £449,000).

21. Contingent liabilities

Group banking facilities and surety bond facilities are supported by cross guarantees given by the Company and participating companies in the Group. The Company had access to a £35m overdraft facility (gross) (2023: £80.6m) repayable on demand but subject to periodic review. There are contingent liabilities in respect of surety bond facilities, guarantees and claims under contracting and other arrangements, including joint arrangements and joint ventures entered into in the normal course of business.

Performance bonds have been entered into in the normal course of business. Performance bond facilities and banking facilities of the Group are supported by cross guarantees given by the Company and other participating companies in the Group. *It is not anticipated that any liability will accrue.*

Contingent liabilities may also arise in respect of subcontractor and other third-party claims made against the Company, in the normal course of trading. These claims can include those relating to cladding/legacy fire safety matters, and defects. A provision for such claims is only recognised to the extent that the directors believe that the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation. However, such claims are predominantly covered by the Group's insurance arrangements. Recoveries under insurance arrangements are recognised as insurance receivables when they are considered virtually certain.

Building Safety

At 31 December 2024, the Company held provisions in respect of liabilities arising from the developers' pledge, the Building Safety Act and other associated fire regulations totalling £5.9m (2023: £4.7m).

The ongoing legislative and regulatory changes in respect of legacy building safety issues create uncertainty around the extent of remediation required for legacy buildings, the liability for such remediation, recoveries from other parties and the time to be considered. The Company has signed up to a developer remediation contract with the government to remediate legacy building safety issues and repay amounts already granted from the building safety fund. *It is possible that as repayments are made and remediation work proceeds, claims may be made against the Company as a contractor. Uncertainties also exist in respect of the timing and extent of expected recoveries from other third parties involved in developments.*

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

22. Lease liabilities

The Company leases assets including property, plant and vehicles. The average lease term is 5 years. There are no variable terms to any of the leases. The maturity profile for the lease liabilities at 31 December 2024 are set out below:

| | Leasehold Property | | Other Assets | | Total Lease Liabilities | |
|-------------------------------------|--------------------|--------------|--------------|----------|-------------------------|--------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Maturity analysis | | | | | | |
| Within one year | 1,439 | 1,182 | - | - | 1,439 | 1,182 |
| Within two to five years | 4,473 | 4,000 | - | - | 4,473 | 4,000 |
| After more than five years | 2,399 | 1,715 | - | - | 2,399 | 1,715 |
| Total undiscounted cashflows | 8,311 | 6,897 | - | - | 8,311 | 6,897 |
| Impact of discounting deducted | (1,521) | (1,051) | - | - | (1,521) | (1,051) |
| | 6,790 | 5,846 | - | - | 6,790 | 5,846 |

| | 2024 | | | 2023 | | |
|--------------------------|--------------------|--------------|--------------|--------------------|--------------|--------------|
| | Leasehold Property | Other Assets | Total | Leasehold Property | Other Assets | Total |
| | £000 | | £000 | £000 | £000 | £000 |
| As at 1 January | 5,845 | 1 | 5,846 | 6,249 | 84 | 6,333 |
| Additions | 1,626 | - | 1,626 | 723 | - | 723 |
| Repayments | (1,043) | - | (1,043) | (1,372) | (84) | (1,456) |
| Interest expenses | 362 | (1) | 361 | 245 | 1 | 246 |
| As at 31 December | 6,790 | - | 6,790 | 5,845 | 1 | 5,846 |

Lease rental payments of £1.0m were made in 2024 (2023: £1.5m).

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

23. Related party transactions

In the ordinary course of business, the Company has traded with its parent company Morgan Sindall Group plc together with its subsidiaries. Advantage has been taken of the exemption permitted by FRS 101 not to disclose transactions with entities that are wholly owned by the Group. Balances with these entities are disclosed in notes 13 and 15 of these financial statements.

In the ordinary course of business, the Company has traded with its joint ventures, South Thamesmead LLP, , Compendium Regeneration Limited, Anthem Lovell LLP, Lovell Latimer LLP, Lovell Flagship LLP, Chalkdene Developments LLP, Lovell Together LLP, Lovell Abri Weymouth LLP, Laurus Lovell Whalley LLP, Lovell Together (Pendleton) LLP, Kinsted Development LLP and Edmundham Developments LLP, all of whom are companies or LLPs registered in England and Wales.

| | Revenue | | Due at 31 December | |
|---------------------------------|---------|---------|--------------------|-------|
| | 2024 | 2023 | 2024 | 2023 |
| | £000 | £000 | £000 | £000 |
| Compendium Regeneration Limited | 11,853 | 12,406 | 1,295 | 609 |
| Anthem Lovell LLP | 5,289 | 12,579 | 1,415 | 1,029 |
| Lovell Latimer LLP | 4 | 609 | 144 | 144 |
| Lovell Flagship LLP | 11,280 | 15,313 | 625 | 647 |
| Chalkdene Developments LLP | 5,414 | 16,734 | 402 | 2,966 |
| Lovell Together LLP | 11,886 | 17,788 | 930 | 1,877 |
| Lovell Abri Weymouth LLP | 14,640 | 10,254 | 2,630 | - |
| Laurus Lovell Whalley LLP | 4,937 | 6,185 | 84 | 440 |
| Lovell Together (Pendleton) LLP | 1,298 | 8,622 | 67 | 570 |
| Kinsted Developments LLP | 5,698 | 684 | 1,055 | 137 |
| Edmundham Developments LLP | 353 | 769 | 70 | 97 |
| South Thamesmead LLP | 20,411 | - | 2,782 | - |
| | 93,063 | 101,943 | 11,499 | 8,516 |

The amounts due from related parties at 31 December 2024 excludes retention balances £2.4m (2023: £2.1m).

The Company received a capital repayment of £2.9m from Anthem Lovell LLP (2023: £0.25m), £3.3m from Compendium Regeneration Limited (2023: £0.55m), £4.5m from Lovell Abri Weymouth LLP (2023: £1m), £5.8m from Lovell Together LLP (2023: £4.05m), £2.9m from Lovell Flagship LLP (2023: £1.8m), £2.6m from Laurus Lovell Whalley LLP (2023: £1.2m), £1.7m from Kinsted Development LLP (2023: £nil), £0.2m from Lovell Together (Pendleton) LLP (2023: £nil). The capital investments were originally to finance community regeneration projects.

In addition, the Company provided £4.3m to Lovell Together LLP (2023: £0.9m), £9.2m to Lovell Abri Weymouth LLP (2023: £6.9m), £3.7m to Kinsted Developments LLP (2023: £2.0m), £0.8m to Edmundham Developments LLP (2023: £1.3m), £1.5m to Compendium Regeneration Limited (2023: £6.5m), £nil to Lovell Flagship LLP (2023: £1.15m), £0.3m to Laurus Lovell Whalley LLP (2023: £0.6m), £6.3m to South Thamesmead LLP (2023: £nil), £0.3m to Lovell Together (Pendleton) LLP (2023: £nil). Interest of £2.4m was also capitalised in the year. The capital investments are to finance regeneration projects of a primarily residential nature.

This brings the cumulative funding to £53.9m included in investments in joint ventures at 31 December 2024 (2023: £49.0m).

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

24. Dividends

Amounts recognised as distributions to equity holders in the year:

| | 2024 | 2023 |
|-------------------------------|------|--------|
| | £000 | £000 |
| Interim dividend for the year | - | 12,400 |
| | - | 12,400 |

The directors do not recommend the payment of a final dividend (2023: £nil).

25. Subsequent events

There were no subsequent events that affected the financial statements of the Company.

26. Restatement of Prior year results and position

Historically the Company recognised trade rebates on receipt however during the year the accounting policy was reviewed and amended to align with IAS 1 Presentation of Financial Statements which states that 'an entity shall prepare its financial statements, except for cash flow information, using the accrual basis of accounting'. This has resulted in a decrease in the prior year cost of sales of £1,649,000, an increase in prior year trade and other receivables of £5,268,000, and an increase in prior year opening retained earnings of £3,619,000. As the values are considered material we have restated the prior year balances.

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

| Balance Sheet | As at and for the period ended 31 December 2023 £'000 | Restatement £'000 | As at and end of the period ended 31 December 2023 £'000 |
|----------------------------------|--|----------------------|---|
| Current assets | | | |
| Trade and Other Receivables | 65,402 | 5,268 | 70,670 |
| Current Tax Asset | 616 | (387) | 229 |
| Total current assets | 421,761 | 4,881 | 426,642 |
| Total assets | 514,625 | 4,881 | 519,506 |
| Net current assets | 93,876 | 4,881 | 98,757 |
| Net assets | 151,246 | 4,881 | 156,127 |
| Capital and reserves | | | |
| Retained Earnings | 36,746 | 4,881 | 41,627 |
| Total Shareholder's funds | 151,246 | 4,881 | 156,127 |

| | As at and for the period ended 31 December 2023 £'000 | Restatement £'000 | As at and end of the period ended 31 December 2023 £'000 |
|--|--|----------------------|---|
| Statement of Comprehensive Income | | | |
| Cost of Sales | (748,161) | 1,649 | (746,512) |
| Gross Profit | 71,436 | 1,649 | 73,085 |
| Operating Profit | 22,312 | 1,649 | 23,961 |
| Profit before tax | 19,058 | 1,649 | 20,707 |
| Tax | (4,440) | (387) | (4,827) |
| Profit for the financial year attributable to the owners of the Company | 14,618 | 1,262 | 15,880 |
| Total comprehensive income for the year attributable to owners of the Company | 14,618 | 1,262 | 15,880 |

LOVELL PARTNERSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

| | As at and for the period ended 31 December 2023 £'000 | Restatement £'000 | As at and end of the period ended 31 December 2023 £'000 |
|---------------------------------------|--|----------------------|--|
| Statement of Changes in Equity | | | |
| Retained earnings | | | |
| As 1 January 2022 | 49,771 | | 49,771 |
| Total comprehensive Income | 14,757 | 3,619 (1) | 18,376 |
| Dividends paid | (30,000) | | (30,000) |
| As 31 December 2022 | 34,528 | 3,619 | 38,147 |
| Total comprehensive Income | 14,618 | 1,262 | 15,880 |
| Dividends paid | (12,400) | | (12,400) |
| As 31 December 2023 | 36,746 | 4,881 | 41,627 |

(1) To reflect impact of accruing for rebates received in FY23 but should have been accrued for as at 31 December 2022.