

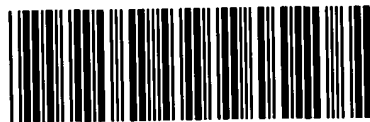
REGISTERED NUMBER: 02387333 (ENGLAND AND WALES)

# LOVELL

LOVELL PARTNERSHIPS LIMITED

ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025

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# LOVELL PARTNERSHIPS LIMITED

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# LOVELL PARTNERSHIPS LIMITED

## COMPANY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

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**Directors**

S Coleby  
S M Breslin  
J S Elliott  
D E Gough  
J C Morgan  
K K Gangotra

**Company Secretary**

H Mason (resigned 22 April 2025)  
L A K 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  
One Colmore Square  
Birmingham  
B4 6HQ

# LOVELL PARTNERSHIPS LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

The directors present their annual report and the audited financial statements for the year ended 31 December 2025. 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 under United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework', and applicable law.

### 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 and build contracting and planned maintenance and 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 2025 £000	Year to 31 December 2024 £000	Change
Revenue	906,713	867,714	+4.5%
Adjusted operating profit <sup>1</sup>	31,926	24,947	+28.0%
Adjusted operating margin <sup>1</sup>	3.52%	2.88%	64bps
Adjusted profit before tax <sup>1</sup>	20,768	20,380	+1.9%
Secured order book <sup>2</sup>	2,330,241	2,124,320	9.7%

<sup>1</sup> Excluding exceptional building safety charge (2025: £2.0m, 2024: £2.7m) and insurance receivable £2.7m (2024:nil).

<sup>2</sup> 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.

# LOVELL PARTNERSHIPS LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

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### **Business review (continued)**

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 4.5% to £906.7m (2024: £867.7m) with a further shift in the balance towards contracting activities. The planned expansion of the Lovell Renew business along with the continued strength of the core contracting business resulted in contracting revenue increasing by 12.6% to £642.0m (2024: £570.0m). The revenue generated from mixed-tenure activities was down 11.1% in the year to £264.7m (2024: £297.7m). 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.

The Company's cost of sales were higher throughout the year with a 3.4% increase to £818.7m (2024: £791.4m). However, cost inflation has been less severe than in previous years resulting in the adjusted operating profit increasing to £31.9m (2024: £24.9m), with an operating margin of 3.5% (2024: 2.9%).

The Company ended the year in a strong position in terms of future workload, with work winning successes increasing the secured forward order book by 9.7% to £2,330.0m (2024: £2,124.0m).

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. As at 31 December 2025 the provision carried forward for utilisation in future periods is £6.6m (2024: £5.9m).

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. This has resulted in an additional £2.1m exceptional provision being recognised during the financial year. The cost increase is due to re-phasing of planned works and a re-assessment of the costs based on current market conditions. In addition, following successful negotiations with the Company's Insurers, a £2.7m insurance claim income has been recognised in the year.

During the year, 1,531 units were completed across open market sales and social housing (including through joint ventures) compared to 1,808 units in 2024. The average sales price of £261.8k compared to the prior-year average of £237.3k.

For mixed tenure revenue streams, 1,022 open market and social housing units excluding joint ventures were completed compared to 1,295 in the prior year. A further 509 open market and social housing units were delivered in joint venture partnerships compared to 513 in the prior year.

The Company currently has a total of 70 (2024: 66) mixed tenure sites at various stages of construction and sales, with an average of 172 (2024: 166) open market units per site. Average site duration is 55 months (2024: 47 months), providing long-term visibility of activity.

# LOVELL PARTNERSHIPS LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

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### Financial position and liquidity

The financial position of the Company is presented in the Balance Sheet. The total shareholder's funds at 31 December 2025 were £287.6m (2024: £268.6m). The Company had net current assets of £181.0m (2024: £185.9m) at 31 December 2025.

As at 31 December 2025 the Company owed £160.0m (2024: £55.0m) 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 £474.7m (2024: £377.2m) and the investments in subsidiaries and joint ventures balance of £80.9m (2024: £61.9m). As a result the cash balance during the year has decreased to £9.6m overdrawn (2024: £1.9m positive cash).

Return on capital employed increased to 10.4% (2024: 8.5%).

The Company participates in the Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2025, the Group held net cash of £531.2m (2024: £492.0m). The Group also had £15.0m of committed loan facilities maturing in June 2028 (2024: £15.0m) and £165.0m of committed loan facilities maturing in October 2028 (2024: £165.0m), which were entirely undrawn as at 31 December 2025. Should further funding be required, the Group has significant committed financial resources available.

### Key performance indicators

The Company's financial key performance indicators are described in the business review above. 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 and Safety. These cover:

- 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 and safety and environmental inspections;
- health and safety reporting.

During 2025 there were 37 underground service damage incidents recorded. This represents an improvement compared to 42 incidents in 2024.

All other safety metrics improvement compared to 2024, along with the company recording an increase in learning events during the year.

No major environmental incidents were reported during the year, and only two minor incidents were recorded.

Health and Safety is recorded and monitored by the Lovell Health, Safety and Environment Team, with no significant changes to the calculation methodology from prior years.

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

# LOVELL PARTNERSHIPS LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

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### **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;
- 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 and how these risks are managed and mitigated, is provided in the strategic report in the Group's 2025 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.

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 via participation in the Group's cash pooling arrangements.

#### *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 Company mitigates the interest rate risk through participation in the Group's cash pooling arrangements.

# LOVELL PARTNERSHIPS LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

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### Financial risk management objectives and policies (continued)

#### *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.

#### **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;
- 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 2025 annual report at [www.morgansindall.com](http://www.morgansindall.com).

# LOVELL PARTNERSHIPS LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

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### 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 ultimately 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 2025 annual report describes how the Group Board engages with employees across the Group and how it reviews the Company's employee engagement activities throughout the year.

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.

We conduct regular surveys of our employees, following which we analyse their feedback and share with them the results of the survey 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 2025 include the Lovell Way workshops, which enhances our core values and develops employee engagement as the workforce grows. Feedback from the 2025 Employee Surveys showed that a key area for action was Growth. The company have worked with an external partner With Leadership to design and develop a new learning experience 'ELEVATE' which will support the high potential talented employees on their career journey. There will be two cohorts running in 2026. A Save As You Earn (SAYE) plan is currently in operation under which employees are given the opportunity to purchase Morgan Sindall Group plc shares in the future at a discount.

# LOVELL PARTNERSHIPS LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

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

#### *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.

#### **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 2025 paid 98% of invoices within 60 days (2024: 96%).

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 empowers the regional teams 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.

# LOVELL PARTNERSHIPS LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

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### Section 172(1) statement (continued)

#### Engagement with suppliers, clients and partners and local communities (continued)

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 the Group's engagement with stakeholders and how it delivers on its Total Commitments can be found in the Group's 2025 annual report.

Approved by and on behalf of the Board



**S M Breslin**  
Director  
1 April 2026

# LOVELL PARTNERSHIPS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

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### 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 a period of 12 months from the approval of the financial statements.

Given the ongoing reliance on the Morgan Sindall Group (the Group) for funding the growth of the Company, the parent company, Morgan Sindall plc has provided a letter of support that it is willing and able to provide financial support to the Company for a period of 12 months from the approval of the financial statements 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 across the Group, which the Company participates in.

The Company participates in the Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2025, the Group held net cash balances of £531.2m (2024: £492.0m). The Group also had £180.0m of committed loan facilities with £15.0m maturing in June 2028 and £165.0m maturing in October 2028, which were entirely undrawn as at 31 December 2025 and remained undrawn subsequent to the year end. Should further funding be required, the Group has significant committed financial resources available.

Given the parental support provided and nature of the Company's involvement in the Group cash pooling arrangement the Company Directors consider both the Company's own funding requirements in association with the overall Group going concern assessment for the purposes of the Company's own going concern assessment. Within this they consider the Company's own requirements for funding both on base case and downside scenarios and assess that against the funding levels within the Group.

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 the directors' 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 2025

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### **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 of the Company, having assessed the responses of the directors of Morgan Sindall Group plc to their enquiries, and having received confirmation regarding its support to assist the Company in meeting its liabilities as and when they fall due have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements for the period of the Company going concern assessment.

Based on the above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the going concern assessment period of 12 months from the date of approval of the financial statements. 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 2025.

### **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 the 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 (2024: none).

### **Dividends**

No interim dividend (2024: £nil) was paid during the year. The directors do not recommend the payment of a final dividend (2024: £nil).

### **Post balance sheet events**

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

# LOVELL PARTNERSHIPS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

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### **Political contributions**

The Company made no political contributions during the year (2024: none).

### **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 based on 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 have 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 8.

### **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.

For further details of the Group's environmental performance, including alignment to the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) and Streamlined Energy and Carbon Reporting (SECR) please see the Morgan Sindall Group 2025 annual report which can be found on the Group website [www.morgansindall.com](http://www.morgansindall.com).

### **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.

# LOVELL PARTNERSHIPS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

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### **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 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.

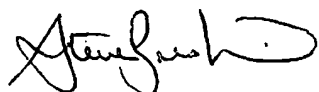
In preparing these financial statements, the directors are required to

- 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**  
1 April 2026

# LOVELL PARTNERSHIPS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVELL PARTNERSHIPS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2025

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### Opinion

We have audited the financial statements of Lovell Partnerships Limited for the year ended 31 December 2025 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 24, 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 2025 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 of 12 months from when the financial statements are authorised for issue.

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

# LOVELL PARTNERSHIPS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVELL PARTNERSHIPS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2025

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### **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.

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 set out on page 13, 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.

# LOVELL PARTNERSHIPS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVELL PARTNERSHIPS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2025

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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 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.

# LOVELL PARTNERSHIPS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVELL PARTNERSHIPS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2025

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- 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;
- 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 of 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, including bulk deals 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.

# LOVELL PARTNERSHIPS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOVELL PARTNERSHIPS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2025

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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 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.

Signed by:

  
93537BFE741E47B...

**Matthew Wilcox (Senior statutory auditor)**

For and on behalf of Ernst & Young LLP, Statutory Auditor  
Birmingham, United Kingdom  
1 April 2026

**LOVELL PARTNERSHIPS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**AS AT 31 DECEMBER 2025**

	Notes	2025 £000	2024 £000
Revenue	1	906,713	867,714
Cost of sales		(818,732)	(791,369)
<b>Gross profit</b>		<b>87,981</b>	<b>76,345</b>
<b>Analysed as:</b>			
Adjusted gross profit		87,348	79,089
Exceptional building safety (charge)/credit	16	633	(2,744)
Administrative expenses		(58,831)	(56,746)
Other operating income	2	3,409	2,604
<b>Operating profit</b>	<b>3</b>	<b>32,559</b>	<b>22,203</b>
<b>Analysed as:</b>			
Adjusted operating profit		31,926	24,947
Exceptional building safety (charge)/credit		633	(2,744)
Interest receivable	6	390	1,010
Dividend income	7	2,133	2,000
Interest payable	6	(13,681)	(7,577)
<b>Profit before tax</b>		<b>21,401</b>	<b>17,636</b>
<b>Analysed as:</b>			
Adjusted profit before tax		20,768	20,380
Exceptional building safety (charge)/credit	16	633	(2,744)
Tax	8	(5,111)	(4,633)
<b>Profit for the financial year attributable to owners of the Company</b>	<b>19</b>	<b>16,290</b>	<b>13,003</b>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>16,290</b>	<b>13,003</b>

**Continuing operations**

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

The policies and notes on pages 22 to 54 form an integral part of these financial statements.

**LOVELL PARTNERSHIPS LIMITED**  
**BALANCE SHEET**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025 £000	2024 £000
<b>Non-current assets</b>			
Intangible assets	9	26,594	26,594
Property, plant and equipment	10	9,874	10,216
Trade and other receivables	13	11,427	8,593
Investments in subsidiaries and joint ventures	11	80,937	61,906
		<b>128,832</b>	<b>107,309</b>
<b>Current assets</b>			
Inventories	12	474,728	377,251
Contract assets	14	42,135	52,268
Trade and other receivables	13	86,653	73,402
Current tax asset		5,091	1,810
Cash and cash equivalents		-	1,930
		<b>608,607</b>	<b>506,661</b>
<b>Total assets</b>		<b>737,439</b>	<b>613,970</b>
<b>Current liabilities</b>			
Contract liabilities	14	(11,430)	(10,410)
Trade and other payables	15	(397,891)	(299,208)
Lease Liabilities	22	(1,226)	(1,093)
Provisions	16	(7,433)	(10,101)
Bank overdraft		(9,612)	-
		<b>(427,592)</b>	<b>(320,812)</b>
<b>Net current assets</b>		<b>181,015</b>	<b>185,849</b>
<b>Non-current liabilities</b>			
Trade and other payables	15	(14,943)	(15,346)
Lease liabilities	22	(6,009)	(5,697)
Provisions	16	(1,002)	(969)
Deferred tax liabilities	17	(332)	(2,568)
		<b>(22,286)</b>	<b>(24,580)</b>
<b>Total liabilities</b>		<b>(449,878)</b>	<b>(345,392)</b>
<b>Net assets</b>		<b>287,561</b>	<b>268,578</b>
<b>Capital and reserves</b>			
Called up share capital	18	213,948	213,948
Retained earnings	19	73,613	54,630
<b>Total shareholder's funds</b>		<b>287,561</b>	<b>268,578</b>

The financial statements of Lovell Partnerships Limited (company number 02387333) were approved by the Board and authorised for issue on 1 April 2026. They were signed on its behalf by:



.....  
S M Breslin  
Director  
1 April 2026

The policies and notes on pages 22 to 54 form an integral part of these financial statements.

# LOVELL PARTNERSHIPS LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital (Note 18) £000	Retained earnings (Note 19) £000	Total £000
<b>At 1 January 2024</b>	<b>114,500</b>	<b>41,627</b>	<b>156,127</b>
Share capital Issued	99,448	-	99,448
Total Comprehensive Income	-	13,003	13,003
<b>At 1 January 2025</b>	<b>213,948</b>	<b>54,630</b>	<b>268,578</b>
Total comprehensive income	-	16,290	16,290
Tax relating to share-based payments	-	2,693	2,693
<b>At 31 December 2025</b>	<b>213,948</b>	<b>73,613</b>	<b>287,561</b>

The policies and notes on pages 22 to 54 form an integral part of these financial statements.

# LOVELL PARTNERSHIPS LIMITED

## PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2025

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### **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 8. 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, 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 financial statements of Morgan Sindall Group plc, which are available to the public at [www.morgansindall.com](http://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.

### **Immediate and Ultimate parent undertaking**

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 [www.morgansindall.com](http://www.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 21 'The Effects of Changes in Foreign Exchange Rates'

The accounting policies as set out below have been applied consistently to all periods presented in these financial statements.

# LOVELL PARTNERSHIPS LIMITED

## MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

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### 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 a period of 12 months from the approval of the financial statements.

Given the ongoing reliance on the Morgan Sindall Group (the Group) for funding the growth of the Company, the parent company, Morgan Sindall Group plc has provided a letter of support that it is willing and able to provide financial support to the Company for a period of 12 months from the approval of the financial statements 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 across the Group, which the Company participates in.

The Company participates in the Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2025, the Group held cash of £531.2m. The Group also had £180.0m of committed loan facilities with £15.0m maturing in June 2028 and £165.0m maturing in October 2028, which were entirely undrawn as at 31 December and remained undrawn subsequent to the year end. Should further funding be required, the Group has significant committed financial resources available.

Given the parental support provided and nature of the Company's involvement in the Group cash pooling arrangement the Company Directors consider both the Company's own funding requirements in association with the overall Group going concern assessment for the purposes of the Company's own going concern assessment. Within this they consider the Company's own requirements for funding both on base case and downside scenarios and assess that against the funding levels within the Group.

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 the directors' 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

## MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

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### **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 of the Company, having assessed the responses of the directors of Morgan Sindall Group plc to their enquiries, and having received confirmation regarding its support to assist the Company in meeting its liabilities as and when they fall due, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements for the period of the Company going concern assessment.

Based on the above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the going concern assessment period of 12 months from the date of approval of the financial statements. Thus, they continue to adopt the going concern basis in preparing the financial statements.

### **Investments in subsidiaries and joint ventures including loans**

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 these are included in the Group accounts of Morgan Sindall Group plc.

Investments and loans to joint ventures and subsidiaries 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.

#### **ii) Joint Arrangement**

Construction contracts carried out as a joint arrangement without the establishment of a legal entity are joint operations. The Company operates an unincorporated joint arrangement. The arrangement is supported by a Joint Venture Agreement dealing with the responsibility of each partner and their

# LOVELL PARTNERSHIPS LIMITED

## MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

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### Investments in subsidiaries and joint ventures including loans (continued)

#### Joint Arrangements (continued)

share of the contract outcome. The Company's share of the results and net assets of the arrangement are included under each relevant heading in the statement of comprehensive income and the balance sheet.

#### 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.

#### 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 project 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.

# LOVELL PARTNERSHIPS LIMITED

## MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

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### **Inventories (continued)**

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.

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.

# LOVELL PARTNERSHIPS LIMITED

## MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

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### Revenue (continued)

#### Construction contracts (continued)

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.

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.

# LOVELL PARTNERSHIPS LIMITED

## MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

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### **(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 a deduction from related expenses on a stage of completion basis over the life of the project to which the funding relates.

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.

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.

### **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

# LOVELL PARTNERSHIPS LIMITED

## MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

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### **Leases (continued)**

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 defined contribution pension arrangements for employees. The amount charged to the statement of comprehensive income is equal to the contributions payable in respect of the year. Differences between contributions payable in respect of 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. 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. 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**

Share based payments are operated by the Group based on PLC shares, and not the Company shares. The Company recognises the shares as a cash-based payment transaction. The Company recognises the share payments through employee benefit expenses in the income statement when options are exercised with a subsequent recharge between the Company and Group.

Group measure equity-settled share-based payments to employees at the fair value of the equity instruments at the grant date. 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 share based payment awards are settled in the equity of Group.

# LOVELL PARTNERSHIPS LIMITED

## MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

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### **Other operating income**

The income from joint ventures relates to interest on the 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.

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 for short term working capital purposes. Given senior debt does not exhibit the characteristics of longer term interests, that in substance form part of the entity's net investment in the associate joint venture the interest is accrued and recognised in the statement of comprehensive income accordingly.

# LOVELL PARTNERSHIPS LIMITED

## MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

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### **Interest payable**

Bank interest payable is recognised in the statement of comprehensive income when incurred. 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 carrying 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 recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

### **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

# LOVELL PARTNERSHIPS LIMITED

## MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

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### **Financial instruments (continued)**

fair value gains or losses being recognised in profit or loss. 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 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 financial assets**

The Company 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.

### **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 in trade receivables when the inflow of economic benefits is considered virtually certain and the value can be reliably measured.

### **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.

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.

# LOVELL PARTNERSHIPS LIMITED

## MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

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### **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 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.

The reference to estimates above is not intended to comply with the requirements of paragraph 125 of IAS 1 'Presentation of Financial Statements' as it is not expected there is a significant risk of a material adjustment to the carrying amount of assets and liabilities within the next financial year. The above is presented as additional disclosure in order to give more detail on the process for revenue and profit recognition for long term contracts.

# LOVELL PARTNERSHIPS LIMITED

## MATERIAL ACCOUNTING POLICY INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2025

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### **(c) Inventory valuation (judgement and estimate)**

Inventory is 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. A provision is made for obsolete, slow-moving or defective items where appropriate. Management is required to use judgement when estimating the profitability of a site/phase and in assessing any indicators of impairment.

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. Judgement is required during regular reviews to identify any impairment in the value of the land by comparing the total estimated selling prices less estimated **Inventory valuation (judgement and estimate) (continued)**

selling expenses against the carrying amount 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. Judgement is required during regular reviews to assess for impairment in the values of these investments, and a provision is 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.

### **(d) 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.

Please see note 16 for further detail.

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 1. Analysis of revenue

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

	2025	2024
	£000	£000
Revenue from construction contracts satisfied over time	642,020	570,021
Revenue from mixed tenure construction contracts satisfied over time	93,522	121,433
Revenue from sale of properties satisfied at a point in time	171,171	176,260
<b>Total revenue</b>	<b>906,713</b>	<b>867,714</b>

### 2. Other operating income

	2025	2024
	£000	£000
Income from joint ventures	3,409	2,604
<b>Total other operating income</b>	<b>3,409</b>	<b>2,604</b>

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

### 3. Operating profit

	2025	2024
	£000	£000
<b>Operating profit is stated after charging/(crediting):</b>		
Depreciation of tangible fixed assets (see note 10):		
- owned assets	1,386	1,361
- Right of use assets	1,133	1,110
Loss on sale of tangible fixed assets	17	10
Cost of inventories recognised as an expense	167,682	154,292
Staffing costs (see note 4)	99,823	95,165
Fees payable to the Company's auditor for the audit of the Company's annual accounts	400	259
Impairment of financial asset – trade receivables	(45)	(419)
Impairment of financial asset – amounts owed by group undertakings	(61)	(106)

Non-audit fees payable by the Company during the year were £nil (2024: £nil) relating to other services.

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 4. Staff costs

	2025 £000	2024 £000
Wages and salaries	84,739	81,794
Social security costs	11,105	9,624
Redundancy costs	1,110	1,044
Pension costs	2,869	2,703
	<b>99,823</b>	<b>95,165</b>

### Average number of employees

	No.	No.
The average monthly number of employees (including executive directors) during the year was:	1,233	1,192

### 5. Directors' remuneration

	2025 £000	2024 £000
<b>Directors' remuneration</b>		
Emoluments	2,787	2,376
Company contributions to money purchase pension scheme	39	41
	<b>2,826</b>	<b>2,417</b>

### Remuneration of the highest paid director

Emoluments	867	815
Company contributions to money purchase pension scheme	10	10

	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	3

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 of the Company received no emoluments (2024: £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 2025

### 6. Net interest receivable/(payable)

	2025	2024
	£000	£000
Bank interest receivable	22	62
Interest receivable from joint ventures	342	219
Other interest receivable	26	729
<b>Interest receivable</b>	<b>390</b>	<b>1,010</b>
Other interest payable	(11,128)	(5,495)
Unwinding of discount on future land payments accrual (note 15)	(2,157)	(1,720)
Accretion of interest on lease liabilities	(396)	(362)
<b>Interest payable</b>	<b>(13,681)</b>	<b>(7,577)</b>

Other interest receivable relates to £0.03m interest received from Community Solutions for Regenerations (Hertfordshire) Limited (2024: £0.7m) for the loan provided to the entity.

Other interest payable relates to £1.0m bank interest payable (2024: £1.0m) and interest payable on balances with the Group £10.1m (2024: £4.5m), which has increased in the year as a result of increased funding drawn from the Group.

### 7. Dividend income

	2025	2024
	£000	£000
Dividend income	2,133	2,000
<b>Dividend income</b>	<b>2,133</b>	<b>2,000</b>

Dividend income relates to £0.2m Anthem Lovell LLP (2024: £1.3m), £2.0m Lovell Together (2024: nil) and nil profit share from Lovell Together (Pendleton) LLP (2024: £0.8m).

### 8. Tax

	2025	2024
	£000	£000
UK corporation tax charge on profit for the year	5,616	4,685
Adjustment in respect of previous years	(603)	(160)
<b>Total current tax</b>	<b>5,013</b>	<b>4,525</b>
Origination and reversal of timing differences	158	58
Adjustment in respect of previous years	(60)	50
<b>Total deferred tax (note 17)</b>	<b>98</b>	<b>108</b>
<b>Total tax expense</b>	<b>5,111</b>	<b>4,633</b>

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Corporation tax is calculated at 25% (2024: 25%) 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:

	2025	2024
	£000	£000
Profit before tax	21,401	17,636
Tax on profit at corporation tax rate	5,350	4,409
<i>Factors affecting the charge for the year:</i>		
Tax liability upon joint ventures profits/partnership income	749	733
Non-taxable income and expenses	(437)	(399)
Other items	112	-
Adjustment to tax charge in respect of previous years	(663)	(110)
<b>Total tax expense</b>	<b>5,111</b>	<b>4,633</b>

The UK statutory Corporation Tax rate for the Company was 25% (2024: 25%). 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 2025 have been calculated at 25% (2024: 25%).

Residential Property Developer Tax (RDPT) applies at a rate of 4% on profits arising from residential property development. A £25m annual tax-free allowance applies in aggregate for the Group. A portion of the profit of the Company are subject to RDPT, and a liability of £m (2024: £m) has been accrued for the Company for 2025, included within tax expense.

Pillar Two legislation has been enacted in the UK, where the Company operates. The company has performed an assessment of the Company's potential exposure to Pillar Two income taxes. Based on the assessment performed, the Pillar Two effective tax rate is above 15% and management is not currently aware of any circumstances which this might change. Therefore, the Company does not expect a potential exposure to Pillar Two top up taxes and has accrued no liability.

### 9. Intangible assets

	Goodwill
	£000
<b>Cost and net book value</b>	
As at 31 December 2024	26,594
<b>As at 31 December 2025</b>	<b>26,594</b>

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).

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### Intangible assets (continued)

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 3.0% (2024: 3.4%). 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 in the impairment assessment of goodwill balance is 15.1% (2024: 14.2%). The increased discount rates in 2025 are due to a higher risk-free rate and an increased market risk premium for the UK. 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.

### 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
<b>Cost</b>				
As at 1 January 2025	10,852	10,633	397	21,882
Additions	612	1,582	-	2,194
Disposals	(922)	-	-	(922)
<b>As at 31 December 2025</b>	<b>10,542</b>	<b>12,215</b>	<b>397</b>	<b>23,154</b>
<b>Depreciation</b>				
As at 1 January 2025	(6,491)	(4,778)	(397)	(11,666)
Charge for the year	(1,386)	(1,133)	-	(2,519)
Disposals	905	-	-	905
<b>As at 31 December 2025</b>	<b>(6,972)</b>	<b>(5,911)</b>	<b>(397)</b>	<b>(13,280)</b>
<b>Net Book Value</b>				
<b>As at 31 December 2025</b>	<b>3,570</b>	<b>6,304</b>	<b>-</b>	<b>9,874</b>
As at 31 December 2024	4,361	5,855	-	10,216

Assets fully written down during the financial year had a cost and accumulated depreciation of £0.6m (2024: £1.3m).

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 11. Investments in subsidiaries and joint ventures including loans

	Subsidiaries Equity Investment £000	Joint Venture Equity Investment £000	Capital Advances/ (Repayment) £000s	Total £000
Opening balance as at 1 January 2024	6,748	1,285	48,975	57,008
Capital advances	-	-	26,490	26,490
Capitalised Interest	-	-	2,350	2,350
Capital repayments during the year	-	-	(23,942)	(23,942)
Closing balance as at 31 December 2024	6,748	1,285	53,873	61,906
Capital advances	-	-	50,337	50,337
Capitalised Interest	-	-	3,178	3,178
Capital repayments during the year	-	-	(34,484)	(34,484)
<b>Closing balance as at 31 December 2025</b>	<b>6,748</b>	<b>1,285</b>	<b>72,904</b>	<b>80,937</b>

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%
Astley Place Residents Management Company Limited**†	Real estate management	100%
Balderton Rise Residents Management Company Limited**†	Real estate management	100%
Barnet Lovell Regeneration LLP	Regeneration	100%
B:Home Birmingham Limited	Dormant	100%
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%
Bryn Castell Residents Management Company Limited**†	Real estate management	100%
Caldon Quay Residents Management Company Limited**†	Real estate management	100%
Castle Green Residents Management Company Limited**†	Real estate management	100%
Cherry Pie Meadow Residents Management Company Limited**†	Real estate management	100%
Community Solutions Living	Development of supported	100%

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Name of Company	Principal activity	Proportion of ordinary shares held
Limited	living	
Crown Meadows Residents Management Company Limited**†	Real estate management	100%
Drummond Park (Ludgershall) Residents Management Company Limited**†	Real estate management	100%
Durleigh View Residents Management Company Limited**† (incorporated 2026)	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%
Edmundham Developments LLP	Regeneration	50%
Edwards Birch (Morpeth) Residents Management Company Limited**†	Real estate management	100%
Electric Quarter Residents Management Company Limited**†	Real estate management	100%
Exford Drive 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%
Hamilton Wharf 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%
Heathstock Rise Residents 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%
L&Q Lovell Trafford LLP	Regeneration	100%
Laurel Gate (Whitburn) Residents Management Company Limited**† (Incorporated 2026)	Real estate management	100%
Laurus Lovell Whalley LLP	Regeneration	100%
Lavender Chase and The	Real estate management	100%

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Name of Company	Principal activity	Proportion of ordinary shares held
Driftwoods Residents Management Company Limited**†		
Laxton Close Management Company Ltd**†	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 Together (Pendleton) LLP	Regeneration	50%
Lovell/ Abri Weymouth LLP	Regeneration	50%
Luker Place Management Company Limited**†	Real estate management	100%
Lymington Mews Management Company Limited**†	Real estate management	100%
Maryon Road Residents 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**† (transferred out February 2026)	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%

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Name of Company	Principal activity	Proportion of ordinary shares held
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%
Saints Green (South Otterington) Residents Management Company Limited**†	Real estate management	100%
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%

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Name of Company	Principal activity	Proportion of ordinary shares held
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 2) Management Limited**†	Real estate management	100%
The Way Beswick (Zone 3) Management Limited**†	Real estate management	100%
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%

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Name of Company	Principal activity	Proportion of ordinary shares held
Woodgate (West Sussex) 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.

### 12. Inventories

	2025 £000	2024 £000
Land	156,079	142,222
Residential developments and undeveloped land	298,813	219,301
Part exchange properties	1,830	1,176
Show homes	18,006	14,552
	<b>474,728</b>	<b>377,251</b>

Land includes £156.1m (2024: £142.2m) 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 2025 part exchange properties added to inventories was £2.8m (2024: £4.6m). Inventory including residential developments and developed land expensed during the year was £167.7m (2024: £154.3m).

The inventory balance includes provisions for the potential non recovery of inventory amounting to £3.1m (2024: £8.8m).

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

<b>13. Trade and other receivables - Current</b>		
	2025	2024
	£000	£000
<b>Amounts falling due within one year</b>		
Trade receivables	38,357	28,705
Amounts owed by subsidiaries	12,409	10,513
Amounts owed by joint ventures	11,372	14,078
Prepayments and accrued income	4,935	5,337
Other receivables	4,254	1,427
	<b>71,327</b>	<b>60,060</b>
<b>Amounts falling due after more than one year</b>		
Trade receivables	12,918	13,342
Amounts owed by joint ventures	2,408	-
	<b>86,653</b>	<b>73,402</b>
<b>Trade and other receivables - Non-Current</b>		
	2025	2024
	£000	£000
Amounts owed by subsidiaries	11,427	6,950
Amounts owed by joint ventures	-	1,643
	<b>11,427</b>	<b>8,593</b>

Amounts owed by subsidiaries are payable on demand and are not interest bearing. £13.7m (2024: £8.6m) of the amounts owed by subsidiaries and joint ventures/JANEs are expected to be received after more than 12 months.

Trade receivables are stated after provisions for non-recovery of £0.7m (2024: £0.7m). Trade receivables include retentions held by customers for contract work which at 31 December 2025 were £32.6m (2024: £25.9m). These will be collected in the normal operating cycle of the Company.

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 2024, a provision for impairment losses of £0.8m 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 2025 and increased to £0.9m. The bad debt provision recognised reduces the carrying value of the amount receivable from this wholly owned subsidiary to £nil (2024: £nil).

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 14. Contract assets/(liabilities)

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

	2025 £000	2024 £000
Contract assets	42,135	52,268
Contract liabilities	(11,430)	(10,410)

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 2025 are expected to satisfy performance obligations in the next 12 months.

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

	2025 £000		2024 £000	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
As at 1 January	52,268	(10,410)	57,360	(15,464)
Revenue recognised				
- Performance obligations satisfied in the current year	735,542	10,410	691,454	15,464
Cash received for performance obligations not yet satisfied	-	(11,430)	-	(10,410)
Amounts transferred to trade receivables	(745,675)	-	(696,546)	-
<b>As at 31 December</b>	<b>42,135</b>	<b>(11,430)</b>	<b>52,268</b>	<b>(10,410)</b>

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:

	2026 £m	2027 £m	2028+ £m	Total £m
As at 31 December	506	272	272	1,050

The £1,050.0m is included in the Company's contracting secured order book as at 31 December 2025 (2024: £1,095.0m).

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 15. Trade and other payables

	2025	2024
	£000	£000
<b>Amounts falling due within one year</b>		
Trade payables	100,528	92,073
Amounts owed to Morgan Sindall Group undertakings	165,580	55,396
Social security and other taxes	4,296	4,021
Other payables	1,694	1,980
Accruals for future land payments	25,410	30,803
Other accruals	100,383	114,935
	<b>397,891</b>	<b>299,208</b>
<b>Amounts falling due after one year</b>		
Accruals for future land payments	14,943	15,346
	<b>14,943</b>	<b>15,346</b>

Amounts owed to Morgan Sindall Group undertakings are payable on demand and are not interest bearing. This includes £160.0m owed to Morgan Sindall Group due to the group's cash pooling arrangement (2024: £55.0m).

Other payables comprise of property buyer deposits £0.4m (2024: £0.5m) received in advance before the associated performance obligations are satisfied and the revenue recognised.

Other accruals include contracting cost accruals of £90.7m (2024: £105.4m) and administrative expense accruals £9.3m (2024: £9.5m).

Accruals for future land payments have been discounted by £2.2m (2024: £1.7m) to reflect the time value of money. Accruals for future land payments represents amounts committed to future land payments dated between 2026 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 2025

### 16. Provisions

	Contract and Legal £000	Building Safety £000	Dilapidation £000	Total £000
<b>At 1 January 2024</b>	<b>5,086</b>	<b>4,706</b>	-	<b>9,792</b>
Additions	2,832	3,343	969	7,144
Utilised	(3,394)	(1,579)	-	(4,973)
Release	(14)	(879)	-	(893)
Reclassification	(279)	279	-	-
<b>At 31 December 2024</b>	<b>4,231</b>	<b>5,870</b>	<b>969</b>	<b>11,070</b>
Additions	201	2,078	309	2,588
Utilised	(469)	(1,353)	(86)	(1,908)
Release	(286)	(11)	-	(297)
Reclassification to trade and other payables	(3,018)	-	-	(3,018)
<b>At 31 December 2025</b>	<b>659</b>	<b>6,584</b>	<b>1,192</b>	<b>8,435</b>
Current	659	6,584	190	7,433
Non-current	-	-	1,002	1,002
<b>At 31 December 2025</b>	<b>659</b>	<b>6,584</b>	<b>1,192</b>	<b>8,435</b>

### Exceptional building safety items

	2025 £000	2024 £000
Net additions on building safety provisions	(2,067)	(2,744)
Insurance and recoveries recognised in receivables	2,700	-
<b>Balance at 31 December</b>	<b>633</b>	<b>(2,744)</b>

### 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.

During 2025 the company incurred a £2.0m building safety charge, which was offset by a £2.7m building safety credit relating to an insurance claim resulting in a £0.6m credit.

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### Provisions (continued)

#### Contract and legal provisions

Contract and legal provisions include litigation provisions of £0.6m (2024: £0.6m), and loss provisions on contracts £0.0m (2024: £0.6m). It is anticipated that these costs will be incurred in the next financial year. The 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. The performance bond was reclassified during the financial year from a provision to an accrual, due to the balance being in-substance an aggregate project contingency.

#### Dilapidation provision

Provisions relating to dilapidations have been recognised in the year and these are utilised as costs are incurred. It is anticipated that these costs will be incurred over the period of February 2026 to October 2034.

### 17. Deferred tax liability

	2025	2024
	£000	£000
Balance at 1 January	2,568	2,460
Credit to Equity	(2,334)	
Income statement charge (note 8)	98	108
<b>Balance at 31 December</b>	<b>332</b>	<b>2,568</b>

Deferred tax liabilities consist of the following amounts:

	2025	2024
	£000	£000
Accelerated capital allowances	(625)	(839)
Goodwill	4,117	3,958
Share Based Payment	(2,755)	-
Short term timing differences	(405)	(551)
<b>Balance as at 31 December</b>	<b>332</b>	<b>2,568</b>

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

	2025	2025	2024	2024
	Number	£000	Number	£000
<b>Issued and fully paid ordinary shares of £1 each</b>				
1 January	213,948,242	213,948	114,500,000	114,500
Issued during the year	-	-	99,448,242	99,448
<b>31 December</b>	<b>213,948,242</b>	<b>213,948</b>	<b>213,948,242</b>	<b>213,948</b>

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

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 19. Retained earnings

	2025	2024
	£000	£000
Balance as at 1 January	54,630	41,627
Profit for the year	16,290	13,003
Tax relating to share-based payments	2,693	-
<b>Balance as at 31 December</b>	<b>73,613</b>	<b>54,630</b>

### 20. Pension commitments

The Company contributes to defined contribution pension arrangements for employees. The Company pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts. The total costs charged to the statement of comprehensive income of £2,869,000 (2024: £2,703,000) represent contributions payable to the plan by the Company. The pension creditor at 31 December 2025 was £521,000 (2024: £527,000).

### 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 £35.0m overdraft facility (gross) (2024: £35.0m) repayable on demand but subject to periodic review. The company utilised £9.6m of its overdraft facility (2024: nil). 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 2025, the Company held provisions in respect of liabilities arising from the developers' pledge, the Building Safety Act and other associated fire regulations totalling £6.6m (2024: £5.9m).

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 2025

### 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 2025 are set out below:

	Leasehold Property		Total Lease Liabilities	
	2025	2024	2025	2024
	£000	£000	£000	£000
<b>Maturity analysis</b>				
Within one year	1,599	1,439	1,599	1,439
Within two to five years	4,794	4,473	4,794	4,473
After more than five years	2,434	2,399	2,434	2,399
<b>Total undiscounted cashflows</b>	<b>8,827</b>	<b>8,311</b>	<b>8,827</b>	<b>8,311</b>
Impact of discounting deducted	(1,592)	(1,521)	(1,592)	(1,521)
	<b>7,235</b>	<b>6,790</b>	<b>7,235</b>	<b>6,790</b>

	2025			2024		
	Leasehold Property	Other Assets	Total	Leasehold Property	Other Assets	Total
	£000		£000	£000	£000	£000
As at 1 January	6,790	-	6,790	5,845	1	5,846
Additions	1,580	-	1,580	1,626	-	1,626
Repayments	(1,531)	-	(1,531)	(1,043)	-	(1,043)
Interest expenses	396	-	396	362	(1)	361
<b>As at 31 December</b>	<b>7,235</b>	<b>-</b>	<b>7,235</b>	<b>6,790</b>	<b>-</b>	<b>6,790</b>

Lease rental payments of £1.5m were made in 2025 (2024: £1.0m).

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

### 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 listed below, all of whom are companies or LLPs registered in England and Wales.

	Revenue		Due at 31 December	
	2025	2024	2025	2024
	£000	£000	£000	£000
Compendium Regeneration Limited	7,411	11,853	329	1,295
Anthem Lovell LLP	86	5,289	588	1,415
Lovell Latimer LLP	56	4	56	144
Lovell Flagship LLP	7,578	11,280	608	625
Chalkdene Developments LLP	404	5,414	408	402
Lovell Together LLP	30,201	11,886	1,357	930
Lovell Abri Weymouth LLP	13,873	14,640	1,359	2,630
Laurus Lovell Whalley LLP	6,679	4,937	683	84
Lovell Together (Pendleton) LLP	127	1,298	-	67
Kinsted Developments LLP	16,436	5,698	1,737	1,055
Edmundham Developments LLP	5,935	353	29	70
South Thamesmead LLP	56,485	20,411	4,780	2,782
L&Q Lovell Trafford LLP	1,049	-	-	-
Barnet Lovell Regeneration LLP	193	-	193	-
	<b>146,513</b>	<b>93,063</b>	<b>12,127</b>	<b>11,499</b>

A summary of the Joint Venture Capital repayment and advances are as follows:

	Capital Repayment		Capital Advances	
	2025	2024	2025	2024
	£000	£000	£000	£000
Compendium Regeneration Limited	6,400	3,300	1,850	1,475
Anthem Lovell LLP	-	2,825	-	-
Lovell Flagship LLP	4,850	2,850	-	-
Lovell Together LLP	5,466	5,838	8,745	4,256
Lovell Abri Weymouth LLP	2,168	4,500	5,394	9,190
Laurus Lovell Whalley LLP	4,800	2,595	575	300
Lovell Together (Pendleton) LLP	-	185	52	294
Kinsted Developments LLP	-	1,702	7,661	3,734
Edmundham Developments LLP	-	-	5,716	780
South Thamesmead LLP	10,800	-	19,548	6,252
L&Q Lovell Trafford LLP	-	-	796	-
	<b>34,484</b>	<b>23,795</b>	<b>50,337</b>	<b>26,281</b>

Interest of £3.2m (2024: £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 £72.9m included in investments in joint ventures at 31 December 2025 (2024: £53.9m).

# LOVELL PARTNERSHIPS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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### **24. Subsequent events**

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