REGISTERED NUMBER: 02717800 (ENGLAND AND WALES)

MUSE PLACES LIMITED

(FORMERLY MUSE DEVELOPMENTS LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

MUSE PLACES LIMITED

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MUSE PLACES LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022

Directors	J C Morgan M J Auger P A Mayall S A Shankland S P Crummett R C Futter
Secretary	C Sheridan
Head Office	Riverside House Irwell Street Salford M3 5EN
Registered Office	Kent House 14 - 17 Market Place London W1W 8AJ
Auditor	Ernst & Young LLP Statutory Auditor 2 St Peter's Square Manchester M2 3DF

MUSE PLACES LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Principal activities

Muse Places Limited (hereafter referred to as the "Company") and its subsidiary and joint venture undertakings (together "the Group") form a UK-wide urban regeneration business specialising in the delivery of complex mixed-use development projects, predominantly in town and city centre locations. The Group has a portfolio of around 40 projects, the majority of which are delivered in partnership with public or private sector landowners. The Group has established a track record of successful regeneration projects over the last 30 years. The Group is a member of Morgan Sindall Group plc and its subsidiaries (hereafter referred to as "the MS Group") and its activities are included in those of the MS Group's Urban Regeneration division.

Business review

The Group works with landowners and public sector partners to unlock value from under-developed assets to bring about sustainable regeneration and urban renewal through the delivery of mixed-use projects across the UK.

	2022	**2021**
Revenue	£244.0m	£202.5m
Operating profit - adjusted[4]	£18.9m	£12.1m
Operating (loss)/profit - reported	(£24.5m)	£12.1m
Profit before tax – adjusted[4]	£18.8m	£12.6m
(Loss)/profit before tax - reported	(£24.6m)	£12.6m
Capital employed[1] at year-end	£100.4m	£86.4m
Average capital employed[3]	£96.5m	£98.7m
Cash and cash equivalents	£13.7m	£28.0m
Regeneration and development pipeline and order book	£1.8bn	£2.6bn

The Group delivered an adjusted operating profit of £18.9m in the year, an increase of 56% on the prior year (FY 2021: £12.1m). ROCE[2] increased to 20% (2021: 13%) based on the average capital employed in the year of £96.5m.

Key contributors to performance were profit and development fees generated from Lewisham Gateway, London, and New Victoria, Manchester, developments which were both subject to forward funding deals signed in 2020; and the sale of 166 homes across the portfolio, including 115 sales at Atelier, Salford, delivered by The English Cities Fund (a joint venture with Legal & General and Homes England). The operating result also included a charge of £4.3m relating to building remediation costs which arose in the ordinary course of business and are not within the scope of the exceptional building safety charge.

During the year (as discussed within note 3) the Group recorded an exceptional charge of £43.4m relating to estimated costs associated with the legal and constructive obligations arising from signing the DLUHC developer's pledge. Of this charge, £9.8m related to the Group's interests in joint ventures and was therefore recognised within the share of net profit from joint ventures in the Income Statement. The remaining £33.6m has been recognised in cost of sales.

[1] Capital employed is calculated as total assets (excluding goodwill, intangibles and cash) less total liabilities (excluding corporation tax, deferred tax, inter-company financing and overdrafts).

[2] Return On Average Capital Employed = Operating profit divided by average capital employed.

[3] Average Capital Employed is the 12-month average of total assets (excluding goodwill, intangibles and cash) less total liabilities (excluding corporation tax, deferred tax, inter-company financing and overdrafts).

[4] Adjusted – in all cases the term 'adjusted' excludes the impact of exceptional building safety charge to improve comparability between reporting periods.

Business review (continued)

Of the Group's active long-term regeneration schemes, construction progress was made with the final phase of Lewisham Gateway which will deliver 649 homes for rent, c25,000 sq ft of retail space, c15,000 sq ft of food and beverage space, 10,000 sq ft of offices and Lewisham's first major multiplex cinema, pre-let to Empire Cinemas. Work also continued at New Victoria, Manchester, to deliver 520 homes for rent on a 450,000 sq ft, formerly unused site next to Manchester Victoria train station, due to complete in 2023; 106 homes at Islington Wharf in Manchester, through the Group's Waterside Places joint venture with the Canal and River Trust; 113 affordable homes at Northshore in Stockton-on-Tees; a 64,000 sq ft office building and 399-space multi-storey car park at Stockport Exchange; two office buildings totalling 150,000 sq ft in Birkenhead, pre-let to Wirral Council; and a 144-bedroom Holiday Inn hotel in Blackpool.

In addition, a number of new schemes and phases commenced. Construction began in 2022 on One City Park, a 56,000 sq ft office building in Bradford city centre; the final phase at Hale Wharf, Tottenham Hale, to deliver a further 191 affordable homes for Haringey Council; and Forge Island, a new leisure destination in Rotherham town centre that will provide a boutique cinema, Travelodge hotel and six independent restaurants.

Completions in the year included the final 100,000 sq ft units at Logic Leeds, bringing the 15-year regeneration scheme to an end; 211 homes for sale at the Novella apartment development in Manchester; 34 homes (30 affordable) handed over as part of the 75-home Brixton Centric in partnership with Lambeth Council and Notting Hill Genesis housing association; and 44 homes at West Cliff Mansions, Bournemouth, through the Bournemouth Development Company joint venture with BCP Council.

Several developments within The English Cities Fund joint venture were active during the year, including Four New Bailey, Salford, where a 20-year pre-let had been signed with BT for 175,000 sq ft of Grade A office space; and the Eden building at New Bailey, a 115,000 sq ft, speculative office building, designed to be carbon neutral in operation and featuring Europe's largest living wall (43,000 sq ft), which is due to complete in 2023. Planning consent was secured for a new 22-storey, 196-apartment building for rent in Salford Centre; and for the regeneration of St Helens and Earlestown town centres in partnership with St Helens Borough Council, which will create new homes, transport infrastructure and public spaces. The £2.5bn, 240-acre, mixed-use regeneration of Salford Crescent also progressed with planning consent obtained to deliver Salford Rise, a 90-metre, green boulevard that will connect communities in Salford with new opportunities generated by Salford Crescent.

Early-stage progress has also been made on a number of schemes. Plans are progressing following a public consultation on Horsham Enterprise Park, a sustainable new neighbourhood for Horsham, which will provide 270,000 sq ft of commercial space, up to 300 high-quality homes and extensive improvements to public spaces. The Group will be working together with Partnership Housing on the residential element. Plans are also being prepared for submission following a public consultation exercise for Weston M6, a £176m, 1.3m sq ft employment park near the HS2 interchange in Crewe; and for the revitalisation of Prestwich in partnership with Bury Council, to create a new heart in the village centre with wellbeing spaces, new homes, a community hub and public realm.

In the second half of the year, the division was selected as development partner for Arden Cross, Solihull, a £3bn scheme to create an internationally connected, 346-acre city district including up to 6m sq ft of commercial development, up to 3,000 homes, key transport infrastructure and large areas of public space. The development agreement is set to be signed in 2023, followed by a master-planning and public consultation exercise. Arden Cross will take approximately 20 years to complete.

Business review (continued)

The active development portfolio of schemes includes 16 projects on site at the year end, totalling £1,215m gross development value,[1] with a further five projects with a gross development value of £334m, expected to start on site in 2023.

At the year end, the order book was £1,847m, a reduction of 28% on the prior year end, and is long term in nature with over 70% of its value for 2025 and beyond. As the Group's new business pipeline tends to be large-scale schemes which can take a significant time to bid, any short-term movements in the order book are not considered to be representative of future workload. No value is yet taken in the order book for Arden Cross.

The order book retains a diverse regional and sector split:

- by value, 42% is in the North West, 46% in London and the South East, 10% in Yorkshire and the North East and 2% in the rest of the UK; and
- by sector, 49% by value relates to residential, 29% to offices and 13% to industrial with the remainder broadly split between retail and leisure.

Based upon the current profile and type of scheme activity across the portfolio, the average capital employed for 2023 is expected to be c£100m.

The medium-term target for the Group is to increase its rolling three-year average return on capital employed up towards 20%. The Group delivered a return on capital employed of 20% in 2022 and a broadly similar performance is expected in 2023.

Financial position and liquidity

The financial position of the Group is presented in the Consolidated Balance Sheet. The total shareholder's funds at 31 December 2022 were £81.2m (2021: £109.1m). The Group had net current assets of £58.9m (2021: £67.8m), including cash and cash equivalents of £13.7m at 31 December 2022 (2021: £28.0m).

The Company participates in the MS Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2022 the MS Group had net cash balances of £354.6m. The MS Group also had £180m of loan facilities, of which £15m matures in March 2024 and £165m in October 2025. These facilities are undrawn as at 31 December 2022.

Key performance indicators

The Company uses the key performance indicators as disclosed in the Business review. In addition to these there are key performance indicators which are employed by the Group's parent company which are discussed in the Strategic Report in the MS Group Annual Report, which does not form part of this report.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Company are considered to relate to the market and economic environment, health, safety and environmental performance, contractual risk (including mispricing of contracts, managing changes to contracts and contract disputes, poor project delivery and poor contract selection), and counterparty and liquidity risk. Further discussion of these risks and uncertainties, in the context of the MS Group as a whole, is provided in the Strategic Report in MS Group's Annual Report, which does not form part of this report.

[1] Includes projects delivered through joint ventures at 100% of the project value to the joint venture.

Financial risk management
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.

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 Group's reputation. Liquidity is provided through cash balances and access to the MS Group's committed bank loan facilities.

Interest rate risk
In respect of interest rate risk, the Company has interest bearing assets and liabilities. Interest bearing assets and liabilities include cash balances, overdrafts and loan facilities all of which have interest rates applied at floating market rates. Project appraisals are regularly reviewed with changing interest rates to ensure the level of interest risk is within acceptable parameters as set out in the MS Group risk management framework.

Price risk
The Group is exposed to the risk of cost inflation during site development. To mitigate this risk, the group enters into fixed price design and build construction contracts. The Group is also exposed to the risk of price movements in the housing sector which affect underlying sales values. To mitigate this risk a proportion of stock is subject to forward sale agreements.

Section 172(1) statement Companies Act 2006
Throughout 2022, the directors have complied with the requirements of Section 172 of the Companies Act 2006, in promoting the long-term success of the Company for the benefit of all stakeholders. The following disclosure describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) and forms the directors' statement required under section 414CZA of The Companies Act 2006.

Engagement with stakeholders
The directors consider its shareholder, employees, customers, suppliers and local communities to be its core stakeholder groups. As part of its ongoing activities of engaging with stakeholders, the directors have undertaken the following activities in 2022:

Shareholder
Our ultimate shareholder is MS Group. We create value for MS Group by generating strong and sustainable results that translate into dividends. We discuss our performance in monthly management meetings with MS Group's executive directors and provide executive summaries for the MS Group Board. The directors routinely engage with the MS Group on topics of strategy, governance and performance and our strategic plans include information on the impact on each of our stakeholders including the community and environment.

Section 172(1) statement Companies Act 2006 (continued)

The Company has issued to its senior management team a schedule of authorised approvers and signatories, summarising delegated authorities within the Company. It covers the requirements contained within 'Delegation and Limits of Authority Procedures' ('DELAPs') issued by the MS Group.

Employees

In line with MS Group's Total Commitments, protecting the health, safety and wellbeing of everyone who comes into contact with our business is a key priority. We are committed to a diverse and inclusive work environment and helping our employees gain skills that support their personal ambitions and drive the business forward. The Company has been Investors in People Gold accredited for 15 years and has recently attained a place in the top 100 UK companies for Wellbeing list 2023 awarded by Great Places to Work.

Alongside MS Group-wide training opportunities, the Company, in 2022 offered an average of 2.5 training days per colleague per year (2021: 2.0 days per colleague per year). Each team within the business has access to relevant training, based on their own personal development needs identified in their annual appraisal. We have a clear training and development plan for our colleagues in 2023 which supports their individual career pathways. The Company offers many development opportunities such as one to one personal coaching, presentation skills, assertiveness, media training and mental health awareness.

The directors consider the results of our engagement surveys and other feedback received to be a good indicator of how employees feel about working for the Company, as well as a measure of their optimism for the future. With an overall engagement level of 96% in our recent employee survey we were able to expand upon the survey results using regional roadshows. This resulted in the launch of a number of initiatives throughout 2022 and into 2023. These include embedding our hybrid working practices, a review of the company's family friendly policies and improving our length of service awards.

The strong, open and supportive culture is clear to see and is evidenced by 20% of colleagues staying at the business for longer than 10 years and an overall voluntary attrition rate in 2022 of 11% (2021: 8%).

The Company is working hard to promote a diverse and inclusive workforce, while addressing the gender pay gap and producing figures relating to the ethnic pay gap. Currently 46% of the Company's employees are female and 3.9% of our workforce are from black, Asian or other ethnic minority groups. The Company has a clear succession plan to develop female colleagues into senior roles in addition to providing parental transition coaching to prospective parents. The newly created work experience programme provides community-based opportunities for students to learn about careers in property and has resulted in the recruitment of the Company's first apprentice as a trainee project manager.

Customers

We aim to continue developing long-term, open relationships with our clients and partners that are forged through a shared vision, values and goal to create game-changing regeneration schemes that transform communities physically, socially and economically. During 2022 we continued to extend our framework offerings, benefitting clients by providing a strategic continuity of knowledge and enhancing our value-add service, to include delivering increased social value outcomes and community impact, which will go further to bring forward schemes that deliver that true sense of place.

Section 172(1) statement Companies Act 2006 (continued)

The Company has a dedicated New Homes Team, which works holistically from the outset with project teams to ensure that there is a high level of quality and attention to detail across the homes the Company builds, which prevents defects and snags as far as is possible post PC. As of 2022 and to create a consistently high customer experience, 90% of homes in warranty in the Company's portfolio are handled internally by the New Homes Team, with the intention for this to grow year on year.

The Company's New Homes Team also undertakes collegiate work with both project and sales teams to create moving-in strategies, along with completing weekly defect calls with contractors and Build to Rent partners.

Suppliers

Our suppliers and subcontractors are critical to our operations and we take a long-term collaborative approach to working with them. The Company continues to work closely with its supply chain to foster a culture of partnership, trust, transparency and collaboration. It is continuously evolving its ways of working with suppliers to encourage efficiency and improved delivery, for example engaging them early in the design process to develop deliverable solutions. The Company looks to pay suppliers as far as practicable within 30 days, with 88% of invoices paid within this timeframe, and a further 10% of invoices paid within 60 days.

Communities

Enhancing communities is at the very heart of every development that the Company delivers. Every scheme delivered is brought forward to benefit communities, by driving inward investment, opportunities for all and social prosperity right into the towns and cities the Company works in. The Company's innovative brand of repurposed regeneration, essentially urban regeneration, is designed to breathe new life into areas for the long-term to create vibrant new spaces and places.

The Company is involved in many charities and a variety of sponsorship initiatives, including being a corporate sponsor of youth homelessness charity, LandAid and the Standing Tall Foundation. In addition, Caritas, Salford Loaves and Fishes, Salford Red Devils and its charitable foundation were among the charities and organisations sponsored by the Company in 2022. The Company works collaboratively with supply-chain partners through schemes to support a range of charitable organisations.

The Company continues to promote its volunteer policy launched in 2019, which enables employees to take one day's paid leave a year, to carry out a day of volunteering with a registered charity. Employees are encouraged to take the opportunity to volunteer their time and skills, during work hours, to support a registered charity of their choice and give something back to their community. Further to this, the Company's wellbeing strategy and committee continues to support and engage colleagues in four key areas, health and wellbeing, charitable giving, training and development and sustainability and the green agenda. 2022 saw the launch of the Company's Equality, Diversity and Inclusion team, which is developing a holistic strategy to look at how the Company maintains and supports an inclusive culture, while at the same time providing opportunities to recruit a diverse workforce both now and in the future. Further information about how the Company and Group engage with stakeholders can be found in MS Group's 2022 annual report (morgansindall.com).

Principal decisions

We define principal decisions as those that are material to the Company and to the Group and those that are significant to our key stakeholder groups as above. As set out below, we have given examples of how the Directors have considered the outcomes from our stakeholder engagement as well as the need to maintain the Company's reputation for high standards of business conduct and to act fairly between the members of the Company in some of the principal decisions we have taken during the year.

During the year, the Directors have reviewed and approved the financial budget whilst considering and determining the Company's appropriate risk appetite, namely being selective over what work we seek to secure and ensuring we have the right skillsets to perform the work, whilst also ensuring alignment with the MS Group plans and priorities.

Contract selectivity was carefully considered on every tender submission. Contract terms and conditions, including payment terms, are carefully balanced against existing resource and contract commitments. We have declined opportunities that have inadequate financial covenants or access to finance. We have also declined opportunities that do not suit our core competencies.

Prior to contractors being asked to tender, each contractor goes through an internal financial review process which reviews the performance of the contractor, its current financial position as well as other factors including the value of work that the Group currently have placed with the contractor. A list of preferred contractors is maintained and reviewed regularly.

Approved by and on behalf of the Board

Roger Ward Futter

R Futter
Director

30 June 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their annual report and the audited financial statements for the year ended 31 December 2022. The annual report comprises the Strategic Report and the Directors' Report, which together provide the information required by the Companies Act 2006. The financial statements have been prepared in accordance with UK International Accounting Standards (UK IAS).

Going concern

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 being the date of approval of the 31 December 2022 financial statements through to 30 June 2024. In completing this analysis, the Directors have considered the commitment through a letter of financial support from ultimate parent company, Morgan Sindall Group plc, and the ability of Morgan Sindall Group plc to continue to provide such support.

The Company participates in the Morgan Sindall Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2022, the MS Group held cash of £431.7m and total overdrafts repayable on demand of £77.1m (together net cash of £354.6m). Should further funding be required, the MS Group has significant committed financial resources available including unutilised bank facilities of £180m, of which £165m matures in October 2025 and £15m matures in March 2024.

The directors have reviewed Morgan Sindall Group plc's forecast and projections for the going concern period, including sensitivity analysis. The analysis included a reasonable worst case scenario in which the MS Group's principal risks manifest in aggregate to a severe but plausible level involving the aggregation of the impacts of a number of these risks. This showed that the MS Group would remain profitable throughout the going concern period and there is considerable headroom above lending facilities such that there is no expected requirement to utilise the bank facility. In addition, the MS Group also modelled a scenario that stress tests the MS Group's forecasts and projects to determine the scenario in which the headroom above the committed bank facility would be exceeded. This model showed that the MS Group's operating profit would need to deteriorate substantially for the headroom to exceed the committed bank facility. The MS Group consider this to be implausible. In all scenarios including the reasonable worst case, the MS Group is able to comply with its financial covenants, operate within its current facilities and meet its liabilities as they fall due up until 30 June 2024.

Based on the above, the directors have a reasonable expectation that the Company and the Group of which it is part have adequate resources to continue in operational existence to the end of the going concern period, which is 30 June 2024. Thus, they continue to adopt the going concern basis in preparing the financial statements. Further details can be found in the principal accounting policies in the financial statements.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Directors
The directors who served during the year and thereafter, were as follows:

D Hoyle (resigned 31 March 2022)
J C Morgan
M E Crompton (resigned 31 March 2022)
M J Auger
P A Mayall
S A Shankland
S P Crummett
R C Futter (appointed 9 August 2022)
K A Bowyer (appointed 31 March 2022 and resigned 7 April 2023)

None of the directors had any interest in the shares of the Company during the year ended 31 December 2022.

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, MS Group maintains liability insurance for its directors and officers and those of its directors and officers of its associated companies. The Company has not made qualifying third-party indemnity provisions for the benefit of its directors during the year.

Dividends
No interim dividend was paid during the year (2021: £7,916,944). The directors do not recommend the payment of a final dividend (2021: £nil).

Post balance sheet events
During 2022, the Group received a request from DLUHC to assess whether it was appropriate for the Group to commit to the principles of the Developers' Pledge as part of its commitment to support the remediation of historic cladding and fire safety defects over and above its obligations under the new Building Safety Act.

The final-form legal contract of the DLUHC developer's pledge has subsequently been signed and executed by the Group post balance sheet date, on 13th March 2023. This represents a commitment by the Group to support the remediation of historic cladding and fire safety defects over and above its obligations under the new Building Safety Act.

Political contributions
The Company made no political contributions during the year (2021: none).

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

Environmental performance

In 2021, MS Group announced plans to achieve net zero carbon emissions by 2030 and reduce Scope 1, 2 and operational Scope 3 emissions by 30% by 2025 and by 60% by 2030, based on a 2019 baseline, with any remaining emissions being offset in the UK.

MS Group has a history of leadership, transparency and openness around its sustainability goals and was one of the first construction companies in the world to gain accreditation by the Science-Based Targets Initiative, using targets that represent sector-specific actual reductions in overall emissions. The Group's (including the Company's) emission figures have been independently audited by Achilles, under the Carbon Reduce Scheme (formerly CEMARS), for over a decade.

In 2022, the Group's actions to tackle climate change were once again independently recognised with an A score for leadership on climate change from the CDP (2021: A), a voluntary climate impact reporting scheme. In 2022, CDP again named MS Group a Supplier Engagement Leader, for its work to drive action on climate change along its supply chain. As well as scoring A three years in a row, demonstrating leadership and commitment to tackling climate change.

For further details of the Group's environmental performance and a copy of the Group's reporting under the Task Force on Climate-related Financial Disclosure (TCFD) requirements please see the Morgan Sindall Group plc 2022 Annual Report www.morgansindall.com

Alongside MS Group, the management of the Company's environmental approach is driven from board level. We have always prided ourselves on the environmental performance of our developments and acknowledge our significant responsibility in ensuring our business operations provide a positive impact to the environment and communities we are working within. Our biggest area of responsibility and opportunity to create the most positive environmental impact is within our developments. We have our own internal sustainability panel which focus on how we ensure our business operations create a positive impact on the environment and communities we work within. The panel works with recognised industry bodies, local authorities and our partners to understand how we can maximise our responsibility and opportunity.

We work with designers, consultants, contractors and other supply chain members who are passionate about the environment and work intelligently to overcome the challenges associated with developing responsibly.

In 2021, the Company adopted Our Sustainable Future, an important evolution of the Company's sustainable development strategy. Our Sustainable Future provides a strong and ambitious approach to which all new projects must comply, and is based on the following:-

- Our vision is to create exemplar sustainable net-zero developments that maximise social benefits and enhance the environment for future generations.
- Our goal is to build communities that are founded upon social value and health and wellbeing.
- Our pledge is to fulfil these responsibilities with integrity, honesty and transparency.

Environmental performance (continued)

Whilst we acknowledge reducing carbon is a key requirement, we have ensured we have focused equally on our wider climate impact and Our Sustainable Future is based around 5 key objectives:-

- to be NZC in construction and operation
- to create healthy and comfortable spaces promoting productivity and wellbeing
- to eliminate waste and improve resource efficiency through circular economy
- to deliver a net gain in biodiversity
- to have a positive impact on the local community

Sitting behind each objective are a number of Key Performance Indicators where we have set a minimum and aspirational target which each of our developments need to achieve. For example, under Net Zero Carbon we have KPIs for operational energy, embodied carbon, whole life carbon and space heating demand. As another example, under bio-diversity we have set a target for a net gain in bio-diversity using the bio-diversity metric set by Natural England.

We also have KPI's around % of native species and % of soft landscaping. The targets against each KPI are specifically tailored to suit the type of project i.e. residential, commercial, new-build or refurbishments. The strategy also encourages new housing developments to be built to Passivhaus standards. The KPI's have been very carefully selected to ensure they produce more sustainable, energy efficient and low carbon developments. The KPI's are challenging and will require us to design and construct differently however this approach is fully endorsed by all in our business.

We are currently on site in Salford with the best energy performing commercial building in the country, Eden, which is designed to be Net Zero in operation and has been certified with a NABERS UK Design for Performance rating of 5.5 stars. Eden, scheduled to reach practical completion later in 2023, will also incorporate the largest living wall in Europe, delivering a net-gain in biodiversity of 174%. We are constructing the largest Passivhaus certified apartment scheme delivered in the UK to date, Greenhaus, (also located in Salford). We have other high performing schemes currently being delivered across the country.

A key part of Our Sustainable Future is to create the biggest positive impact on the local community. We have developed our own social value tool called Social Value Bank V2. The tool focuses on defining a social value strategy at the outset of a project that runs right through the design stages with our consultancy teams, into construction and into occupation. The strategy for each project will set specific targets across a series of metrics which also include metrics measuring the impact of all the environmental aspects of the strategy. However, it's really important to note that our social value strategy is about what change we actually make, rather than just recording the monetary outcome.

We also have an environmental and social policy that sets targets around our business impacts outside of our developments. This focuses on energy use in our offices, recycling, travel arrangements all focused on reducing and limiting our scope 1, 2 and direct scope 3 emissions. We continue to challenge ourselves on this to improve our performance year on year.

Muse Places Limited has taken the exemption available to subsidiaries with regards to reporting separately under the Streamlined Energy and Carbon reporting programme. Refer to the consolidated financial statements of Morgan Sindall Group plc, the location of which is detailed in the principal accounting policies section of this annual report.

Independent Auditor and disclosure of information to the independent Auditor
Each of the persons who is a director at the date of approval of this report confirms that:

- So far as each 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 they ought to have taken as a director in order to make themselves 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 s418 of the Companies Act 2006.

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 UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and UK International Accounting Standards (UK IAS). 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 the Company and Group financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Rosan Lord Futter

R Futter
Director

30 June 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUSE PLACES LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of Muse Places Limited for the year ended 31 December 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with Section 408 of the Companies Act 2006.

In our opinion, the financial statements:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 group and parent company's ability to continue as a going concern for the period to 30 June 2023.

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 group's ability to continue as a going concern.

Other information

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

Other information (continued)
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 group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company 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.

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 frameworks directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK adopted International Accounting Standards)) and the relevant tax laws and regulations in the UK.
- We understood how Muse Places Limited is complying with those frameworks by making enquiries of those charged with governance and management, including those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and papers as well as through consideration of the results of our audit procedures across the company.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business 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 controls that the company has established to address risks identified, or that otherwise prevent, deter, and detect fraud; and how senior management monitors those controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud and error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. In addition to those set out above, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Financial Statements with the requirements of the relevant accounting standards and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUSE PLACES LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

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.

Ernst & Young LLP

30 June 2023

Victoria Venning (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

MUSE PLACES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Revenue	1	243,959	202,490
Cost of sales		(247,328)	(174,572)
Gross (loss)/profit		**(3,369)**	**27,918**
Analysed as:			
Adjusted gross profit		30,227	27,918
Exceptional building safety charge		(33,596)	-
Administrative expenses		(17,170)	(17,400)
Share of net (loss)/profit of joint ventures	10	(3,949)	1,614
Operating (loss)/profit	2	**(24,488)**	**12,132**
Analysed as:			
Adjusted operating profit		18,912	12,132
Exceptional building safety charge		(43,400)	-
Interest receivable	5	31	636
Interest payable	5	(185)	(144)
(Loss)/profit before tax		**(24,642)**	**12,624**
Analysed as:			
Adjusted profit before tax		18,758	12,624
Exceptional building safety charge		(43,400)	-
Tax	6	(3,291)	(1,624)
(Loss)/profit after tax		**(27,933)**	**11,000**
Other comprehensive income		-	-
Total comprehensive (loss)/income		**(27,933)**	**11,000**

There were no discontinued operations in either the current or comparative years.

MUSE PLACES LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Assets			
Goodwill	8	13,645	13,645
Property, plant & equipment	9	3,589	4,219
Investments in joint ventures	10	30,839	43,422
Shared equity loan receivables	12	38	38
Non-current assets		**48,111**	**61,324**
Inventories	13	55,208	51,008
Contract assets	14	34,729	17,730
Trade and other receivables	15	49,123	31,153
Current tax asset		401	406
Cash and cash equivalents	25	13,740	27,960
Current assets		**153,201**	**128,257**
Total assets		**201,312**	**189,581**
Liabilities			
Trade and other payables	16	(60,649)	(59,908)
Lease liabilities	23	(538)	(538)
Provisions	22	(33,115)	-
Current liabilities		**(94,302)**	**(60,446)**
Total assets less current liabilities		**107,010**	**129,135**
Net current assets		**58,899**	**67,811**
Other payables	16	(21,832)	(15,424)
Deferred tax liabilities	17	(1,333)	(1,476)
Lease liabilities	23	(2,669)	(3,126)
Non-current liabilities		**(25,834)**	**(20,026)**
Total liabilities		**(120,136)**	**(80,472)**
Net assets		**81,176**	**109,109**
Equity			
Share capital	18	60,000	60,000
Retained earnings		21,176	49,109
Total equity		**81,176**	**109,109**

The consolidated financial statements of Muse Places Limited, registered number 02717800, were approved by the Board and authorised for issue on 30 June 2023. They were signed on its behalf by:

Roseland Futter

R Futter
Director

MUSE PLACES LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
(Loss)/profit for the year		**(27,933)**	**11,000**
Income tax expense		3,291	1,624
Interest receivable		(31)	(636)
Interest payable		185	144
Operating (loss)/profit		**(24,488)**	**12,132**
Adjusted for:			
Depreciation	**9**	896	810
Share of net profit of equity accounted joint ventures	**10**	(51)	(1,614)
Increase in provisions	**22**	33,115	-
Operating cash inflow before movements in working capital		**9,472**	**11,328**
(Increase)/decrease in inventories	**13**	(4,200)	18,779
Increase in contract assets	**14**	(16,999)	(12,558)
Increase in receivables	**15**	(17,970)	(11,433)
Increase in payables	**16**	7,230	8,829
Movements in working capital		**(31,939)**	**3,617**
Income taxes paid		(3,429)	(3,943)
Interest paid		(87)	(31)
Net cash inflow from operating activities		**(25,983)**	**10,971**
Investing activities			
Purchase of property, plant and equipment	**9**	(266)	(83)
Interest received	**5**	31	636
Net receipts from joint ventures		12,634	137
Net cash inflow from investing activities		**12,399**	**690**
Financing activities			
Proceeds from borrowings from Group undertakings		-	424
Dividends paid	**7**	-	(7,917)
Repayments of lease liabilities	**23**	(636)	(608)
Net cash (outflow) / inflow from financing activities		**(636)**	**(8,101)**
Net increase in cash and cash equivalents		(14,220)	3,560
Cash and cash equivalents at 1 January	**25**	27,960	24,400
Cash and cash equivalents at 31 December	**25**	**13,740**	**27,960**

MUSE PLACES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Retained earnings	Total equity
	£'000	£'000	£'000
At 31 December 2020	**60,000**	**45,328**	**105,328**
Other movements	-	698	698
Total comprehensive income	-	11,000	11,000
Dividends paid (Note 7)	-	(7,917)	(7,917)
At 31 December 2021	**60,000**	**49,109**	**109,109**
Total comprehensive loss	-	(27,933)	(27,933)
Dividends paid (Note 7)	-	-	-
At 31 December 2022	**60,000**	**21,176**	**81,176**

MUSE PLACES LIMITED

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Assets			
Goodwill	8	7,292	7,292
Property, plant & equipment	9	3,589	4,219
Investments in joint ventures	10	8,785	12,597
Investments in subsidiaries	11	17,818	17,818
Non-current assets		**37,484**	**41,926**
Inventories	13	26,293	29,171
Contract assets	14	7,488	4,271
Trade and other receivables	15	74,051	51,336
Cash and cash equivalents	25	11,615	22,713
Current assets		**119,447**	**107,491**
Total assets		**156,931**	**149,417**
Liabilities			
Trade and other payables	16	(49,598)	(43,597)
Current tax liabilities		(52)	(41)
Lease liabilities	23	(538)	(538)
Provisions	22	(33,115)	-
Current liabilities		**(83,303)**	**(44,176)**
Net current assets		**36,144**	**63,315**
Other payables	16	(21,393)	(15,424)
Deferred tax liabilities	17	(1,333)	(1,476)
Lease liabilities	23	(2,669)	(3,126)
Non-current liabilities		**(25,395)**	**(20,026)**
Total liabilities		**(108,698)**	**(64,202)**
Net assets		**48,233**	**85,215**
Equity			
Share capital	18	60,000	60,000
Retained earnings		(11,767)	25,215
Total equity		**48,233**	**85,215**

The Company reported a loss for the financial year ended 31 December 2022 of (£36,982k) (2021: profit of £9,236k). Advantage has been taken of the exemption from the requirement to publish a separate profit and loss account for the parent company as set out in section 408 of the Companies Act 2006.

The financial statements of Muse Places Limited, registered number 02717800, were approved by the Board of Directors on 30 June 2023.

Rose Linda Futter

R Futter
Director

MUSE PLACES LIMITED

COMPANY CASH FLOW STATEMENT
AS AT 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
(Loss)/profit for the year		**(36,982)**	**9,236**
Adjusted for:			
Dividend income		-	(14,902)
Income tax		1,728	(440)
Interest receivable		(230)	(663)
Interest payable		185	144
Write off investment in equity accounted joint ventures		-	6,171
Operating loss		**(35,299)**	**(454)**
Adjusted for:			
Depreciation	**9**	896	810
Increase in provisions	**22**	33,115	-
Operating (outflow) / inflow before movements in working capital		**(1,288)**	**356**
Decrease in inventories	**13**	2,878	15,214
Increase in contract assets	**14**	(3,217)	(2,115)
(Increase)/decrease in receivables	**15**	(22,715)	7,742
Increase in payables	**16**	12,051	3,958
Movements in working capital		**(11,003)**	**25,155**
Income taxes paid		(1,860)	(1,137)
Interest paid		(87)	(31)
Net cash (outflow)/inflow from operating activities		**(14,238)**	**23,987**
Investing activities			
Interest received		230	663
Purchase of property, plant and equipment	**9**	(266)	(83)
Net receipts/(payments) from/to joint ventures	**10**	3,812	(12,794)
Net cash inflow/(outflow) from investing activities		**3,776**	**(12,214)**
Financing activities			
Proceeds from borrowings from Group undertakings		-	424
Dividends paid	**7**	-	(7,917)
Repayments of lease liabilities	**23**	(636)	(608)
Net cash outflow from financing activities		**(636)**	**(8,101)**
Net increase in cash and cash equivalents		(11,098)	3,672
Cash and cash equivalents at 1 January	**25**	22,713	19,041
Cash and cash equivalents at 31 December	**25**	**11,615**	**22,713**

MUSE PLACES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Retained earnings	Total equity
	£'000	£'000	£'000
At 31 December 2020	**60,000**	**23,198**	**83,198**
Other movements	-	698	698
Total comprehensive income	-	9,236	9,236
Dividends paid (Note 7)	-	(7,917)	(7,917)
31 December 2021	**60,000**	**25,215**	**85,215**
Total comprehensive loss	-	(36,982)	(36,982)
Dividends paid (Note 7)	-	-	-
31 December 2022	**60,000**	**(11,767)**	**48,233**

Muse Places Limited is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and registered in England and Wales. The nature of the Group'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 preparation

(a) Statement of compliance

The consolidated and Company financial statements have been prepared on the going concern basis as set out below and in accordance with UK-adopted International Accounting Standards (UK IAS).

(b) Basis of accounting

The financial statements have been prepared under the historical cost convention except for the revaluation of shared equity loan receivables that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

(c) Functional and presentation currency

These consolidated and company financial statements are presented in pounds sterling which is the Company's functional currency.

(d) Ultimate controlling party

The directors consider that the 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 largest and smallest 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 or from its registered office Kent House, 14-17 Market Place, London, W1W 8AJ.

(e) Adoption of new and amended standards and interpretations

(i) New and amended accounting standards adopted by the Group

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

- Amendments to IFRS 3 'Reference to the Conceptual Framework'
- Amendments to IAS 16 'Property, Plant and Equipment – Proceeds before Intended Use'
- Amendments to IAS 37 'Onerous Contracts – Cost of Fulfilling a Contract'
- Annual Improvements to IFRS Accounting Standards 2018–2020 cycle

(e) Adoption of new and amended standards and interpretations (continued)

(ii) New and amended accounting standards and interpretations which were in issue but were not yet effective and have not been adopted early by the Group

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

- IFRS 17 'Insurance Contracts'
- IFRS 10 and IAS 28 (amendments) 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'
- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current'
- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements – Disclosure of Accounting Policies'
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates'
- Amendments to IAS 12 'Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction'
- Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback'

The Group is currently assessing the impact of these new and revised standards but does not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

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

Going concern

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 being the date of approval of the 31 December 2022 financial statements through to 30 June 2024. In completing this analysis, the Directors have considered the commitment through a letter of financial support from ultimate parent company, Morgan Sindall Group plc, and the ability of Morgan Sindall Group plc to continue to provide such support.

The Company participates in the Morgan Sindall Group's banking arrangements (under which it is a cross guarantor). As at 31 December 2022, the MS Group held cash of £431.7m and total overdrafts repayable on demand of £77.1m (together net cash of £354.6m). Should further funding be required, the MS Group has significant committed financial resources available including unutilised bank facilities of £180m, of which £165m matures in October 2025 and £15m matures in March 2024.

The directors have reviewed Morgan Sindall Group plc's forecast and projections for the going concern period, including sensitivity analysis. The analysis included a reasonable worst case scenario in which the Group's principal risks manifest in aggregate to a severe but plausible level involving the aggregation of the impacts of a number of these risks.

Going concern (continued)

This showed that the Group would remain profitable throughout the going concern period and there is considerable headroom above lending facilities such that there is no expected requirement to utilise the bank facility. In addition, the Group also modelled a scenario that stress tests the Group's forecasts and projects to determine the scenario in which the headroom above the committed bank facility would be exceeded. This model showed that the Group's operating profit would need to deteriorate substantially for the headroom to exceed the committed bank facility. The Group consider this to be implausible. In all scenarios including the reasonable worst case, the Group is able to comply with its financial covenants, operate within its current facilities and meet its liabilities as they fall due up until 30 June 2024.

Based on the above, the directors have a reasonable expectation that the Company and the Group of which it is part have adequate resources to continue in operational existence to the end of the going concern period, which is 30 June 2024. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company, together with the Group's share of the results of joint ventures made up to 31 December each year. Business combinations are accounted for using the acquisition method.

(a) Subsidiaries

Subsidiaries are entities that are controlled by the Group. Control is exerted where the Group has the power to govern, directly or indirectly, the financial and operating policies of the entity so as to obtain economic benefits from its activities. Typically, a shareholding of more than 50% of the voting rights is indicative of control. However, the impact of potential voting rights currently exercisable is taken into consideration.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control is obtained to the date that control ceases. The accounting policies of new subsidiaries are changed where necessary to align them with those of the Group.

(b) Joint arrangements

A joint venture 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 results, assets and liabilities of jointly controlled entities are incorporated in the financial statements using the equity method of accounting.

Goodwill relating to a joint venture which is acquired directly is included in the carrying amount of the investment and is not amortised.

(i) Joint ventures (continued)

After application of the equity method, the Group's investments in joint ventures are reviewed to determine whether any additional impairment loss in relation to the net investment in the joint venture is required. When there is a change recognised directly in the equity of the joint venture, the Group recognises its share of any change and discloses this, where applicable, in the statement of comprehensive income.

Where the group's share of losses exceeds its equity accounted investment in a joint venture, the carrying amount of the equity interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations. Appropriate adjustment is made to the results of joint ventures where material differences exist between a joint venture's accounting policies and those of the Group.

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

(ii) Joint operations

Construction contracts carried out as a joint arrangement without the establishment of a legal entity are joint operations. The Group's share of the results and net assets of these joint operations are included under each relevant heading in the income statement and the balance sheet.

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investments are eliminated to the extent of the Group's interest in that investment. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Revenue recognition

(a) Sale of land and properties

A portion of the company's revenue comes from the sale of land and the development and sale of residential 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 Group 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 (b) below.

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.

Profit is recognised by allocating the total costs of a scheme to each unit at a consistent margin.

Revenue recognition (continued)

(b) Stage of completion

In the case of pre-let forward sold developments, Revenue is recognised based on the stage of completion and using the guidelines of the 5-step approach as set out in IFRS 15. Most contracts are considered to contain only one performance obligation for the purposes of recognising revenue. Whilst the scope of works may include several different components, in the context of construction activities these are usually highly interrelated and produce a combined output for the customer.

To recognise the profit over time it is necessary to estimate the total costs of the contract. 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. For fixed price construction contracts progress is measured through a valuation of the works undertaken by a professional quantity surveyor. 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 liquidated damages due from others, 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.

(c) Cost plus basis

In its capacity as Property Developer, Muse Places Limited may agree to apply a mark-up on costs, referred to as a Development Management Fee. The Development Management Fee is recognised as revenue when invoiced.

(d) Contract costs of land and properties

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.

Revenue recognition (continued)

(e) Government grants

Funding received in respect of developer grants, where funding is awarded to encourage the building of affordable housing, is recognised as revenue 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 deferred income at fair value when there is reasonable assurance that the Group will comply with the conditions attached and the grants will be received.

Leases

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

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

The right-of-use asset is initially measured at cost, which comprises the amount of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred by the Group 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 Group'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.

Finance income and expense

Finance income and expense is recognised using the effective interest method.

Income tax

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

Current tax is the Group'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 income statement 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 profit, 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 only offset where there 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.

Intangible assets – goodwill

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 and at least annually thereafter.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged using the straight-line method to write off the cost of the assets over their estimated useful lives which in the case of plant, equipment and fixtures and fittings is between three and five years

Property, plant and equipment (continued)

Residual values of property, plant and equipment are reviewed and updated annually.

Investments

In the company balance sheet, fixed asset investments in subsidiaries and joint ventures are shown at cost less provision for impairment.

Shared equity loan receivables
The shared equity loans receivable are designated at fair value through profit or loss. Fair value movements are recognised in profit from operations and the resulting financial asset is presented as a non-current receivable. Fair value movements include accreted interest.

Inventories
Inventories principally comprise properties held for sale, properties under construction and land. Inventories are stated at the lower of cost and net realisable value. Cost comprises land, direct materials and other costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price less applicable costs.

Pensions
The company contributes to The Morgan Sindall Retirement Benefits Plan, which is of a defined contribution plan. The annual costs are charged to the profit and loss account as incurred.

Provisions
Provisions are recognised when the Group 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.

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.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies the directors are required to make judgements, estimates and assumptions about the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Assumptions and estimates are reviewed on an ongoing basis and any revisions to them are recognised in the period in which they are revised. The following items are those that management consider to be critical due to the level of judgement and estimation required:

- **Accounting for contracts - Critical accounting judgements**

  The Group acts as a 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 or upon legal completion. A detailed assessment of the contractual arrangements with the customer as well as the substance of the transaction is performed to ensure that revenue is recognised in accordance with IFRS 15.

- **Impairment of work in progress – Key source of estimation uncertainty**

  In assessing whether work in progress is impaired, estimates are made of future sales revenue, timing and build costs. The company has controls in place to ensure that estimates of sales revenue are consistent, and external valuations are used where appropriate.

  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 impairment assessment for work in progress.

- **Building safety provisions – Key source of estimation uncertainty**

  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 Group in respect of building fire safety issues.

  Management has recognised a provision based on its best estimate of the future obligations. However, should the costs of remediation increase by 5%, due to factors such as higher than expected inflation, the impact on the remediation costs would be £1m.

  Please see note 22 for further detail.

1. Revenue

An analysis of the revenue is as follows:

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Recognised on performance obligations satisfied over time	175,538	69,663	154,792	50,402
Recognised on performance obligations satisfied at a point in time	68,421	55,548	47,698	46,638
Total Revenue	**243,959**	**125,211**	**202,490**	**97,040**

All revenue relates to the Group's principal activities carried out in the UK. Management review the performance of the Group on a project basis. None of these projects meet the criteria to be classified as an operating segment as defined by IFRS 8. Therefore no segmental analysis is disclosed.

2. Operating (loss)/ profit

	2022 £'000	2021 £'000
Operating (loss)/ profit is stated after charging / (crediting):		
Depreciation of property plant and equipment:		
- owned assets	428	343
- Right of use assets	468	467
Government grants	(15,904)	(12,405)
Auditor's remuneration (see below)	168	152

	2022 £'000	2021 £'000
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	149	114
Fees payable to the Company's auditor for the audit of annual financial statements of subsidiary companies pursuant to legislation	15	15
	164	**129**
Group share of fees payable to the Company's auditor for the audit of annual financial statements of joint venture companies pursuant to legislation	4	23
Total auditor's remuneration	**168**	**152**

3. Exceptional building safety charge

	2022 £'000	2021 £'000
Exceptional building safety provisions recognised (note 22)	33,596	-
Exceptional building safety charges within joint ventures (note 10)	9,804	-
Total exceptional building safety charge	**43,400**	-

During 2022, the Group received a request from DLUHC to assess whether it was appropriate for the Group to commit to the principles of the Developers' Pledge as part of its commitment to support the remediation of historic cladding and fire safety defects over and above its obligations under the new Building Safety Act.

The final-form legal contract was issued in January 2023, and was signed and executed by the Group during March 2023.

A comprehensive review has been completed during the year to identify legal and constructive obligations related to the Developers' Pledge, including reimbursement of grants provided by the Building Safety Fund. As a result of this review and the obligations arising as a result of the Developers' Pledge, provisions were recognised totalling £43.4m and these have been presented as exceptional charges due to their materiality and irregular nature.

Included in the £43.4m total exceptional building safety charge is £9.8m that has been recognised in respect of the Group's share of constructive and legal obligations to remediate legacy building safety issues within joint ventures, and this has been recognised within the Group's share of net profit of joint ventures. The remaining £33.6m charge has been recognised in cost of sales.

4. Staff costs

Group and Company	2022 £'000	2021 £'000
Wages and salaries	10,376	11,101
Social security costs	1,376	1,418
Pension costs	687	730
	12,439	**13,249**

	No.	No.
The monthly average number of employees (including executive directors) during the year was:	89	84

Two directors of the Company received no emoluments (2021: received no emoluments) in their capacity as directors of this Company as they did not perform qualifying services. The Directors provided qualifying services to other Group companies and their remuneration is paid and disclosed in the financial statements of Morgan Sindall Group plc. There is only one category of employees within the Group.

4. Staff costs (continued)

Group and Company	2022 £'000	2021 £'000
Directors' remuneration		
Emoluments	1,941	2,859
Company contribution to money purchase pension scheme	44	18
Number of directors who are members of money purchase pension schemes	5	3
Number of directors who exercised options over shares in MS Group	6	4
Remuneration of the highest paid director		
Emoluments	451	899

Muse Places Limited participates in the Morgan Sindall Retirement Benefits Plan ('the Retirement Plan') which was established on 31 May 1995 and currently operates on defined contribution principles for employees of the MS Group. The assets of the Retirement Plan are held separately from those of the MS Group in funds under the control of the Trustee of the Retirement Plan. The total cost charged to the income statement of £0.7m (2021: £0.7m) represents contributions payable to the defined contribution section of the Retirement Plan by the Company.

As at 31 December 2022, contributions of £0.1m (2021: £0.1m) were due in respect of December's contribution not paid over to the Retirement Plan.

5. Interest

	2022 £'000	2021 £'000
Interest payable		
Lease liabilities	(98)	(113)
Other interest payable	(87)	(31)
Total interest payable	**(185)**	**(144)**
Interest receivable		
Interest from joint ventures	**31**	**636**
Total interest receivable	**31**	**636**

6. Tax

	2022 £'000	2021 £'000
UK corporation tax charge on profit for the year	2,281	2,445
Adjustment in respect of previous years	1,152	(139)
Total current tax	**3,433**	**2,306**
Origination and reversal of timing differences	(108)	328
Adjustment in respect of previous years	(34)	(1,010)
Total deferred tax (Note 17)	**(142)**	**(682)**
Total tax expense	**3,291**	**1,624**

During 2021 it was announced that the UK statutory tax rate will increase from 19% to 25% from 1 April 2023. Consequently the applicable tax rate for the Company (taking into account its December year end) is expected to be 23.5% in 2023, and 25% in 2024 (and beyond). Deferred taxes at the balance sheet date are measured at the enacted rates that are expected to apply to the unwind of each asset or liability. Accordingly deferred tax balances as at 31 December 2022 have been calculated at a mix of 23.5% and 25% assumed rates for Corporation Tax plus, for applicable deferred tax balances, a rate of 4% for Residential Property Developer Tax. Deferred tax balances as at 31 December 2021 were calculated at a mix of 19%, 23.5% and 25%.

On 1 April 2022, Residential Property Developer Tax (RPDT) was introduced at a rate of 4% (for a full year), on profits arising from residential property development. A £25m annual tax-free allowance applies in aggregate for the Morgan Sindall Group. A portion of the profits of the Company are subject to RPDT.

The actual tax charge for the current and preceding year differs from the standard rate for the reasons set out in the following reconciliation.

	2022 £'000	2021 £'000
(Loss)/profit before tax	(24,642)	12,624
Tax on (loss)/profit at corporation tax rate	**(4,682)**	**2,399**
Factors affecting the charge for the year:		
Share of results of joint ventures	-	(307)
Adjustments to tax charge in respect of previous years	1,118	(755)
Effect of revaluing the deferred tax liability	(285)	394
Proportion of exceptional items	7,046	-
Residential property developer tax	105	-
Other adjustments	(11)	(107)
Total tax expense	**3,291**	**1,624**

7. Dividends

Amounts recognised as distributions to equity holders in the year:

	2022 £'000	2021 £'000
Interim dividend for the year ended 31 December 2022 of 0p per share (2021: 13.20p per share)	-	7,917

The directors do not recommend the payment of a final dividend (2021: £nil).

8. Goodwill

Cost & Net Book Value	Group Goodwill £'000	Company Goodwill £'000
As at 31 December 2020 and 31 December 2021 and 31 December 2022	13,645	7,292

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. In testing goodwill for impairment, the recoverable amount of the Group has been determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the forecast cash flows, discount rates and long-term growth rates. The calculations are based on a single cash generating unit (CGU).

Cash flow forecasts have been determined by using Board-approved budgets for the next three years. Cash flows beyond three years have been extrapolated into perpetuity using an estimated nominal growth rate of 1.2% (2021: 2.1%). This growth rate does not exceed the long-term average for the relevant markets. Discount rates are pre-tax and reflect the current market assessment of the time value of money and the specific risks. The risk-adjusted nominal rate used is 13.0% (2021: 10.7%). In carrying out this exercise, no impairment of goodwill has been identified. No reasonably foreseeable change in the assumptions used within the value in use calculations would cause an impairment in consolidated financial statements.

9. Property, plant and equipment

Group and company	Plant, equipment, fixtures & fittings £'000	Right of use assets - Buildings £'000	Total £'000
Cost			
As at 31 December 2020	**1,986**	**4,458**	**6,444**
Additions	83	-	83
Disposals	(365)	-	(365)
As at 31 December 2021	**1,704**	**4,458**	**6,162**
Additions	266	-	266
As at 31 December 2022	**1,970**	**4,458**	**6,428**
Depreciation			
As at 31 December 2020	**(797)**	**(701)**	**(1,498)**
Charge for the year	(343)	(467)	(810)
Disposals	365	-	365
As at 31 December 2021	**(775)**	**(1,168)**	**(1,943)**
Charge for the year	(428)	(468)	(896)
As at 31 December 2022	**(1,203)**	**(1,636)**	**(2,839)**
Net Book Value			
As at 31 December 2022	**767**	**2,822**	**3,589**
As at 31 December 2021	**929**	**3,290**	**4,219**

10. Investments in joint ventures

The details of the Company's investments in joint ventures are shown below. All undertakings are registered in England and Wales or Scotland and the country of incorporation and principal place of business is the UK.

Name of company	Proportion of ordinary shares held	Proportion of voting power held
Waterside Places Limited Partnership [(a)] [(1)] [(4)]	50%	50%
Waterside Places (General Partner) Limited [(a)] [(4)]	50%	50%
English Cities Fund [(b)] [(1)] [(4)]	22.9% equity participation	33.3%
ECF (General Partner) Limited [(b)]	33.3%	33.3%
Lingley Mere Business Park Development Company Limited [(c)]	50%	50%
St Andrews Brae Developments Limited	50%	50%
Wapping Wharf (Alpha) LLP [(2)]	50%	50%
Wapping Wharf (Beta) LLP [(2)]	40%	40%
Intercity Developments Limited	50%	50%
Bromley Park (Holdings) Limited	50%	50%
Ashton Moss Developments Limited	50%	50%
Wirral Growth Company LLP [(d)] [(2)]	50%	50%
Brentwood Development Partnership LLP [(2)] [(4)]	50%	50%
The Bournemouth Development Company LLP [(2)] [(4)]	50%	50%
Slough Urban Renewal LLP [(2)] [(4)]	50%	50%
Stoke Wharf Development LLP [(1)] [(4)]	50%	50%
The Prestwich Regeneration LLP [(2)]	50%	50%

Unless otherwise stated the registered office address for each of the above is Kent House, 14-17 Market Place, London W1W 8AJ. Registered office classification key:

[(a)] National Waterways Museum Ellesmere Port, South Pier Road, Ellesmere Port, Cheshire, CH65 4FW
[(b)] One Coleman Street, London EC2R 5AA
[(c)] Haweswater House, Lingley Mere Business Park, Lingley Green Avenue, Great Sankey, Warrington WA5 3LP
[(d)] C/o Head of Legal Wirral Borough Council, Town Hall, Brighton Street, Walllasey, Wirral, CH44 8ED

Unless otherwise stated, the Group's interest is in ordinary shares issued (or equivalent of ordinary shares issued in the relevant country each). Classification key:

[1] Limited Partnership
[2] Limited Liability Partnership
[3] Limited by guarantee
[4] Indirect holding

Waterside Places Limited Partnership: 50% equity participation

Waterside Places is a joint venture with The Canal and River Trust to undertake regeneration of waterside sites.

Waterside Places General Partner: 50% equity participation

Principal activities are covered within Waterside Places Limited Partnership above.

10. **Investments in joint ventures (continued)**

English Cities Fund Limited Partnership: 22.9% equity participation
English Cities Fund is a limited partnership with Homes England and Legal & General to develop mixed-use regeneration schemes in assisted areas. Joint control is exercised through the board of the general partner at which each partner is represented by two directors and no decision can be taken without the agreement of a director representing each partner.

ECF General Partner: 33.3% equity participation
Principal activities are covered within English Cities Fund Limited Partnership above.

Lingley Mere Business Park Development Company Limited: 50% share
Lingley Mere Business Park Development Company Limited is a joint venture with United Utilities delivering development at a site in Warrington.

St Andrews Brae Developments Limited: 50% share
St Andrews Brae Developments Limited is a joint venture with Miller Homes which has completed a development of residential housing and apartments in Bearsden, Glasgow.

Wapping Wharf (Alpha) LLP: 50% partner
Wapping Wharf (Alpha) LLP is a joint venture with Umberslade which has completed development of the first phase of residential apartments within the Harbourside Regeneration Area of Bristol.

Wapping Wharf (Beta) LLP: 40% partner
Wapping Wharf (Beta) LLP is a joint venture with Umberslade which will develop the second phase of residential apartments within the Harbourside Regeneration Area of Bristol.

Wirral Growth Company LLP: 50% partner
Wirral Growth Company LLP is a joint venture with Wirral Borough Council. The LLP was set up to undertake regeneration of numerous sites in the Wirral region of North West England.

Brentwood Development Partnership LLP: 50% partner
Brentwood Development Partnership LLP is a partnership with Brentwood Borough Council which is developing a series of sites in Brentwood over a 30-year period.

The Bournemouth Development Company LLP: 50% partner
The Bournemouth Development Company LLP is a partnership with BCP Council which is developing a series of sites in Bournemouth over a 20-year period.

Slough Urban Renewal LLP: 50% partner
Slough Urban Renewal LLP is a partnership with Slough Borough Council which is developing a series of sites in Slough over an initial term of 15 years, extendable by 10 years.

Stoke Wharf Development LLP: 50% partner
Stoke Wharf Development LLP is a partnership between Waterside Places Limited Partnership and Slough Urban Renewal LLP with the purpose of property development on land in Slough.

10. Investments in joint ventures (continued)

The Prestwich Regeneration LLP: 50% partner
The Prestwich Regeneration LLP is a joint venture with Bury Metropolitan Borough Council and was set up to undertake the redevelopment of the Longfield Shopping Centre in Prestwich, located in the Metropolitan Borough of Bury, Greater Manchester.

Intercity Developments Limited, Bromley Park (Holdings) Limited and Ashton Moss Developments Limited are historic joint ventures, all of which are now dormant entities.

Investments in equity accounted joint ventures are as follows:

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
As at 1 January	43,422	12,597	41,247	5,276
Share of underlying net profit[1]	5,855	-	1,614	-
Exceptional building safety charge[1]	(9,804)	-	-	-
Reclassification to funding obligations payable	4,000	-	-	-
Impairment in joint ventures	-	-	-	(6,171)
Increase in investment	2,383	454	17,821	22,800
Investment repayment	(15,017)	(4,266)	(17,260)	(9,308)
As at 31 December	**30,839**	**8,785**	**43,422**	**12,597**

During 2022, an exceptional building safety charge of £9.8m has been recognised in respect of the Group's share of constructive and legal obligations to remediate legacy building safety issues within joint ventures. These obligations create potential funding obligations within joint ventures of £4.0m where the obligations recognised are in excess of the carrying values of investments. These funding obligations have been presented in amounts owed to joint ventures as discussed in note 16.

During 2021, a £5.6m non-cash impairment was recognised in the Company's investment in The Bournemouth Development Company LLP, a joint venture with Bournemouth, Christchurch and Poole Council. The impairment related to one specific scheme within the joint venture where construction cost inflation as well as other factors challenged the viability of the scheme. The impairment was reported through the equity accounted share of net profits line in the table above.

[1] Share of underlying net profit is profit arising from joint ventures excluding the impact of exceptional building safety charge. Share of net profit including the impact of exceptional building safety charge is £3,949k as reported in the consolidated statement of comprehensive income.

10. Investments in joint ventures (continued)

The following information is given in respect of the Group's equity accounted joint ventures. Information categorised as "Other" relates to joint ventures that are not individually material. The information represents the 100% share reported by the joint ventures unless stated otherwise.

	Waterside Places LP		English Cities Fund		Other	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets	935	921	-	-	-	1,159
Current assets	33,836	53,947	165,153	140,571	32,398	31,528
Current liabilities	(9,354)	(11,319)	(26,936)	(24,364)	(9,038)	(9,302)
Non-current liabilities	(28,194)	(8,973)	(63,963)	(58,213)	-	-
Net assets	**(2,777)**	**34,577**	**74,254**	**57,994**	**23,360**	**23,386**
Proportion of the Group's ownership interest	(1,388)	17,288	17,034	13,304		
Other Adjustments[1]	1,389	-	166	98		
Carrying amount of the Group's interest in the joint venture	**1**	**17,288**	**17,200**	**13,402**	**13,638**	**12,733**
Revenue	57,920	63,734	177,204	84,938	67,967	52,348
Expenses	(74,268)	(57,872)	(169,952)	78,945	(63,604)	(56,111)
Net profit	**(16,348)**	**5,861**	**7,252**	**5,993**	**4,363**	**(3,763)**

[1] Other adjustments relate to a differential proportion between profit share and funding contribution.

Additional financial information on material joint ventures is given below:

	Waterside Places LP		English Cities Fund	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents	500	11,728	4,768	3,525
Non-current loans	-	-	63,963	58,213
Interest income	8	4	163	2
Interest expense	-	(921)	4,468	1,929

11. Investments in subsidiary undertakings

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

Name of company	Proportion of ordinary shares held	Proportion of voting power held
Muse (ECF) Partner Limited	100%	100%
Muse (Warp 4) Partner Limited	100%	100%
Warp 4 General Partner Limited	100%	100%
Warp 4 General Partner Nominees Limited (4)	100%	100%
Warp 4 Limited Partnership (1) (4)	100%	100%
Alexandria Business Park Management Company Limited (5)	100%	100%
Rail Link Europe Limited	100%	100%
Eurocentral Partnership Limited	99%	99%
EPL Contractor (Plot B West) Limited (4)	99%	99%
EPL Contractor (Plot F East) Limited (4)	99%	99%
EPL Contractor (Plot F West) Limited (4)	99%	99%
EPL Developer (Plot B West) Limited (4)	99%	99%
EPL Developer (Plot F East) Limited (4)	99%	99%
EPL Developer (Plot F West) Limited (4)	99%	99%
Chatham Place (Building 1) Limited	100%	100%
Ician Developments Limited	100%	100%
Harrier Park Management Company Limited (3)	100%	100%
Northshore Management Company Limited (3) (4)	50%	50%
North Shore Development Partnership Limited	100%	100%
Logic Leeds Management Company Limited (3)	50%	50%
Lewisham Gateway Developments (Holdings) Limited	100%	100%
Lewisham Gateway Developments Limited (4)	100%	100%
Sovereign Leeds Limited	100%	100%
Chatham Place Building 1 (Commercial) Limited (4)	100%	100%
Chatham Square Limited	100%	100%
Cheadle Royal Management Company Limited (a) (2)	28%	28%
Muse Chester Limited	100%	100%
Muse (Brixton) Limited	100%	100%
Muse Brixton (Phase 2) Limited	100%	100%
Ivor House (Brixton) Management Company Limited (b) (3) (4)	100%	100%
Olive Morris House (Brixton) Management Company (c) (3) (4)	100%	100%
Muse Developments (Northwich) Limited	100%	100%
Muse Properties Limited	100%	100%
Muse Aberdeen Limited	100%	100%
Community Solutions for Regeneration (Brentwood) Limited	100%	100%
Community Solutions for Regeneration (Bournemouth) Limited	100%	100%
Community Solutions for Regeneration (Slough) Limited	100%	100%

11. Investments in subsidiary undertakings (continued)

Unless otherwise stated the registered office address for each of the above is Kent House, 14-17 Market Place, London W1W 8AJ. Registered office classification key:
[a] 2 New Bailey, 6 Stanley Street, Salford, Greater Manchester, M3 5GS
[b] C/o Prism Cosec Ltd, Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH
[c] Riverside House, Irwell Street, Salford, M3 5EN

Unless otherwise stated, the Group's interest is in ordinary shares issued (or equivalent of ordinary shares issued in the relevant country each). Classification key:
[1] Limited Partnership
[2] Holding of ordinary and special shares
[3] Limited by guarantee
[4] Indirect holding
[5] Holding of special shares

The movement in investments in subsidiary undertakings during the year was as follows:

	£'000
As at 31 December 2021	**17,818**
Disposals	-
As at 31 December 2022	**17,818**

Muse Places Limited guarantees the following companies under section 479A of the Companies Act 2006 and accordingly these companies are exempt from the requirement to have their accounts audited:

Company	**Registered number**
Eurocentral Partnership Limited	03881458
Sovereign Leeds Limited	07309922
Warp 4 General Partner Limited	04398621
Ician Developments Limited	03718782
Muse Chester Limited	08624674
Community Solutions for Regeneration (Brentwood) Limited	12068605
Community Solutions for Regeneration (Bournemouth) Limited	07455599
Community Solutions for Regeneration (Slough) Limited	08251430

In addition, Muse Places Limited guarantees the following companies under section 394A of the Companies Act 2006 and accordingly these companies are exempt from the requirement to prepare accounts:

Company	**Registered number**
EPL Developer (Plot F East) Limited	04615055
EPL Developer (Plot F West) Limited	04614646
EPL Developer (Plot B West) Limited	04614968
EPL Contractor (Plot B West) Limited	04615550

12. Shared equity loan receivables

The group has recognised the following shared equity loan receivables:

	2022 £'000	2021 £'000
At 1 January	38	38
Repayments	-	-
At 31 December	**38**	**38**

The fair value measurement for shared equity loan receivables is classified as Level 3 as defined by IFRS 7 'Financial Instruments: Disclosures'.

There is no directly observable fair value for individual loans arising from the sale of properties under the scheme, and therefore the loans have been discounted to NPV at a discount factor which reflects the interest rate expected on an instrument of similar risk and duration in the market.

13. Inventories

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Work in progress	55,208	26,293	51,008	29,171

Work in progress comprises land and housing, commercial and mixed-use developments in the course of construction.

14. Construction contracts

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

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Contract assets	34,729	7,488	17,730	4,271

The contract assets primarily relate to the Groups right to consideration for 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 contract administrator. On most contracts, certificates are issued by the contract administrator on a monthly basis.

The Group 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.

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.

14. Construction contracts (continued)

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

	2022 £000		2021 £000	
	Contract assets	**Contract liabilities**	Contract assets	Contract liabilities
As at 1 January	17,730	-	5,172	-
Revenue recognised				
- performance obligations satisfied in the current period	243,959	-	202,490	-
Amounts transferred to trade receivables	(226,960)	-	(189,932)	-
As at 31 December	34,729	-	17,730	-

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

	2022 £000		2021 £000	
	Contract assets	**Contract liabilities**	Contract assets	Contract liabilities
As at 1 January	4,271	-	2,156	-
Revenue recognised				
- performance obligations satisfied in the current period	125,211	-	97,040	-
Amounts transferred to trade receivables	(121,994)	-	(94,925)	-
As at 31 December	7,488	-	4,271	-

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:

	2023 £000	**2024 £000**	**2025+ £000**	**Total £m**
As at 31 December	257,874	90,382	15,085	**363,342**

15. Trade and other receivables

	2022		2021	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade receivables (Note 25)	21,852	20,260	20,527	19,036
Amounts owed by Group undertakings	13,328	13,328	-	-
Amounts owed by joint ventures	388	388	347	347
Amounts owed by subsidiaries	-	36,580	-	30,746
Prepayments and accrued income	186	-	99	99
Other receivables	13,369	3,495	10,180	1,108
Trade and other receivables	49,123	74,051	31,153	51,336

Amounts owed by group undertakings are payable on demand and are not interest bearing.

16. Trade and other payables

	2022		2021	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade payables	22,250	12,033	14,148	12,057
Amounts owed to Group undertakings	4,304	4,304	2,037	2,037
Amounts owed to joint ventures	4,153	153	153	153
Amounts owed to subsidiaries	-	12,135	-	3,346
Other taxation and social security	4,236	3,877	4,365	3,898
Accrued expenses	23,758	15,817	30,155	17,153
Deferred income	1,660	991	8,790	4,693
Other payables	288	288	260	260
Total falling due within one year	60,649	49,598	59,908	43,597
Amounts falling due after one year				
Amounts owed to Group undertakings	15,424	15,424	15,424	15,424
Other > 1 year	6,408	5,969	-	-
Total falling due after one year	21,832	21,393	15,424	15,424

An amount of £1.7m (2021: £8.8m) is included as deferred income and represents the difference between the amount of grant received and the amount credited to the Statement of Comprehensive Income. An amount of £15.9m has been credited to the Statement of Comprehensive Income during the year (2021: £12.4m).

Amounts owed to group undertakings are payable on demand and are not interest bearing.

17. Deferred tax

Deferred tax is provided by the Group as follows:

	Capital Allowances £'000	Short-term timing differences £'000	Goodwill £'000	Total £'000
At 31 December 2020	**39**	**(912)**	**(1,285)**	**(2,158)**
Credited/(charged) to the income statement	227	882	(427)	682
At 31 December 2021	**266**	**(30)**	**(1,712)**	**(1,476)**
Credited/(charged) to the income statement	138	15	(11)	142
At 31 December 2022	**404**	**(15)**	**(1,723)**	**(1,334)**

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 is provided by the company as follows:

	Capital Allowances £'000	Short-term timing differences £'000	Goodwill £'000	Total £'000
At 31 December 2020	**39**	**(173)**	**(1,285)**	**(1,419)**
Credited/(charged) to the income statement	227	143	(427)	(57)
At 31 December 2021	**266**	**(30)**	**(1,712)**	**(1,476)**
Credited/(charged) to the income statement	138	15	(11)	142
At 31 December 2022	**404**	**(15)**	**(1,723)**	**(1,334)**

18. Called-up share capital

	2022 £'000	2021 £'000
60,000,000 ordinary shares of £1 each	60,000	60,000

All 60,000,000 shares carry equal voting rights and are fully paid.

19. Pension costs

The Company contributes to the Morgan Sindall Retirement Benefits Plan and to other employees' personal pension arrangements. The Morgan Sindall Retirement Benefits Plan is a defined contribution post-retirement benefit plan under which the Company pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further amounts. The assets of the scheme are held separately from those of the Company in funds under the control of trustees. The pension creditor at 31 December 2022 was £nil (2021: £nil).

20. Contingent liabilities

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

21. Financial commitments

As at 31 December 2022 the Group has a commitment to invest further funding of up to £45.0m in Warp 4 Limited Partnership (2021: £34.3m) and £7.6m in ECF (General Partner) Limited (2021: £11.0m). This commitment is guaranteed by the Company's ultimate parent, Morgan Sindall Group plc.

22. Provisions

Group and company	Building Safety	Total
	£000	£000
As at 1 January 2022	-	-
Utilised	(481)	(481)
Additions	33,596	33,596
As at 31 December 2022	**33,115**	**33,115**

During 2022, the Group received a request from DLUHC to assess whether it was appropriate for the Group to commit to the principles of the Developers' Pledge as part of its commitment to support the remediation of historic cladding and fire safety defects over and above its obligations under the new Building Safety Act.

The final-form legal contract was issued in January 2023, and was signed and executed by the Group during March 2023.

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 provisions were recognised, excluding those recognised in joint ventures, totalling £33.6m, of which £0.5m has been utilised during the period.

23. Lease liabilities

There are 3 leases held by the Group, all of which are leases for properties in which the Groups regional offices are located. The maturity profile for the lease liabilities at 31 December 2022 are set out below:

	Buildings	
Group and company	**2022**	2021
	£000	£000
Maturity analysis		
Within one year	538	538
One to five years	1,820	1,784
After more than five years	849	1,342
	3,207	**3,664**

Group and company	**2022**	2021
	£000	£000
As at 1 January	3,664	4,159
Repayments	(636)	(608)
Interest expenses	179	113
As at 31 December	**3,207**	**3,664**

24. Related party transactions

In the ordinary course of business, the Group has traded with its parent company Morgan Sindall Group plc together with its subsidiaries. Balances with these entities are disclosed in notes 15 and 16 of these financial statements.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint ventures are disclosed below.

Trading transactions

During the year, group companies entered into transactions with related parties which are not members of the Group. Amounts owed at the year end and transactions during the year are as follows:

	2022 Amounts owed by / (to) related parties £'000	2021 Amounts owed by / (to) related parties £'000
Intercity Developments Limited	(153)	(153)
Wapping Wharf (Beta) LLP	(417)	-
Wirral Growth Company LLP	343	326
Slough Urban Renewal Community Projects LLP	2	2
Durley Road Development LLP	43	19
Waterside Places (General Partner) Limited	(1,635)	-
The Bournemouth Development Company LLP	(1,948)	-
Total	**(3,765)**	**194**
Within amounts owed by joint ventures (note 15)	388	347
Within amounts owed to joint ventures (note 16)	(4,153)	(153)
Total	**(3,765)**	**194**

During the year ECF (General Partner) Limited was charged £4,643,118 in respect of development management fees by the company (2021: £4,484,352).

During the year Wapping Wharf (Beta) LLP was charged £nil in respect of management fees by the company (2021: £138,095).

During the year Wirral Growth Company LLP was charged £948,996 in respect of management fees by the company (2021: £277,275).

Remuneration of key management personnel

The Group considers key management personnel to be the directors. Details of their remuneration are given in note 4 of these financial statements.

25. Financial instruments

Net cash

Cash and cash equivalents comprise cash in hand, demand deposits and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates to their fair value. Net cash is defined as cash and cash equivalents:

	2022		2021	
	Group £'000	Company £'000	Group £'000	Company £'000
Cash and cash equivalents	13,740	11,615	27,960	22,713
Net cash	**13,740**	**11,615**	**27,960**	**22,713**

The Company is a member of Morgan Sindall Group's banking arrangements in which there is an overdraft facility with Lloyds bank. Interest is paid at 1.5% over base rate and is payable on a monthly basis.

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

Credit risk

With regard to credit risk the Group has implemented policies that require appropriate credit checks on potential customers, investment partners and key suppliers before legal agreements are signed.

The ageing of the Group's trade receivables at the reporting date was as follows:

	2022		2021	
	Gross trade receivables £'000	Provision for impairment £'000	Gross trade receivables £'000	Provision for impairment £'000
Not past due	17,070	-	17,777	-
Past due 1 to 30 days	2,843	-	1,878	-
Past due 31 to 120 days	1,550	-	672	-
Past due 121 to 365 days	167	-	33	-
Past due greater than 1 year	272	(50)	217	(50)
	21,902	**(50)**	**20,577**	**(50)**

25. Financial instruments (continued)

Credit risk (continued)

Included in the Group's trade receivable balance are debtors with a carrying amount of £4.8m (2021: £2.8m) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the Group considers that the amounts are still recoverable.

The ageing of the Company's trade receivables at the reporting date was as follows:

	2022		2021	
	Gross trade receivables £'000	Provision for impairment £'000	Gross trade receivables £'000	Provision for impairment £'000
Not past due	15,478	-	16,316	-
Past due 1 to 30 days	2,843	-	1,878	-
Past due 31 to 120 days	1,550	-	672	-
Past due 121 to 365 days	167	-	3	-
Past due greater than 1 year	272	(50)	217	(50)
	20,310	**(50)**	**19,086**	**(50)**

In determining the recoverability of trade receivables, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The directors believe that there is no further credit provision required in excess of the provision for impairment losses.

Interest rate risk

In respect of interest rate risk the Group has both interest bearing assets and interest bearing liabilities. These include cash balances which have interest rates applied at floating market rates. The interest payable on interest bearing liabilities is determined at either LIBOR or European Community Reference Rate plus a margin. The Group is not exposed to significant interest rate risk as it does not have significant interest bearing liabilities and its only interest bearing asset is cash invested on a short-term basis.

Liquidity risk

The Group has net current assets of £58.9m (2021: £67.8m), which included cash of £13.7m at 31 December 2022 (2021: £28.0m). In addition, the Company is a subsidiary of Morgan Sindall Group plc and as such is a member of Morgan Sindall Group's banking arrangements under which it is a cross guarantor. In addition to the Morgan Sindall Group cash balances, which stood at £431.7m at 31 December 2022 (2021: £468.6m), the Morgan Sindall Group had £180m of committed loan facilities of which £15m matures in March 2024 and £165m matures in October 2025.

25. Financial instruments (continued)

Price risk

The Group is exposed to the risk of cost inflation during site development. To mitigate this risk, the Group enters into fixed price design and build construction contracts. The Group is also exposed to the risk of price movements in the housing sector which affect underlying sales values. To mitigate this risk a proportion of stock is subject to forward sale agreements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates or equity prices, will affect the Group's income or the carrying amount of its holdings of financial instruments. The objective of market risk management is to achieve a level of market risk that is within acceptable parameters as set out in the group risk management framework.

Capital management

The Board aims to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

The capital structure of the Morgan Sindall Group consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity. The cash and cash equivalents are supplemented by the £180m of committed bank facilities, as described under the liquidity risk section above.

There were no changes in the Group's approach to capital management during the year and the Group is not subject to any capital requirements imposed by regulatory authorities.

26. Exemption in Partnership (Accounts) Regulations taken

Muse Places Limited, through its wholly owned subsidiary company Muse (Warp 4) Partner Limited, has a 100% interest in Warp 4 Limited Partnership, a partnership governed by English law. The registered place of business of Warp 4 Limited Partnership is: Kent House, 14-17 Market Place, London, W1W 8AJ.

The consolidated financial statements of Muse Places Limited include the results and financial position of the group's 100% interest in Warp 4 Limited Partnership. Accordingly, advantage has been taken of the exemptions provided by Regulation 7 of the Partnership (Accounts) Regulations 2008 from the requirements for preparation, delivery and publication of the partnership's accounts.