BETTER WITH Bellway

Bellway p.l.c.
Annual Report and Accounts 2022

Building homes to be proud of by putting customers at the heart of everything we do. Bellway is committed to being a responsible homebuilder, operating our business in an ethical and sustainable manner whilst creating long-term value for the benefit of our customers, people, suppliers, shareholders and the wider community.

BETTER WITH
Bellway

In This Report

WE'RE DRIVING GROWTH THROUGH DISCIPLINED LAND INVESTMENT

Disciplined land investment is supporting our growth plans, with 19,089 plots[4] contracted at an attractive rate of return, for a total contract value of £1,300.3 million[4].

Read more on page 5

New Homes Quality Code (NHQC)

As a Group, we are proud to have early adopted the New Homes Quality Code from October 2022. Compliance with the code is built into our Better with Bellway strategy.

Read more on page 74

NEW HOMES QUALITY CODE

Divisional Structure

Our divisional structure allows local management teams to use their detailed local knowledge and respond to specific demands in their area.

Read more on page 7

Record Housing Revenue

Record housing revenue of over £3.5 billion was primarily driven by a 10.5% increase in completions to a record 11,198. Strong nationwide demand existed throughout the year for our quality homes.

6.9%
increase in reservation rates

About Us

Financial and Strategic Highlights

STRONG FINANCIAL PERFORMANCE

Summary

Strong land bank and resilient balance sheet provide platform for growth and strategic flexibility.

	Year ended 31 July 2022	Year ended 31 July 2021	Movement
Revenue	£3,536.8m	£3,122.5m	+13.3%
Gross profit (underlying)	£787.0m[2,3]	£651.9m[2,3]	+20.7%
Gross margin (underlying)	22.3%[2,3]	20.9%[2,3]	+140 bps
Operating profit (underlying)	£653.2m[2,3]	£531.5m[2,3]	+22.9%
Operating margin (underlying)	18.5%[2,3]	17.0%[2,3]	+150 bps
Profit before taxation (underlying)	£650.4m[2,3]	£530.8m[2,3]	+22.5%
Earnings per share (underlying)	420.8p[2,3]	350.9p[2,3]	+19.9%
Net legacy building safety expense	£346.2m	£51.8m	+568.3%
Profit before taxation	£304.2m	£479.0m	(36.5%)
Earnings per share	196.9p	316.9p	(37.9%)
Proposed total dividend per share	140.0p	117.5p	+19.1%
Net asset value per share	2,727p[2]	2,664p[2]	+2.4%
Net cash	£245.3m[2]	£330.3m[2]	(25.7%)
Land bank (total plots)	97,706[5]	86,571[5]	+12.9%
RoCE (underlying)	19.4%[2,3]	16.9%[2,3]	+250 bps

Record housing output and revenue delivered with further underlying margin improvement

- Total revenue rose by 13.3% to £3,536.8 million (2021 – £3,122.5 million, 2020 – £2,225.4 million), a record for the Group.
- Housing completions grew by 10.5%, and ahead of our ambitious target, to a record 11,198 homes (2021 – 10,138, 2020 – 7,522).
- Strong underlying demand across the country, with a 6.9% increase in the overall reservation rate to 218 per week (2021 – 204, 2020 – 178).
- Further improvement in the underlying operating margin to 18.5%[2,3] (2021 – 17.0%, 2020 – 14.5%), driven by improved site operating efficiency, management of cost pressures and completions from more recently acquired land.
- Underlying profit before taxation rose by 22.5% to £650.4 million[2,3] (2021 – £530.8 million, 2020 – £309.3 million).
- Resilient balance sheet, with year-end net cash of £245.3 million[2] (2021 – £330.3 million, 2020 – £1.4 million) and low adjusted gearing, inclusive of land creditors, of 4.4%[2] (2021 – 3.8%, 2020 – 11.4%).
- Proposed total dividend per share growth of 19.1% to 140.0p (2021 – 117.5p, 2020 – 50.0p), representing dividend cover of 3.0 times[2,3] underlying earnings. As previously announced, the Board intends to progressively reduce dividend cover to around 2.5 times[2,3] underlying earnings by 31 July 2024.

1 All figures relating to completions, order book, reservations, cancellations and average sel ing price exclude the Group's share of its joint ventures unless otherwise stated.
2 Bellway uses a range of statutory performance measures and alternatives performance measures when reviewing the performance of the Group against its strategy. Definitions of the alternative performance measures, and a reconci iation to statutory perfo mance measures, are included in note 28.
3 Underlying refers to any statutory performance measure or alternative performance measure before net legacy building safety expense and exceptional items (note 2).
4 Includes the G oup's share of land contracted through joint venture partners comprising 237 plots (2021 – 882 plots, 2020 – 203 plots), with a contract value of £12.7 mil ion (2021 – £39.2 mil ion, 2020 – £15.3 million) across 1 site (2021 – 2 sites, 2020 – 1 site).
5 Includes the G oup's share of land owned and controlled th ough joint venture partners comprising 962 plots (2021 – 938 plots, 2020 – 472 plots).
6 As measured by the Home Builders' Federation using the eight week NHBC Customer Satisfaction survey.
7 Total scope 3 emissions are reported in ine with the targets validated by the Science Based Target initiative, and exclude category 11b (use of sold products – indirect). Categories 8, 9, 10, 14 and 15 are not relevant to the Group.
8 Comparatives are for the year ended 31 July 2021 or as at 31 July 2021 ('2021') or are for the year ended 31 July 2020 or as at 31 July 2020 ('2020') unless otherwise stated.

CLEAR STRATEGIC PRIORITIES

Strengthened land bank supports outlet growth and underpins long-term growth ambitions

- Another year of disciplined land investment in high quality locations, with 19,089 plots[4] (2021 – 19,819 plots, 2020 – 12,124 plots) contracted at attractive rates of return, for a total contract value of £1,300.3 million[4] (2021 – £1,066.0 million, 2020 – £777.7 million).
- Additional investment in our strategic land team, resulting in the strategic land holdings growing further to 35,600 plots at 31 July 2022 (2021 – 30,400 plots, 2020 – 27,300 plots), providing scope for longer-term outlet and volume growth.
- In total, our overall land bank, comprising 97,706 plots[5] (2021 – 86,571 plots, 2020 – 72,361 plots), provides scope to increase the number of sales outlets in the second half of the current financial year and beyond, notwithstanding ongoing sector-wide delays in the planning system.
- The strengthened overall land bank enables the Group to reinforce its disciplined financial land buying criteria in the year ahead, while retaining its long-term capacity to grow volume output to over 16,000 homes per annum.

Better with Bellway – our long-term commitment to sustainable business practices

- In March 2022, we launched Better with Bellway, our new sustainability strategy. The strategy covers eight priority areas, each with their own targets and headline KPIs, aligned to the underlying operations of the business.
- Commitment to significantly reduce carbon emissions, with ambitious targets aligned to the Paris Agreement, which go beyond the requirements of the Future Homes Standard. Our carbon reduction targets have recently been validated by the Science Based Target initiative ('SBTi').
- Sustained focus on build quality and customer satisfaction through our 'Customer First' programme is reflected by Bellway retaining its position as a five-star[6] homebuilder for the sixth consecutive year.
- Aiming to be an Employer of Choice by retaining our people and attracting the best talent from across the industry. We are delighted with the results from our recent employee engagement survey in which 95% of colleagues said they would recommend Bellway as 'a great place to work'.
- We have provided an additional net £346.2 million in relation to legacy building safety, as an adjusting item, mainly as a result of the Group's commitment to the Building Safety Pledge (the 'Pledge') in April 2022 and the Developers' Pact with the Welsh Government, earlier this month. This primarily comprises a net £326.6 million charge in the second half, which is in line with previous guidance. The total amount set aside in relation to England, Scotland and Wales since 2017 is £513.7 million, demonstrating our continued commitment to act responsibly with regards to building safety.
- Proficient remediation of legacy schemes to be completed through our new Building Safety division, led by a recently appointed Managing Director and supported by an experienced team. This division is separately resourced so as not to detract from day-to-day operations and growth prospects elsewhere in the Group.

Current trading and growth outlook

- Bellway entered the new financial year with a strong forward order book. We have also increased our investment in work-in-progress, although this is weighted towards earlier stages of production and stock available for sale is currently lower than the prior year.
- Elevated demand since the start of the pandemic has moderated and in the nine weeks since 1 August, weekly reservations were 191 per week (1 August to 3 October 2021 – 218 per week, 1 August to 4 October 2020 – 239 per week), a decrease of 12.4% compared to the equivalent period in the prior year.
- The Group retains a strong forward sales position with a value of £2,093.8 million[2] as at 2 October (3 October 2021 – £1,966.3 million, 4 October 2020 – £1,869.6 million). The order book comprised 7,257 homes (3 October 2021 – 6,731 homes, 4 October 2020 – 6,624 homes), of which 71% were exchanged (3 October 2021 – 62%, 4 October 2020 – 62%).
- While Bellway entered the year with a strong forward order book, given the backdrop of rising interest rates and wider economic uncertainty, the Board currently expects to deliver volume at a similar level to the prior year. The final outturn will be dependent on the autumn and spring selling seasons and the Group will prioritise its strong disciplines in relation to both margin and quality of profit.
- Pricing has remained firm and we anticipate an overall average selling price of around £300,000 (2022 – £314,399) in the current year. The moderation from 2022 primarily reflects a higher proportion of social housing completions.
- Given the current economic backdrop, the range of potential outcomes for underlying operating margin in financial year 2023 is wider than the prior year. The result will be partly supported by our substantial order book and, assuming current prices and volume output similar to last year, we expect the underlying operating margin for the current financial year to be over 18%[2,3].
- Over the long-term, the Group has significant capacity to deliver further increases in output. Our growth will continue to be disciplined, while maintaining the high standard of our product, and a clear focus on delivering value creation for shareholders.
- The combined strength of our balance sheet, land bank and order book provide strategic flexibility to respond to changes in the housing market, the long-term fundamentals of which remain strong. There is a shortage of high quality, energy efficient and affordable homes across the country and Bellway will continue to play an important role in increasing housing supply in the years ahead.

Who We Are

OUR THREE BRANDS MEET THE NEEDS OF OUR CUSTOMERS

Our brands represent our commitment to the different needs of our customers. We understand that buying a home is one of the biggest decisions you will ever make and each brand offers choice, whilst ensuring a consistent level of service.

Bellway

Bellway is our main brand. Bellway began as a small family business in 1946, with a passion for building high quality homes in carefully selected locations inspired by the needs of families. To this day, we maintain these same core values, combining our decades of expertise with the local personalised care that Bellway is known for.

9,371
Homes sold

Ashberry Homes

The Ashberry brand was launched in 2014 and is offered on larger sites, typically alongside our Bellway brand, to provide two differentiated outlets, using different elevational treatments and internal layouts, and therefore offering greater customer choice. This has the advantage of improving sales rates, often more than can be achieved through using two Bellway outlets.

966
Homes sold

Bellway | London

Bellway London was launched in 2018 to provide the London market with a modern and consistent identity that is recognisable across the capital. This covers all our developments in London boroughs, with our main focus being outer London boroughs and commuter towns within the M25. Properties range from one-bedroom apartments to four-bedroom houses.

861
Homes sold

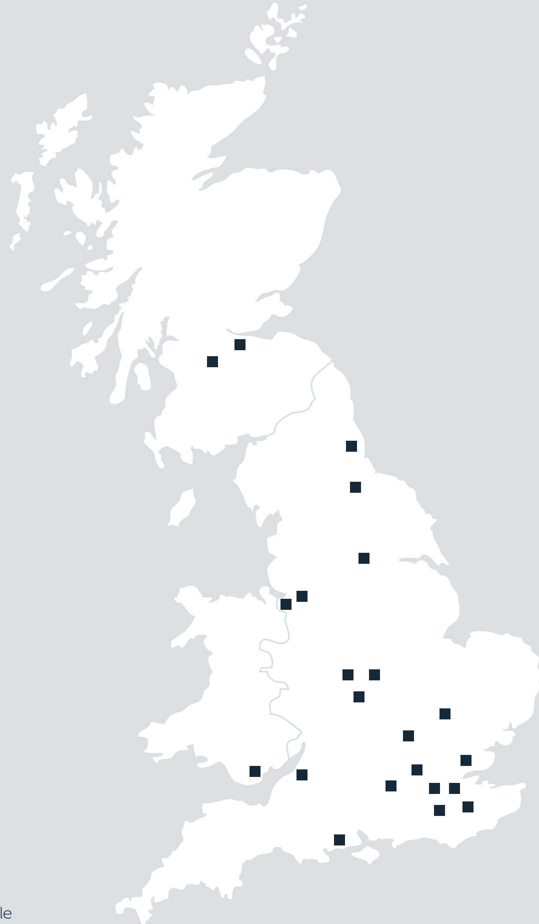
Our Structure

We currently operate from 22 divisions covering the main population centres across England, Scotland and Wales.

Our divisional structure allows local management teams to respond to specific demands in their area and, through their detailed local knowledge, acquire land on which to design and build homes that meet the high expectations of our customers and contribute to creating strong local communities.

The divisional teams are supported by our Regional Chairmen and by our specialist Group teams.

Divisional Office Locations



Not to scale

22 divisions

covering the main population centres across England, Scotland and Wales

3,042 people

employed in the Group as at 31 July 2022

WE'RE GUIDED BY A CLEAR PURPOSE

Our aim is to operate our business in an ethical and sustainable manner, while at the same time building attractive, desirable and sustainable developments where customers want to live in harmony with existing communities.

Artisan Design

A standardised suite of house types has enabled us to be more efficient and control our costs, while continuing to produce consistently high quality, desirable, energy efficient homes.

Putting our customers first

Our Customer First programme is designed to put the customer at the heart of everything we do. A key element of this is ensuring we communicate with our customers well. We have made a commitment to respond to all customers as quickly as possible.

WE'RE NOT JUST BUILDING HOMES, WE'RE BUILDING COMMUNITIES

Here at Bellway, we're proud of the 5-star[6] homebuilder award we received in the HBF's most recently published eight-week survey, but our aim is to go further. Our Customer First programme will build on our previous success and equip us as we look to exceed our existing levels of customer satisfaction.

Read more on page 21.

Employer of Choice

In our third Employee Engagement Survey in July 2022, 95% of staff would recommend Bellway as 'a great place to work'.

95%

of staff would recommend Bellway as a 'great place to work'

Aspiring for better

Although we are happy to receive such a high rating from our customers, we want to do better. Our focus is on increasing our year-on-year score in the 9-month NHBC survey, achieving at least 90% by July 2026.

90% target

to be achieved in 9 month NHBC survey by 2026

Strategic Report

Principal KPIs

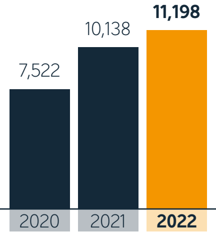
The Group has ten principal KPIs, which are shown below. Our secondary performance measures, which support these KPIs, are shown on pages 16 to 21.

Financial and Operational KPIs

Number of homes sold (homes)

11,198 homes

+10.5%

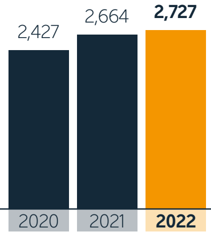


This KPI demonstrates how well the business model is able to support the Group's strategy of delivering volume growth.

Net asset value per ordinary share (p)[2]

2,727p

+2.4%

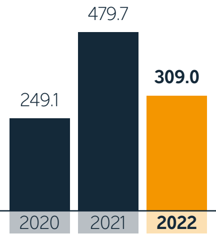


The Directors consider net asset value per ordinary share ('NAV') to be a useful proxy when reviewing whether shareholder value, on a share by share basis, has increased or decreased in the period.

Operating profit (£m)

£309.0m

(35.6%)

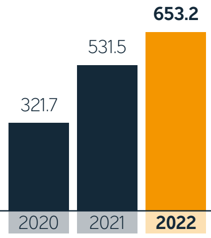


Underlying operating profit (£m)[2][3]

£653.2m

+22.9%

R

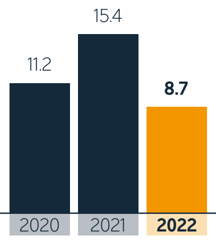


Operating profit is another measure of how efficiently the business is being operated and of the profitability of the Group's core business. The underlying operating profit is one of the measures used to determine the Directors' annual bonus payment. Underlying operating profit is before net legacy building safety expense.

Operating margin (%)[2]

8.7%

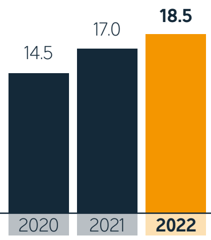
(670bps)



Underlying operating margin (%)[2][3]

18.5%

+150bps

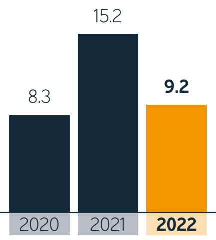


Operating margin demonstrates how efficiently the business is being operated. Underlying operating margin is before net legacy building safety expense.

Return on capital employed (%)[2]

9.2%

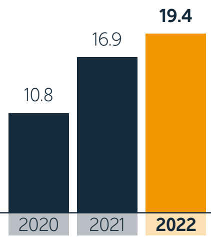
(600 bps)



Underlying return on capital employed (%)[2][3]

19.4%

+250bps

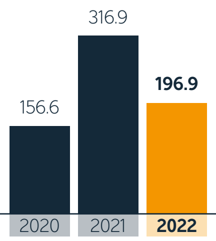


Return on capital employed ('RoCE') is a key indicator of how we are delivering our strategy of building shareholder value, which is reliant on land acquisition and the subsequent performance of our developments. Underlying RoCE uses the underlying operating profit as defined above.

Earnings per ordinary share (p)

196.9p

(37.9%)

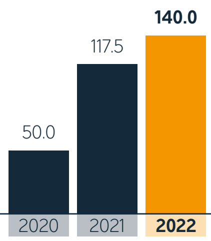


Earnings per ordinary share ('EPS') is a useful measure of how profitable Bellway is, year on year.

Total dividend per ordinary share (p)

140.0p

+19.1%



This is another useful indicator of how the Directors are delivering the strategy of generating shareholder value, particularly when combined with NAV. Note that the 2022 final dividend figure is proposed.

The Introduction of the Better with Bellway strategy during the year has led to the ESG KPIs previously reported to be revised. The Group now has ten headline KPIs mapped to our Better with Bellway strategy, those which are currently reportable are shown below. Read more on pages 34 to 64.

Better with Bellway KPIs

Customers and Communities

HBF 9 month survey score (%)

82.1%

+2.2ppt

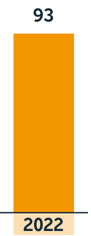
R

This KPI shows the Group's commitment to customer service, with the long-term aim to achieve a 90% score by July 2026.

Employer of Choice

Employees who would recommend Bellway as 'a great place to work' 3 year average score (%)

93.0%



This KPI shows the average percentage of employees that stated they would recommend Bellway as 'a great place to work' in our Employee Engagement Survey over a three-year period.

Carbon Reductions

Scope 1 and 2 emissions (tonnes)

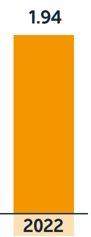
18,405 tonnes

(5.5%)

Demonstrates how the Group is working towards reducing our carbon emissions, in line with our pledge to reduce scope 1 and 2 emissions by 46% in absolute terms by July 2030.

Scope 3 emissions (tonnes CO_2e per m^2)

1.94 tonnes



The Group is committed to reduce scope 3 GHG emissions by 55% per square metre of completed floor area by July 2030, against FY19 baseline of 1.94 tonnes.

Building Quality Homes, Safely

RIDDOR score

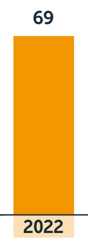
359.98 incidents

(7.0%)

Number of RIDDOR seven-day reportable incidents per 100,000 site operatives. We aim to reduce the average RIDDOR rate measured over a three-year period to under 305 incidents by July 2024.

Applicable employees trained on Group Fire Safety Policy (%)

69%



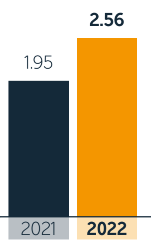
This KPI demonstrates the Group's commitment to fire safety, we have identified additional individuals for training in FY23.

Charitable Engagement

CRUK fundraising total (£m)

£2.56m

+£610K



This KPI indicates the cumulative fundraising total for our charity partner Cancer Research UK since 2016, with the target to raise £3 million by December 2023.

Resource Efficiency

Waste per home built (tonnes)

8.3 tonnes

(6.7%)

Shows the Group's commitment to resource efficiency, we aim to reduce waste per completed unit by 20%, to 7.1 tonnes by FY25.

Note:
R Link to remuneration – see pages 106 to 125.

Investment Case

GROWING VALUE FOR OUR SHAREHOLDERS

Bellway's strategy is to grow shareholder value through sustainable and disciplined volume growth, utilising the Group's operational and balance sheet capacity combined with a strong focus on RoCE. This is supported by our new Better with Bellway strategy (read more on page 15).

Our award-winning homes

We build high-quality homes designed to complement the style of existing local architecture in communities, which meets local demand and enhances the area in which they are built. With a range that extends from one-bedroom apartments to six-bedroom family homes, we offer an extensive choice from which customers can choose a property that meets their individual requirements. This is achieved via our Artisan Collection of standard house types (more details on page 20). We also provide affordable housing and homes to housing associations for social housing.

Our focus is to provide desirable, traditional family housing across all our divisions, and apartments in the more affordable outer commuter zones of London.

5-star[6] homebuilder

Rating from the eight week Home Builders' Federation Customer Satisfaction survey

Our approach to land and capacity for growth

Bellway's experienced land teams have developed a programme of disciplined land investment, both in the short-term land bank and the strategic land portfolio to support our long-term growth ambitions.

We have maintained a focus on acquiring sites in desirable locations where customers want to live and we consider connectivity to transport links, while taking into account our environmental impact. During the year we expanded our strategic land team. This dedicated team of qualified specialists, who are highly experienced in acquiring and delivering land through the planning system, are overseen by a central Group team. Their expertise is available to assist landowners and development partners in ensuring the delivery of planning permissions and to maximise the value of land. Proactive land investment, along with a strong balance sheet, ensures the Group is well placed to deliver growth and our longer-term operating margin targets.

BETTER WITH
Bellway

Read about our Better with Bellway strategy on page 15.

Better with Bellway

Sustainability is key to our business and our recently launched sustainability strategy, Better with Bellway, embodies our approach to responsible and sustainable business practice. Our sustainable approach is not just an add-on, it is a key part of our business strategy. It is what we do daily, 'putting people and the planet first'.

Better with Bellway addresses our key sustainability risks and opportunities, ensuring that we are aligned to national and international standards, and responding to the views of our stakeholders.

Our customers

We aim to put customers at the heart of everything we do.

All of our customers are treated to the same high level of customer service. Our high standard of service and build quality is endorsed by our customers, with 9 out of 10 customers saying they would recommend Bellway to a friend buying a new home as part of the eight week HBF survey. Our Customer First initiative drives improvements in quality and works to develop and share best practice across the Group.

9 out of 10

customers say they would recommend Bellway to a friend buying a new home.

Our people

Our people are the key to our success and we aim to provide them with rewarding and fulfilling careers.

Bellway has long had a reputation as a good employer, taking an interest in our workforce and supporting career development. Results of our 2022 Employee Engagement Survey show that 95% of colleagues would recommend Bellway as 'a great place to work' and many employees have spent a large proportion of their working lives with us. However, we are not complacent and, as part of our Better with Bellway strategy, we are striving to be an Employer of Choice. We aim to create a safe, diverse, and inclusive environment, as well as investing in and upskilling our workforce.

Our Strategy

Bellway's strategy is made up of three pillars: delivering volume growth; value creation for shareholders; and Better with Bellway; utilising the Group's operational and balance sheet capacity, combined with a strong focus on RoCE.

Strategic priorities

As set out in the Chairman's Statement, to achieve our overall strategy we have identified the following three strategic priorities:

- **Delivering volume growth**
- **Value creation for shareholders**
- **Better with Bellway**

The metrics we use to measure our performance are on pages 10 to 11.

Delivering volume growth

Overview

Delivering disciplined volume growth through our national divisional structure, selecting the right land and managing the planning process.

A summary of our performance against this strategic priority, along with our plans for further progress, is detailed below.

How we performed in 2021/22

- Our disciplined approach towards land acquisition has led to a significant investment in new sites and resulted in a record land bank.
- Bellway has performed well throughout the financial year, benefitting from strong underlying demand across the country for our high-quality new homes.
- Volume output of 11,198 homes and housing revenue has reached record levels.
- Sales demand remained strong across the country with a 6.9% increase in the overall reservation rate.

Our plans for 2022/23

- We will continue to invest in strategic land, as it allowed us to secure and control land with less capital investment and more flexibilities.
- We will maintain our current disciplined growth strategy, whilst being mindful of market conditions.
- We plan to open around 120 new outlets in the financial year 2023.

Value creation for shareholders

Overview

Crucial to the success of our volume growth strategy is our ability to deliver value for shareholders. We believe that value generation is best evaluated through capital growth and by increasing the net asset value per share, together with the payment of a regular dividend.

A summary of our performance against this strategic priority, along with our plans for further progress, is detailed below.

Margin improvement

A key part of value creation is the steps we take to improve operating margin.

How we performed in 2021/22

- We have made further design improvements to the Artisan standard house types including standardisation, procurement efficiencies and optimisation of site layouts.
- We have benchmarked Artisan build costs across all divisions to drive cost efficiencies.
- We have embedded a new margin improvement campaign which now forms part of monthly cost reviews, whilst sharing best practice and procurement efficiencies.
- We have continued with our detailed programme of value engineering reviews across our sites and divisions.

Our plans for 2022/23

- We will continue to design and develop new standard house types into the Artisan Collection.
- We will continue to benchmark Artisan build costs across all divisions and perform monthly cost reviews.
- As our subcontractors become more familiar the Artisan Collection we will drive opportunities to improve build speed.

- We will expand our research and trial the use of innovative new products, as part of our commitment to the Future Homes Standard, net zero and carbon reduction.
- We will continue to develop and improve our software to ensure that all employees are trained, supported and developed.

Capital and dividend growth

Reinvestment of earnings into financially attractive land opportunities, whilst maintaining a focus on RoCE, has led to an increase in value for shareholders through a combination of the ongoing growth in NAV and dividend payments.

A summary of our performance against this strategic priority, along with our plans for further progress, is detailed below.

How we performed in 2021/22

- Bellway has continued to invest capital into land and work-in-progress in areas with high demand, without compromising the RoCE and margin requirements, to ensure that the Group is well placed to deliver growth.
- Paid dividends of £157.2 million.
- Increased NAV by 2.4% to 2,727p[2], with the increase achieved due to strong growth in the underlying earnings and not withstanding a £346.2 million charge in the year in relation to legacy building safety issues.

Our plans for 2022/23

- Our current strong land bank position allows us to reinforce our disciplined land buying criteria, ensuring that we are selective in the year ahead. We will still cautiously consider land purchases to maintain operational certainty, but we will contract fewer plots and we will reduce cash expenditure on land.
- The dividend is determined following careful consideration of capital requirements, as well as the Group's operational capability to deliver further long-term volume growth. If the final 2021/22 dividend is approved, the total dividend will be covered by underlying earnings by three times[2].

Focus on capital employed

Ensuring that our assets are used in the most efficient way to deliver shareholder returns.

How we performed in 2021/22

- We have maintained our focus on balance sheet management, with particular emphasis on large capital-intensive sites and a drive to increase sales through the use of the Ashberry brand.
- We have maintained RoCE as a key assessment when buying land.
- We have closely monitored and controlled our land investment and work-in-progress.

Our plans for 2022/23

- We will continue to maintain a focus on balance sheet management, with particular emphasis on large capital-intensive sites.
- We will continue to maintain RoCE as a key assessment when buying land.
- We will continue to monitor and control investment in land and work-in-progress.

Maintaining a flexible capital structure

We use a combination of cash, debt financing and equity to provide us with access to finance in a balanced and flex ble way. This enables us to deliver our growth strategy while managing the cash flow requirements of the business, including delivering dividends to our shareholders.

A summary of our performance against this strategic priority along with our plans for further progress is detailed below.

How we performed in 2021/22

- We have maintained our current banking relationships.
- The Group has maintained its sterling US Private Placement for a total amount of £130 million with maturity dates in 2028 and 2031.
- We have appointed a Group IR Director to enhance our current investor relations activities.

Our plans for 2022/23

- We will maintain our current banking and US Private Placement relationships.
- We will develop our current investor relations activities with the support of our recently appointed Group IR Director.

Better with Bellway

Overview

Sustainability is at the heart of our business and our new Better with Bellway strategy embodies our approach to responsible and sustainable business practice.

Our sustainable approach is not just an add-on, it is a key part of our business strategy. It is what we do daily, 'putting people and the planet first'.

Better with Bellway has eight strategic business priorities that are designed to help Bellway thrive, now and into the future. They put our long-term commitment to responsible and sustainable practice at the core of our operational strategy.

Putting people first means prioritising our customers and the communities we serve and create, by building quality homes. It's about striving to become an Employer of Choice by focusing on how we can upskill our workforce and nurture a culture of inclusion where everyone is welcome and able to reach their full potential.

Putting the planet first means delivering on our commitment to build low carbon homes, reducing our own carbon footprint and considering our customer's carbon footprint, while reducing and rethinking our use of resources to avoid waste, minimise energy and water usage, whilst also sourcing materials responsibly.

A summary of our performance against this strategic priority, along with our plans for the future, is detailed on pages 34 to 64.

Our Business Model

The following timeline demonstrates how we create value from selecting land to selling homes.

Our value chain

Select the right land and manage the planning process

Read more on pages 18 and 19.

What we do

- Land opportunities are identified by our divisional and Group land and planning teams using their local knowledge and contacts. A viability assessment and appraisal is prepared by the division, which is assessed in detail at divisional, regional and then Group level, where the final decision is taken by the Executive Directors on whether to purchase a site. Full Board approval may also be required depending upon the value and nature of the proposed acquisition.
- We often secure land without the benefit of an implementable detailed planning permission ('DPP'), typically brownfield sites with an outline planning consent or on a 'subject to planning' basis. We use the expertise of our land and planning teams to obtain DPP which thereby reduces risks, adds value and enables higher returns.
- Our land bank is comprised of three tiers:
  - i) Owned or unconditionally contracted land with DPP.
  - ii) Pipeline of land owned or controlled pending DPP, with development expected to commence within the next three years.
  - iii) Strategic land, which is longer-term typically held under option.
- Our divisional and Group planning teams work closely with local authorities and communities to obtain DPP to construct homes which reflect local planning and vernacular requirements. The divisional and Group planning teams also progress a combination of medium-term 'pipeline' sites and land from our strategic land bank through the planning system.

Design desirable homes and construct them safely

Read more on page 20.

What we do

- We construct a wide range of homes, with a focus on our Artisan Collection of standard house types, to suit a variety of customer budgets and lifestyles.
- Within the Artisan Collection, there are numerous unique designs which have been developed to adhere to differing regional planning requirements. These standard house types drive efficiencies during construction.
- Our homes are built to a high standard in compliance with specific building, technical and health and safety regulations and other regulatory requirements, as well as to our own high quality standards.
- Our priority is the health, safety and wellbeing of our employees, subcontractors and visitors to our developments.
- We strive to maintain long-term working relationships with reputable subcontractors and supply chain partners to reduce health and safety risks and to ensure the commercial availability and quality of materials and labour.
- We seek to ensure that we have suitable building materials available at competitive prices to enable us to construct homes to the high standards expected of us by our customers, within budget and on time.
- We closely monitor work-in-progress to ensure that build rates are consistent with sales rates to avoid unnecessary capital becoming tied up.

Selling homes and delivering an excellent customer sales experience

Read more on page 21.

What we do

- Bellway provides excellent customer service from the moment our customers decide to look for a new home and throughout all stages of their journey with Bellway, including the early years of home ownership.
- We have dedicated customer care teams within each division delivering high levels of customer service and these are supported by both our Group Customer Experience Director and Group Customer Care Director.
- Our Customer First initiative continues at pace to drive future improvements to quality and customer service.
- Our retention of the HBF 5-star[6] homebuilder status for the sixth consecutive year demonstrates our commitment to providing the highest level of service to our customers.
- In addition to the HBF survey, Bellway also engages with our customers through Trustpilot where we actively invite feedback from our customers on all elements of our service.

Better with Bellway

These eight business priorities are integral to everything we do and drive the long-term success of our business model.

Customers and Communities

Putting customers and communities at the heart of everything that we do.

Employer of Choice

Creating an environment that our colleagues can thrive in.

Carbon Reductions

Delivering low carbon homes.

Building Quality Homes, Safely

Quality and safety first for everyone.

Sustainable Supply Chain

Driving sustainability through long-term partnerships.

Resource Efficiency

Designing out waste by building better.

Biodiversity

Protecting and preserving nature.

Charitable Engagement

Giving, to build better lives.

Read more on pages 34 to 64.

Our Business Model continued

Select the right land and manage the planning process

Select the right land

Land opportunities are identified by our divisional and Group land and planning teams using their local knowledge and contacts. A viability assessment and appraisal is prepared by the division, which is assessed in detail at divisional, regional and then Group level, where the final decision is taken by the Executive Directors whether to purchase a site. Full Board approval may also be required depending upon the value and nature of the proposed acquisition.

The number of large, long-term sites that we own is strictly controlled to avoid having too much capital tied up or concentrated in one location.

We often secure land without the benefit of an implementable detailed planning permission ('DPP'), typically brownfield sites with an outline planning consent or on a 'subject to planning' basis. We use the expertise of our land and planning teams to obtain DPP which thereby reduces risks, adds value and enables higher returns.

We aim to increase the number of homes sold through continued investment in land.

The risks

- The inability to source suitable land that meets our financial and non-financial acquisition criteria, including minimum gross margin and RoCE hurdle rates. There has been no change to this risk during the year.

What we do and how we manage risk

Where sites require planning consent it may take many months to progress a parcel of land through the planning process before we can start building and selling homes. Our land teams are therefore focused on purchasing sufficient sites to ensure that we have the necessary amount of land to meet our short-term volume growth targets as well as a pipeline of land for subsequent years. Bellway's solid, asset backed balance sheet, substantial cash resources and long-term committed debt financing arrangements have enabled the Group to continue its front-footed, yet disciplined approach to land acquisition.

Alignment with Better with Bellway

Biodiversity

By building a significant number of quality homes on brownfield land we are contr buting to the regeneration of areas in mainly urban locations.

Our land buying teams assess biodiversity constraints and opportunities at the earliest stage in site selection and are supported by our Head of Biodiversity and Group Strategic Land team.

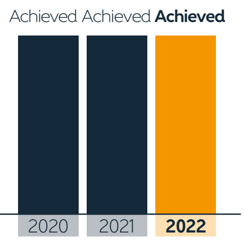
How we measure our performance

Acquiring high-quality, sustainable sites in areas of strong customer demand that meet or exceed both our financial and non-financial acquisition criteria is key to the success of the business. Failure to have an adequate supply of land would limit our ability to achieve our volume growth targets. We therefore link part of the Executive Directors' bonuses to the delivery of a sufficient land bank to meet our growth aspirations. RoCE is a key indicator of how we are delivering our strategy of building shareholder value, which is reliant on land acquisition and the subsequent performance of our developments. Gross margin enables us to monitor the robustness of our land purchasing process and the level of profit on land purchases and we regularly review the pipeline to ensure that our land bank remains appropriate.

Sufficient land bank plots with DPP

Achieved

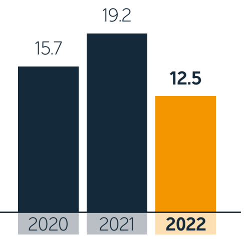
R



Gross margin (%)[2]

12.5%

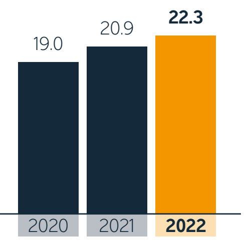
(670bps)



Underlying gross margin (%)[2][3]

22.3%

+140bps



Note:

R Link to remuneration – see pages 106 to 125..

Manage the planning process

Our land bank comprises of three tiers:

1. Owned or unconditionally contracted land with DPP.
2. Pipeline of land owned or controlled pending DPP, with development expected to commence within the next three years.
3. Strategic land, which is longer-term typically held under option.

Our divisional and Group planning teams work closely with local authorities and communities to obtain DPP to construct homes which reflect local planning and vernacular requirements. The divisional and Group planning teams also progress a combination of medium-term 'pipeline' sites and land from our strategic land bank through the planning system.

The risks

- Delays and increasing complexity and cost in the planning process. There has been no change in this risk during the year.

What we do and how we manage risk

Our planning teams build collaborative relationships with local authorities, communities and interest groups so that our completed developments benefit the areas in which they are built and support local needs. We also welcome Government support to the planning process such as the continuation of the National Planning Policy Framework.

Alignment with Better with Bellway

Customers and Communities

We consult with local residents as part of the planning process to help us build the homes our customers desire locally.

We make contr butions to local communities through section 106 (England and Wales) and section 75 (Scotland) contributions and Community Infrastructure Levy payments, and through the provision of the New Homes Bonus.

How we measure our performance

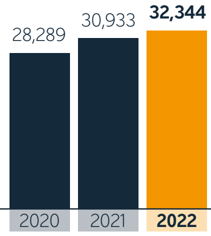
These KPIs enable us to monitor the number of plots in each tier of our land bank to ensure they remain sufficient to help us deliver our strategy of volume growth.

At the end of the year we had an appropriate number of plots in each land bank tier to meet our strategy.

Number of plots in owned and controlled land bank with DPP (plots)

32,344 plots

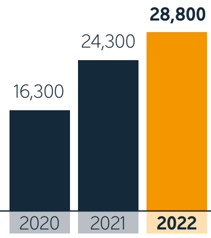
+4.6%



Number of plots in 'pipeline' (plots)

28,800 plots

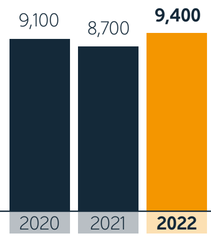
+18.5%



Number of plots in strategic land bank positive planning status (plots)

9,400 plots

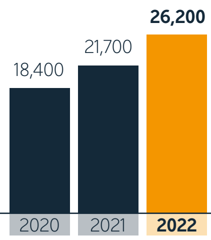
+8.0%



Number of plots in strategic land bank longer term interests (plots)

26,200 plots

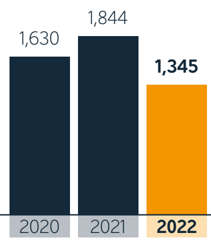
+20.7%



Number of plots acquired with DPP (plots)

1,345 plots

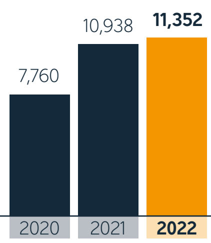
(27.1%)



Number of plots converted from medium term 'pipeline' (plots)

11,352 plots

+3.8%



Our Business Model continued

Design desirable homes and construct them safely

We construct a wide range of homes, with a focus on our Artisan collection of standard house types, to suit a variety of customer budgets and lifestyles. Our homes are built to a high standard in compliance with specific building, technical and health and safety regulations and other regulatory requirements, as well as to our own quality standards.

Our priority is the health, safety and wellbeing of our employees, subcontractors and visitors to our developments.

We strive to maintain long-term working relationships with reputable subcontractors and supply chain partners to reduce health and safety risks and to ensure the commercial availability and quality of materials and labour.

We seek to ensure that we have suitable building materials available at competitive prices to enable us to construct homes to the high standards expected by our customers, within budget and on time.

We closely monitor work-in-progress to ensure that build rates are consistent with sales rates to avoid unnecessary capital becoming tied up.

The risks

- Shortage of building materials at competitive prices.
- Shortage of appropriately skilled construction people and subcontractors.
- Significant health and safety risks inherent in the construction process.
- There has been no change to these risks during the year.

What we do and how we manage risk

Experienced construction people, strong relationships with skilled subcontractors and consultants, together with Group purchasing arrangements with suppliers and manufacturers, are key to enabling us to deliver homes built to the right standard, at the right time and at the right price.

Alignment with Better with Bellway

Building Quality Homes, Safely

The health and safety of everyone who works on and visits any of our locations is paramount.

Carbon Reductions

We are building low carbon exemplar homes on a trial basis to better understand upcoming challenges and industry targets. These are designed to be constructed using low carbon methods and reduce end user carbon emissions.

Resource Efficiency

Reducing waste on-site, in divisional offices and in sales centres delivers cost savings for the business and reduces the amount of waste sent to landfill.

Sustainable Supply Chain

Building strong long-term relationships with subcontractors, consultants, and suppliers and manufacturers of materials generates benefits for us, those we do business with and the communities in which we operate.

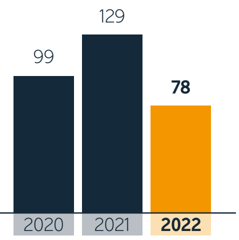
How we measure our performance

The health, safety and wellbeing of our employees, subcontractors and visitors to our developments is paramount and health and safety performance is taken into account as part of the overall assessment of the Executive Directors' potential bonus payment. Improvements in reporting procedures, an increase in the number of operatives on site coupled with a reduced level of experience as a result of COVID-19 has led to an increase in the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) rate. However the significant reduction in the slips, trips and falls incident rates demonstrates the Group's continued commitment to improving health and safety standards.

Slips, trips and falls (incidents)

78 incidents

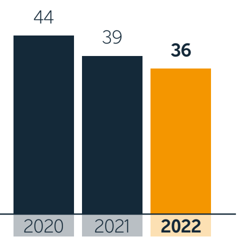
(39.5%)



Number of NHBC Pride in the Job Awards (awards)

36 awards

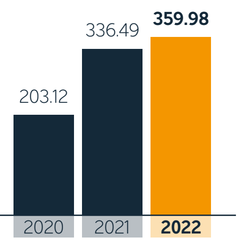
(7.7%)



Number of RIDDOR seven day reportable incidents per 100,000 site operatives (incidents)

359.98 incidents

(7%)



Selling homes and delivering an excellent customer experience

Bellway provides excellent customer service from the moment our customers decide to look for a new home and throughout all stages of their journey, including the early years of home ownership. We have developed our Customer First programme to support all Bellway employees and subcontractors to deliver to these high standards of customer service.

We have dedicated customer care teams within each division delivering high levels of customer service and these are supported by both our Group Customer Experience Director and Group Customer Care Director.

Our retention of the HBF 5-star[6] homebuilder status for the sixth consecutive year demonstrates our commitment to providing the highest level of service to our customers.

In addition to the HBF survey, Bellway also engages with our customers through Trustpilot where we actively invite feedback from our customers on all elements of our service.

To enhance the aftercare service provided to our customers we have upgraded our customer care digital platform.

We have also created a subcontractor portal to better manage any post-completion issues reported by our customers.

The risks

- There are a number of risks, which if not appropriately mitigated, will negatively impact the customer experience.
- Our Customer First initiative continues to focus on improving our customers' overall experience which will also help mitigate the risk to Bellway's reputation.
- These risks are not regarded as principal risks and so have not been included in our principal risk table on pages 79 to 83. These risks have not changed during the year.

What we do and how we manage risk

Our well-trained and motivated team members through all disciplines within the business have the necessary skills and enthusiasm to deliver the highest levels of customer service.

Our construction teams are committed to building quality homes to be proud of.

Alignment with Better with Bellway

Customers and Communities

Customer handover packs contain information on sustainable travel, local recycling centres and energy efficiency advice.

Carbon Reductions

We continue to improve energy efficiency by building homes that are, on average, more energy-efficient than is required by building regulations.

How we measure our performance

We have chosen the following KPIs as they demonstrate progress made in delivering our strategy of volume growth alongside customer satisfaction. These include responses to the question 'Would You Recommend Bellway to a Friend?', which is the driver for the 5-star[6] homebuilder status, and overall satisfaction score from the HBF 8 week survey, which captures customer feedback of experiences during the first 8 weeks of home ownership.

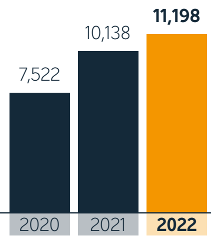
Bellway were awarded 5-star[6] homebuilder status in March 2022 for the period ended 30 September 2021.

The final Recommend a Friend score was 93.6% against a target of 90%, an improvement of 0.1ppt from the previous year.

Number of homes sold (homes)

11,198 homes

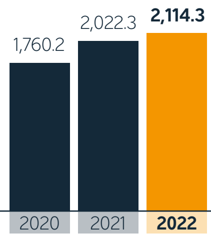
+10.5%



Order book value at 31 July (£m)[(2)]

£2,114.3m

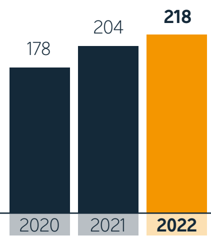
+4.5%



Reservations rate (homes per week)

218 homes per week

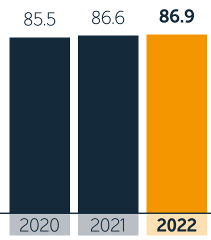
+6.9%



NHBC overall score (%)

86.9%

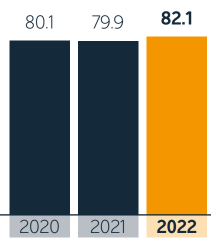
+0.3ppt R



NHBC 9 month would you recommend Bellway to a friend satisfaction score (%)

82.1%

+2.2ppt R



Note:
R Link to remuneration – see pages 106 to 125.

Our Marketplace

The long-term fundamentals of the UK housing market remain positive. Good quality, affordably priced housing is in short supply across many parts of the country and in recent years this has been exacerbated by bottlenecks in the planning system.

Given the backdrop of rising interest rates and wider economic uncertainty, the Board currently expects to deliver volume at a similar level to the prior year. Despite short-term challenges for the mortgage market, in the medium and longer-term, we expect conditions to stabilise and there to be a be a sustainable supply of mortgages.

Demand factors

The affordability of mortgages

Mortgage affordability is a crucial ingredient for a successful and sustainable housing market. Access to affordable finance assists potential purchasers in securing a new home. Even amongst the recent market uncertainty, there remains competition in the mortgage market, and although new mortgages are reflecting the recent increase in borrowing costs, mortgages remain affordable.

Average mortgage repayments, as a percentage of earnings, fell from a peak in 2007, following the downturn in the housing market in 2008/09. There has been moderate increases to interest rates since December 2021 which are expected to continue in 2023. Consequently, the costs of mortgages have increased, although they remain low in comparison to historical levels. The chart at the bottom of the page demonstrates the affordability of houses in the UK.

The availability of mortgages

Over recent weeks, some lenders have sought to moderate the number of fixed rate mortgages, in response to shorter-term uncertainty over fundings costs. We do not expect a long-term structural decline in the availability of mortgage finance and a number of major lenders have already relaunched mortgage products to reflect the recent increase in borrowing costs. In general, there remains good availability of finance, particularly for customers with higher deposits.

The equity loan element of the Help-to-Buy scheme in England will close to new applications on the 31 October 2022, and remain supported up to 31 March 2023. The utilisation of Help-to-Buy continues to fall, having been used by customers in 22% of legal completions (2021 – 39%, 2020 – 35%), with uptake most pronounced on apartment schemes in, and around, London.

The availability of 95% loan-to-value mortgages remains relatively limited, although these products are gradually being reintroducing for new build properties, including those provided through the Deposit Unlock scheme. The availability of this product provides some encouragement regarding the availability of alternative financing arrangements which may help to mitigate the withdrawal of Help-to-Buy for completions beyond March 2023, although uptake is currently low.

Affordability of houses in the UK

The stamp duty land tax holiday

Following an increase in the stamp duty tax threshold during the COVID-19 pandemic, the threshold was reduced, so that from the 1 July 2021 to 30 September 2021, first time buyers paid no stamp duty on properties up to £300,000. Non-first time buyers received stamp duty relief on purchases up to £250,000. On the 23 September 2022 the Government announced that the stamp duty tax threshold would be increased immediately to £425,000 for first time buyers, and £250,000 for non-first time buyers.

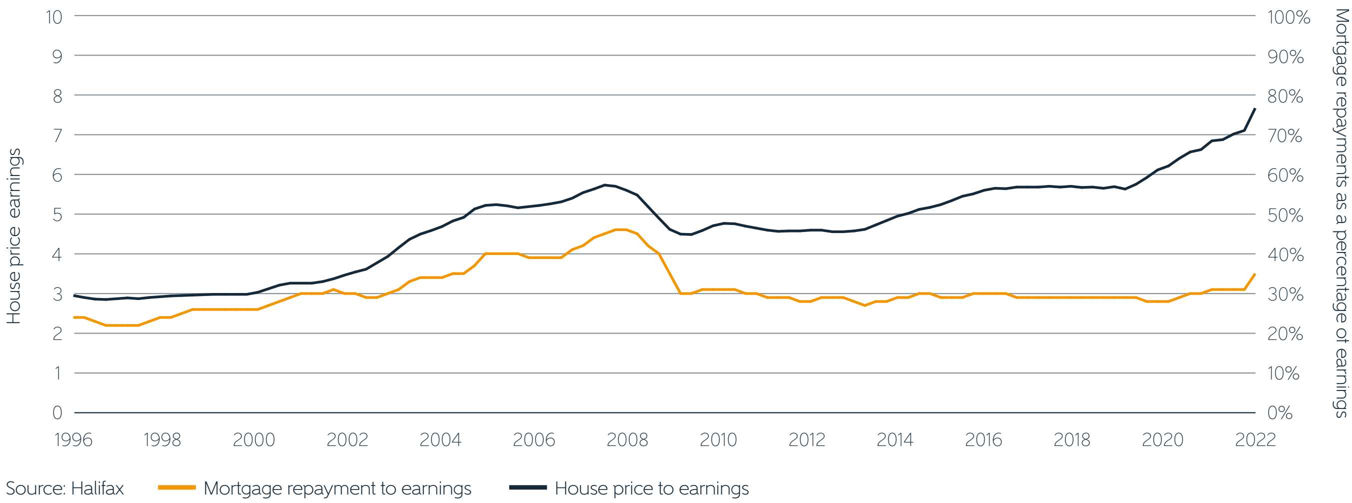
House prices

As per the below table, house prices as a multiple of earnings have slowly risen over the last three years in the UK, however mortgage repayments to earnings remain relatively steady. With the rise of interest rates to combat inflation, mortgage repayments to earnings is expected to increase.

Demand

Demand for high-quality new homes continues to be strong.

Affordability of houses in the UK



Source: Halifax

Supply factors

Land supply and planning permissions

The land market provides good buying opportunities, with the market for larger sites, typically over 150 units, attracting lower levels of competition and can offer higher expected returns than smaller sites. House prices have increased, supporting land values and hence vendors' appetite to sell.

The ability to obtain planning permission increased during 2021 after a low in 2020 due to COVID-19. The number of planning permissions granted in 2021 is still below the average achieved in the 3 years before COVID-19, demonstrating some delays experienced in the planning system. This is evidenced in the chart below, which shows a number of planning permissions granted in England, Scotland and Wales over recent years, albeit a slight decrease in 2020 due to the COVID-19 pandemic.

The availability of land at attractive margins

Acquiring land in areas of high demand and in attractive locations, in accordance with the Group's financial and non-financial acquisition criteria, is one of the key factors to the success of Bellway. The market for land in the UK, particularly in the main conurbations, remains competitive.

The planning system

The Group's ability to deliver new homes is dependent on the efficiency of the planning system, to provide the necessary planning consents in a timely and effective manner, to meet the requirements of the Group's volume targets. The system remains slow, constrained by a COVID related backlog, with this continuing to have a dampening effect on outlet openings across the wider sector. The National Planning Policy Framework system ('NPPF') introduced in March 2012, working in parallel with the Localism Act 2011, has had a positive effect on the planning environment. This is evidenced by an increase in the number of planning permissions over recent years.

Further changes as a result of the revised NPPF, published in February 2019, and the Government's housing white paper, which includes favourable proposals such as 'brownfield' first, a standard method for calculating housing need and a requirement to publish 'ambitious' local plans, has resulted in an uplift in housing demand in many locations across the UK.

Availability and affordability of labour and materials

Concerns with regards to material availability have generally eased over the course of this calendar year, although there can remain ad hoc shortages at a regional level, with bricks, blocks and roof tiles often on extended lead-in times. Good on-site disciplines and familiarity with our Artisan standard house type range help to ease these production constraints.

There continues to be upward pressure on material costs which have increased by mid-to-high single digit inflation during the financial year.

The labour market has tightened, but we are able to secure the supply of labour due to robust forecasting and forward planning of labour requirements across the Group. We have strong, well established relationships with our key suppliers which helps to mitigate the challenges being faced by the industry.

Summary of market backdrop

There is wider economic uncertainty due to high levels of inflation, but the market fundamentals for Bellway remain strong with:

- The ongoing imbalance between supply and demand for affordably priced, good quality homes continuing to be a feature across many parts of the country.
- Strong demand for new homes continuing to be supported by a competitive mortgage market.
- The land market remaining attractive and the planning environment favourable, with the Group continuing to identify value-enhancing opportunities which meet or exceed our requirements in respect of both gross margin and RoCE.
- Cross-party support to deliver an increased supply of new homes.

Bellway is mindful of the wider economic uncertainty caused by cost of living rises and political uncertainty in the UK, but continues to draw upon these sector-specific favourable market conditions, retaining its clear strategy to deliver long-term and disciplined volume growth. This, together with the continued focus on quality and customer care, enables all stakeholders to benefit from our continued success. The Group's strategic priorities take into consideration this synopsis of the market backdrop.

Planning permissions granted and projects approved (GB)

Planning permissions granted (GB)

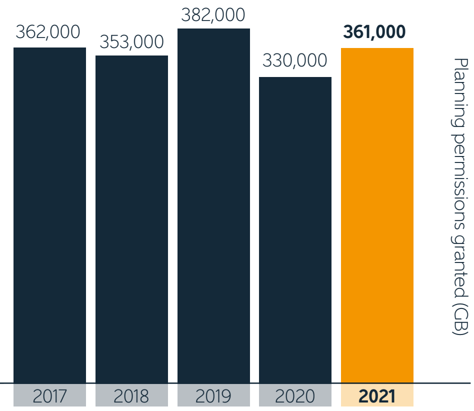
361,000

+9.4%

Planning projects approved (GB)

13,611

+11.3%



Strategic Report

Chairman's Statement

BELLWAY IS VERY WELL-PLACED TO NAVIGATE THROUGH THE CURRENT HEADWINDS

"The Group has a strong order book and a robust balance sheet, and together with its operational expertise, I am confident Bellway is very well-placed to navigate through the current headwinds in the wider economy and deliver on its long-term growth strategy."

John Tutte
Chairman

Introduction

This is my first statement as Non-Executive Chairman of Bellway, following my appointment at the beginning of April 2022. I am delighted to have joined the Group given its long-term growth potential and financial resilience. In my first few months I have been impressed by the focus on build quality, customer service and the Group's responsible approach to business.

Bellway has delivered another strong performance with volume output and revenue reaching record levels. The benefits of our ongoing disciplined investment in land have also helped drive improvements in the underlying operating margin and return on capital employed. Underlying earnings per share rose by 19.9% to 420.8p[2,3] (2021 – 350.9p, 2020 – 204.3p).

The Group has a strong order book and a robust balance sheet, and together with its operational expertise, I am confident Bellway is very well-placed to navigate through the current headwinds in the wider economy and deliver on its long-term growth strategy.

Our people

It is largely the dedication and hard work of our colleagues, subcontractors and supply chain partners that have made this strong performance possible. On behalf of the Board, I would like to express our gratitude to all those who have contr buted to these results, for their resilience, resourcefulness, and ongoing commitment.

Strategic priorities

Bellway's strong balance sheet provides the financial flexibility and capacity to invest in the future and, together with our commitment to responsible business practices, supports our three strategic priorities to:

- Achieve long-term volume growth,
- Deliver value creation for shareholders, and
- Operate respons bly and sustainably through our 'Better with Bellway' strategy.

Long-term volume growth

The long-term fundamentals of the housing market remain positive. Good quality, affordably priced housing is in short supply across many parts of the country and in recent years this has been exacerbated by bottlenecks in the planning system.

Notwithstanding this, and to meet the rising demand for new homes, Bellway has significantly expanded its geographical coverage across England, Scotland and Wales. Through the successful execution of our organic growth strategy, we have delivered a 114% increase in volume output over the last decade. Fundamental to this has been the expansion of our strong divisional structure from 13 to 22 trading divisions over the same period. Each of our divisional teams have the expertise, experience and local knowledge to purchase land, source materials and subcontract labour to deliver high quality homes to our customers.

Our operational structure has the capacity to organically grow volume in the longer-term to over 16,000 homes per annum through a combination of growing output in recently opened divisions and targeting our more mature divisions to create opportunities for further geographical expansion.

Value creation for shareholders

Bellway's volume growth strategy is inextricably linked to the generation of long-term value for our shareholders. The Board continues to believe that value creation from the business is best gauged against capital growth by increasing net asset value per share ('NAV') and supplemented by paying regular dividends.

In the year ended 31 July 2022, NAV rose by 2.4% to 2,727p[2] (2021 – 2,664p, 2020 – 2,427p), with the increase achieved due to the strong growth in underlying earnings and notwithstanding a £346.2 million charge in the year in relation to legacy building safety issues. In addition, the Board is pleased to recommend a 15.2% increase in the final dividend to 95.0p per share (2021 – 82.5p, 2020 – 50.0p). This brings the total proposed dividend to 140.0p per share (2021 – 117.5p, 2020 – 50.0p), an increase of 19.1%. If approved, the overall dividend will be covered 3.0 times[2,3] by underlying earnings (2021 – 3.0 times, 2020 – 4.1 times).

Given the Group's capacity for, and track-record of, delivering long-term volume growth, the reinvestment of capital into land opportunities offering high returns will continue to be balanced with regular dividends. Our strong balance sheet and record land bank also provides us with the strategic flex bility and agility to respond to any material changes in market conditions as a result of the current backdrop of economic uncertainty.

As previously announced, we plan to progressively reduce dividend cover to around 2.5 times[2,3] underlying earnings by 31 July 2024, a level of cover the Board sees as both prudent and sustainable. The reducing cover will also help offset the impact of the Residential Property Developer Tax ('RPDT'), charged at 4% of relevant taxable profits, from April 2022, and rising corporation tax rates, likely to be effective from April 2023.

Better with Bellway

In March 2022, Bellway launched a new sustainability strategy Better with Bellway, and we have a range of initiatives underway to embed the framework across the business. The strategy covers eight priority areas, each with their own specific targets and KPIs linked to the underlying operations of the Group. Better with Bellway includes ambitious targets in respect of our three flagship priority areas of Carbon Reductions, Customers and Communities, and becoming an Employer of Choice. Some recent highlights and progress in these areas are set out below:

Carbon Reductions – Bellway has worked with The Carbon Trust to develop a detailed plan to significantly reduce our greenhouse gas emissions by 2030. We have established stretching, quantity-based targets which are in line with the Paris Agreement and go beyond the demanding requirements of the Future Homes Standard. I am delighted that these targets have recently been validated by the SBTi as we aim to play an important role in carbon reduction within our industry.

Customers and Communities – We are proud to have retained our position as a five-star[6] homebuilder for the sixth consecutive year, with a score of 93.6% in the HBF's most recently published eight-week survey, which asks customers whether they would recommend Bellway to a friend. Alongside maintaining our five-star[6] status for the eight-week survey, we have also made strides to improve our score in the nine-month survey to 82.1% (2021 – 79.9%) and we are targeting further incremental improvements. In addition, Bellway was one of the first major developers to sign up to the New Homes Ombudsman Service earlier this month, which reaffirms our commitment to consistent and outstanding levels of customer service.

Employer of Choice – We are delighted with the results from our recent employee engagement survey in which 95% of colleagues said they would recommend Bellway as 'a great place to work'. Maintaining a high level of employee satisfaction is important to the future success of the business and we will continue to seek feedback from our colleagues in order to attract talent and improve staff retention. We also have a range of initiatives in place to promote inclusivity, improve gender and ethnic diversity and to increase the proportion of colleagues in 'earn and learn' roles.

In addition to the flagship priority areas, the Better with Bellway strategy includes targets in respect of biodiversity, resource efficiency, charitable engagement, sustainability throughout the supply chain and building quality homes safely. More details are set out later in this report and are also available on our website at www.bellwayplc.co.uk/sustainability.

Our ongoing focus on the serious issue of building safety is reflected by the level of provision set aside for legacy safety issues and the establishment of our new Building Safety division. The new division comprises an experienced team, with a clear directive to undertake the proficient remediation of our legacy schemes. Bellway signed up to the Building Safety Pledge in April 2022 and the Developers' Pact with the Welsh Government earlier this month, and we continue to engage with Government as the industry works towards a solution to address the safety issues on older buildings.

Board changes

As previously announced, I was appointed as Non-Executive Chairman on 1 April 2022. On behalf of the Board, I would like to take this opportunity to thank my predecessor, Paul Hampden Smith, who dedicated almost nine years' service as a Non-Executive Director of Bellway. I would also like to take this opportunity to thank Denise Jagger for her valued contribution to the Board over the past nine years and more recently in her role as Senior Independent Director. Denise will be stepping down from the Board ahead of this year's AGM.

I am delighted that Sarah Whitney has recently joined Bellway as an independent Non-Executive Director. Sarah joined the Board on 1 September 2022 and has also been appointed as a member of the Audit, Nomination and Remuneration Committees.

Sarah has significant senior executive experience in the property sector and her current roles include being Chair of the Supervisory Board of BBGI Global Infrastructure S.A. and a Non-Executive Director and member of the Audit and Management Engagement Committees of Tritax EuroBox plc. Sarah's real estate specialism combined with her experience as a Non-Executive Director will further strengthen the Board and we look forward to working with her in the years ahead.

Future long-term success

Bellway's experienced team has a proven ability to adapt to changes in market conditions. I am confident that the strategic flex bility afforded by our land bank and strong balance sheet provides the Group with the resilience and a platform to capitalise on further growth opportunities in the long-term.

Furthermore, the successful execution of our three strategic priorities of volume growth, value creation for shareholders, and our Better with Bellway approach to sustainability, will continue to add value and create a positive experience for our stakeholders in the future.

John Tutte
Chairman

17 October 2022

Chief Executive's Market and Operational Review

LONG-TERM FUNDAMENTALS REMAIN STRONG

"The long-term fundamentals of our industry remain strong and there is a shortage of high quality, energy efficient and affordable homes across the country. If market conditions remain robust, Bellway has ambitions and significant capacity to deliver further sustainable volume growth, over several years, to in excess of 16,000 units."

Jason Honeyman
Group Chief Executive

Market

Bellway's high quality and energy efficient new homes have attracted strong customer demand across all regions where we operate, supported by our well-designed product range and ongoing investment in land and selling outlets in desirable locations. The overall reservation rate rose by 6.9% to 218 per week (2021 – 204, 2020 – 178), with particular strength in the autumn and spring, following a traditional seasonal pattern.

Average weekly private reservations were slightly ahead of the prior year at 170 per week (2021 – 169, 2020 – 141) and benefitted from a second consecutive year of strong pent-up demand after the onset of COVID-19. The increase was achieved notwithstanding the Group operating from a lower number of outlets compared to the prior year and a reduction in the use of the Help-to-Buy scheme. Customers used Help-to-Buy in 16% of total reservations (2021 – 30%, 2020 – 40%), with utilisation most pronounced on apartment schemes in, and around, London, where the Group has intentionally reduced its exposure in recent years.

Throughout the year the pricing environment was positive, with mid-to-high single digit house price inflation benefitting reservations across most of our divisions. There was a continuation of strong demand from second-time buyers, which accounted for around 60% of private reservations. Bellway's focus on traditional two-storey family housing attracts a wide range of customers and this provides some resilience for the year ahead as Help-to-Buy expires. Overall, confidence amongst our customers is strong and reflected in a consistently low cancellation rate of 13% (2021 – 13%, 2020 – 17%).

Customer demand is supported by low unemployment, and we also welcome the recent positive changes to stamp duty thresholds, which will aid customers saving to purchase a new home. Over recent weeks, some lenders have sought to moderate the number of fixed rate mortgages, in response to shorter-term uncertainty over fundings costs. We do not expect a long-term structural decline in the availability of mortgage finance and a number of major lenders have already relaunched mortgage products to reflect the recent increase in borrowing costs. In general, there remains good availability of finance, particularly for customers with higher deposits.

For customers with a 5% deposit, the availability of 95% loan-to-value mortgages remains relatively limited, although some lending institutions are gradually reintroducing these products for new build properties, including those provided through the Deposit Unlock scheme. Customer uptake is currently low, however, the availability of this product provides some encouragement regarding the availability of alternative financing arrangements as the Help-to-Buy scheme draws to a close for new reservations later this month.

Higher interest rates and fuel costs have contributed to the rise in the cost-of-living, which, to some extent, is being partially offset by wage rises. We also welcome the Government's Energy Price Guarantee, which came into effect earlier this month, and offers financial support and more certainty for consumers about their energy costs over the coming months. This will help ease overall inflation in the economy and we are hopeful this will have a positive impact on consumer confidence.

Our homes have high energy efficiency ratings and 97% of the homes we construct have an Energy Performance Certificate ('EPC') rating of B, compared to an average rating of D for second-hand housing stock. In this regard, a recent study by the HBF ('Watt a Save', Autumn 2022), shows that a typical new build home currently offers energy cost savings of around £2,000 a year when compared to an existing home. This adds to the overall competitive advantage of our new build homes over second-hand homes.

Land investment provides near-term flexibility and a foundation for long-term growth

Bellway's experienced land teams have continued with a programme of disciplined investment. This supports our growth ambitions by providing scope for outlet openings to help mitigate market headwinds, including rising living costs and delays in the planning system. All contracted sites are assessed by our divisional teams and again by the Group's Head Office land team, which challenges acquisition assumptions and reviews layouts and engineering designs. This Group-wide oversight ensures we focus our investment resource in the areas of strongest demand and acquire land that meets our minimum hurdle rates in relation to both margin and return on capital.

Building on the proactive and early entry into the land market in summer 2020, the Group has contracted to acquire 19,089 plots[4] during 2022 (2021 – 19,819 plots, 2020 – 12,124 plots) across 107 sites[4] (2021 – 109 sites, 2020 – 69 sites). The value of the contracted plots was £1,300.3 million[4] (2021 – £1,066.0 million, 2020 – £777.7 million). We include the expected costs of building to the requirements of the Future Homes Standard in our land appraisals and the average gross margin, based upon revenue and cost at the time of acquisition, continues to be attractive at around 23%.

The market for larger sites, typically over 150 units, attracts lower levels of competition and can offer higher expected returns than smaller sites. In that regard, the average size of the sites contracted in the year was 178 plots[4] (2021 – 182, 2020 – 176). This not only recognises that slightly larger sites offer better returns, but it also reflects our skillset to acquire land and obtain planning permission on larger, often more complicated acquisitions. In addition, given the strength and growing size of our balance sheet, the Group has access to capital to fund larger acquisitions in areas where demand is robust and has an ability to avoid an undue concentration of capital and risk in one locality. The use of dual branding on larger sites also offers customers a wider choice of product, which in turn can drive higher sales rates.

Over the last two financial years, Bellway has contracted to acquire 38,908 plots[4], representing around 180% of homes completed in that period and all at expected attractive rates of return. Over half of these plots were contracted in the year ended 31 July 2021, when competition in the land market was diminished due to the impact of the pandemic.

Notwithstanding a more competitive backdrop in financial year 2022, we retained our well-established and disciplined approach to land buying. We have maintained our focus on acquiring land in desirable locations where there is an undersupply of new housing, and where the product is affordable in the context of localised market conditions.

The table below analyses the Group's land holdings:

	2022	2021	2020
DPP: plots with implementable detailed planning permission	**32,344**	30,933	28,289
Pipeline: plots pending an implementable DPP	**28,800**	24,300	16,300
Bellway owned and controlled plots	**61,144**	55,233	44,589
Bellway share of land owned and controlled by joint ventures	**962**	938	472
Total owned and controlled plots[5]	**62,106**	56,171	45,061
Strategic land holdings	**35,600**	30,400	27,300
Total land bank[5]	**97,706**	86,571	72,361

Given the opportunities presented in the land market, Bellway's owned and controlled land bank has grown to 61,144 plots (2021 – 55,233 plots, 2020 – 44,589 plots), representing a land bank length of 5.5 years (2021 – 5.4 years, 2020 – 5.9 years) when based on the last 12 months' legal completions. The record land investment since the summer of 2020 has led to our land bank length growing significantly from 3.9 years in financial year 2019. This provides scope for outlet growth and flexibility to respond to changes in the market.

Within our land bank we have 32,344 plots (2021 – 30,933 plots, 2020 – 28,289 plots) with an implementable detailed planning permission ('DPP'). In addition, our pipeline land bank has increased to 28,800 plots (2021 – 24,300 plots, 2020 – 16,300 plots), representing growth of 76.7% over the past two years. The increase in pipeline plots reflects both the strength of our land investment and bottlenecks in the planning system, as sites await the receipt of implementable DPP. As these plots achieve planning permission, it presents further scope to grow outlets in the years ahead.

In addition to delays in the planning system, the sector also needs to accommodate the increasing regulations around nutrient and water neutrality, and biodiversity. Our new Head of Biodiversity will lead on this area and help the Group navigate the associated planning complexities.

Our recent land investment and strengthening of the land teams positions the Group well to mitigate planning delays and begin to reverse the reduction in outlet numbers that has affected the wider industry. The Group was operating from 235 outlets at 31 July 2022 (2021 – 254, 2020 – 276).

To help deliver further growth in volume output, the Group has good vis bility on the expected timing of planning decisions and construction starts and is well placed to increase the number of selling outlets by 31 July 2023. We currently expect to open around 120 new outlets in financial year 2023. Growth in outlets is likely to be weighted towards the second half with the forecast number of outlets at July 2023 also dependent upon sales rates and therefore the number of outlets closing.

Overall, our strengthened land bank, supported by our strong balance sheet and financial disciplines, allows the Group to reinforce its selective approach and disciplined land buying in the year ahead. Given the depth of our land bank and current uncertainty in the wider economy, we expect to contract fewer plots in the year to 31 July 2023 than the average over the last two years, while still retaining a focus on longer-term growth ambitions.

Chief Executive's Market and Operational Review continued

Strategic land investment to further support our long-term growth ambitions

During the last two years we have increased our investment in strategic land, providing additional support to our longer-term growth ambitions. We have expanded our experienced strategic land team which has Group oversight, and implemented a new structure with dedicated resource that sits alongside our four Regional Chairmen. We have also appointed several graduates to the team, to ensure the continued success of the function.

The sourcing of longer-term land opportunities has been further devolved to all divisions, each of which has a nominated strategic land champion. Their joint remit is to identify and capture land opportunities, typically through option agreements, which are usually expected to obtain planning permission over a period of five years or more.

Our long-term land-sourcing was enhanced in June 2022 when the Group completed the acquisition of a regional strategic land business for total consideration of £8.4 million. As part of the transaction, Bellway acquired a range of land options and promotion agreements, providing access to over 2,500 plots in the years ahead and broadening our presence in the South East and Midlands.

As a result of this acquisition and our new approach to strategic land sourcing, the Group has entered into an additional 30 option agreements in 2022 (2021 – 24, 2020 – 15), with these sites located in areas across the country where there is a strong structural demand for new housing supply. As at 31 July 2022 the strategic land bank had grown by 17.1% and comprised 35,600 plots (2021 – 30,400 plots, 2020 – 27,300 plots).

Overall, the Group's increased focus on strategic land provides an opportunity to strengthen our land pipeline and more broadly, it can generate margin enhancement due to land values typically being agreed at a discount to open market cost, once planning permission has been obtained.

Range of brands for our broad customer base

Bellway continues to operate under three distinctive brands – Bellway, Ashberry and Bellway London. Our core Bellway brand remains the foundation of the business and contributed 83.7% of legal completions (2021 – 86.1%, 2020 – 88.1%).

Ashberry is primarily used on larger sites, alongside our Bellway brand, where there is capacity and market demand for two selling outlets. The use of two brands provides customers with greater choice through a wider range of elevations and internal layouts. This can drive higher sales rates and return on capital employed, while also acting as a mitigant to slower market conditions. Ashberry represented a growing proportion of our active selling sites during 2022 and was used in 8.6% of completions (2021 – 6.8%, 2020 – 5.7%).

Bellway London is marketed as a standalone brand for our operations across the Capital where our product range, specification and customer approach to buying a home differs to other parts of the country. The brand contributed 7.7% of completions (2021 – 7.1%, 2020 – 6.2%), the large majority of which were apartments.

Our strategy in London remains focused on the more affordable outer transport zones and is supported by our relatively new London Partnerships division, which contributed 29% of Bellway London completions during the year. The total average selling price of our completions in London was £389,684 (2021 – £337,338, 2020 – £449,466), an affordable level in the context of the Capital's residential market.

Design, productivity, and labour and material costs

Upward pressure on build costs persisted across the sector throughout the year, with rising energy prices, global supply chain constraints and increasing wage costs all contributing to the rise. Bellway's long-term relationships, strong commercial disciplines, value engineering initiatives and forward buying have helped to mitigate these cost pressures. Cost inflation during the year has been approaching 10% and overall has been offset by house price inflation.

The use of our Artisan Collection house-types has delivered a range of benefits including improved site layouts and cost savings through design evolution and national procurement deals. As our subcontractors become increasingly familiar with the range, there are also opportunities to drive improvements in build speed.

Since the launch of the Artisan Collection in 2018, our new house-types have been plotted across 43,000 plots (2021 – 29,000 plots, 2020 – 21,000 plots) on 295 developments (2021 – 212 developments, 2020 – 164 developments). This increase is reflected in the proportion of Artisan homes within Group completions, which rose to 26% in financial year 2022 (2021 – 7%, 2020 – 1%) and we expect further growth in the current year.

To help offset some of the cost pressures in the wider market, we have continued to implement a range of value engineering initiatives, including ongoing reviews of plot drainage designs, retaining wall systems and piling systems. Each of our divisions also has a nominated internal cost control champion whose remit is to promote and reinforce our strong commercial culture, while maintaining the high quality of our homes.

Ongoing investment in technology across the business is delivering improvements in our commercial and procurement processes. Bellway uses COINS, a Group-wide financial and commercial system, and we have recently rolled out its on-site valuation tool, mTick, across the Group. This enables on-site surveying tasks to be completed electronically, driving greater efficiency and improved site-cost comparisons.

The availability of materials gradually improved through the second half of the financial year and, although we continue to experience ad hoc shortages at a regional level, these are being well-managed by our experienced procurement teams. There continue to be extended lead times and shortages of certain products, such as roof tiles and clay bricks. Where possible, Bellway has sourced alternative products, whilst maintaining the high standard of our homes.

The global shortage of semiconductors has also impacted the availability of kitchen appliances and gas boilers, although we have seen a gradual improvement in supply over recent months. While challenges are expected to persist for the industry in the year ahead, our long-standing relationships with subcontractors and suppliers, sourcing of alternative products and good on-site disciplines will continue to help ease production constraints.

In the near-term, we do not expect cost inflation to abate, given materials shortages, rising wage costs and elevated energy prices. Longer-term, as we move towards building to the requirements of the Future Homes Standard, our Artisan standard house types and centralised approach to design, procurement and site layout reviews will continue to help the Group maintain efficiency and offset future cost pressures.

Recent trading

The pandemic caused distortions to typical seasonal sales patterns over the last two years and the generally strong sales market led to a further increase in the order book at 31 July 2022. This comprised 7,223 homes (2021 – 7,082 homes, 2020 – 6,588 homes) and had risen in value by 4.5% to a financial year-end record of £2,114.3 million[2] (2021 – £2,022.3 million, 2020 – £1,760.2 million).

The Group has a strong order book and work-in-progress position, with more units currently in production than the prior year. Given these are typically at an earlier stage of construction and further to our record volume output last year, the number of finished units available for sale is relatively low.

Overall, there has been a moderation in our recent sales rate and while pricing has remained firm, in the first nine weeks of the new financial year overall weekly reservations declined by 12.4% to 191 per week (1 August to 3 October 2021 – 218 per week, 1 August to 4 October 2020 – 239 per week).

Reflecting our construction programmes, the forward order book has increased slightly since the financial year end and comprised 7,257 homes at 2 October (3 October 2021 – 6,731 homes, 4 October 2020 – 6,624 homes), of which 71% were exchanged (3 October 2021 – 62%, 4 October 2020 – 62%). The order book had a value of £2,093.8 million[2] at 2 October (3 October 2021 – £1,966.3 million, 4 October 2020 – £1,869.6 million).

Outlook

While the sector faces a number of near-term headwinds, including rising interest rates and the expiry of Help-to-Buy, unemployment levels remain low and the recent positive changes to stamp duty thresholds offer additional support for housing demand. The combined strength of our balance sheet, land bank and order book support our ability to grow outlets in the year ahead, but also provide strategic flexibility to respond to changes in the housing market.

In the current financial year and supported by our recent investment in land and work-in-progress, the Group retains the operational capacity to grow output up to 12,200 homes, an ambition set out at our preliminary announcement in October 2021.

Output is, however, expected to be more moderate, given the uncertain economic backdrop. We have a strong order book, and our build programmes are weighted to a higher proportion of social completions and given this, the Board currently expects volume output to be similar to the prior year. The final outturn will be dependent on the autumn and spring selling seasons and the Group will prioritise the high standard of our product, margin, quality of profit and value creation.

The long-term fundamentals of our industry remain strong and there is a shortage of high quality, energy efficient and affordable homes across the country. If market conditions remain robust, Bellway has ambitions and significant capacity to deliver further sustainable volume growth, over several years, to in excess of 16,000 units. This can be delivered from a platform of our strong land investment, substantial cash position, potential expansion into new regions and the ongoing maturity of divisions.

Further volume growth and delivering on all aspects of our 'Better with Bellway' sustainability strategy, will ensure that the Group continues to generate value for shareholders and make a positive contribution for all our stakeholders.

Jason Honeyman
Group Chief Executive

17 October 2022

Group Finance Director's Review

FOCUSING ON LONG-TERM VALUE CREATION

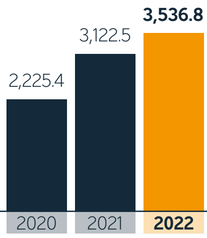
"In the years ahead, retaining a strong balance sheet will be key to supporting our strategic priorities of delivering volume growth and value creation for shareholders."

Keith Adey
Group Finance Director

Group revenue (£m)

£3,536.8m

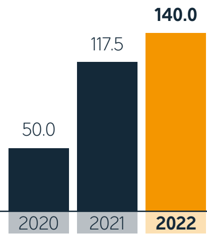
+13.3%



Total dividend per ordinary share (p)

140.0p

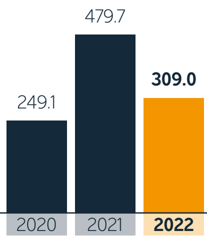
+19.1%



Operating profit (£m)

£309.0m

(35.6%)



Underlying operating profit (£m)[2][3]

£653.2m

+22.9%

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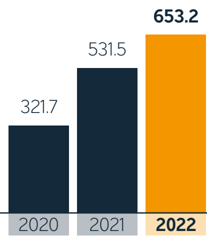
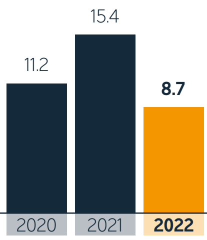


Operating margin (%)[2]

8.7%

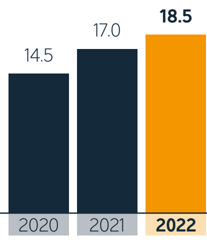
(670bps)



Underlying operating margin (%)[2][3]

18.5%

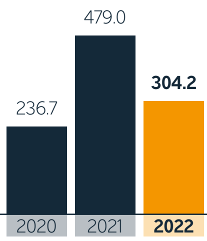
+150bps



Profit before taxation (£m)

£304.2m

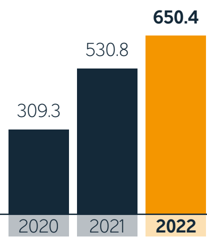
(36.5%)



Underlying profit before taxation (£m)[2][3]

£650.4m

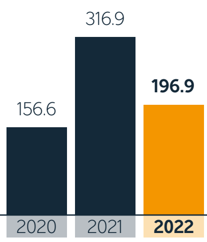
+22.5%



Earnings per ordinary share (p)

196.9p

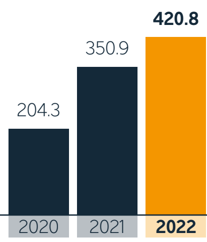
(37.9%)



Underlying earnings per ordinary share (p)[2][3]

420.8p

+19.9%



Trading performance

The Group has delivered significant growth in housing revenue, which rose by 13.3% to £3,520.6 million (2021 – £3,107.1 million, 2020 – £2,204.4 million). This is 10.7% above the previous peak of housing revenue generated in financial year 2019 of £3,180.1 million.

Other revenue was £16.2 million (2021 – £15.4 million, 2020 – £21.0 million), and comprises ancillary items such as land and commercial sales. Total revenue increased by 13.3% to £3,536.8 million (2021 – £3,122.5 million, 2020 – £2,225.4 million).

The table below shows the number and average selling price of homes completed in the year, analysed geographically, between private and social homes:

Homes sold (number)

	Private		Social		Total	
	2022	2021	**2022**	2021	**2022**	2021
North	**4,637**	3,983	**817**	714	**5,454**	4,697
South	**4,503**	3,913	**1,241**	1,528	**5,744**	5,441
Group	**9,140**	7,896	**2,058**	2,242	**11,198**	10,138

Average selling price (£000)

	Private		Social		Total	
	2022	2021	**2022**	2021	**2022**	2021
North	**312.1**	304.4	**118.7**	116.7	**283.1**	275.9
South	**387.3**	389.7	**187.5**	187.5	**344.1**	332.9
Group	**349.1**	346.7	**160.2**	165.0	**314.4**	306.5

The growth in housing revenue has been primarily driven by the increase in volume output, with total completions rising by 10.5% to 11,198 homes (2021 – 10,138, 2020 – 7,522). Private output rose by 15.8% to 9,140 homes (2021 – 7,896, 2020 – 5,851), more than offsetting the lower number of social completions, which reduced to 18.4% of the total (2021 – 22.1%, 2020 – 22.2%). The lower level of social units was due to the timing of build programmes and the relative strength of the brought forward private order book. In the current financial year, the Group's recent investment in land and phasing of construction programmes provides strong visibility on new outlets and we expect a greater weighting of social housing completions.

The majority of our divisions contr buted to the overall growth in the Group's volume output. Our five strongest operating divisions delivered in excess of 675 completions each, demonstrating the capacity of a well-run, mature division in a healthy sales market. A further eleven of our divisions each completed 500 units or less in the year and therefore have capacity for future volume growth in the long-term. Our significant investment in land and people will also help to support increases in output in the years ahead.

The overall average selling price rose by 2.6% to £314,399 (2021 – £306,479, 2020 – £293,054) and was influenced by a combination of product mix changes and some underlying house price inflation. The overall average selling price in the year ending 31 July 2023 is expected to be around £300,000. This slight moderation from the level in the prior year reflects expected dilution from the increasing proportion of lower value social completions.

Underlying operating performance

The Group's record revenue, together with improved site operating efficiency and completions from more recently acquired land, resulted in underlying gross profit rising by 20.7% to £787.0 million[2,3] (2021 – £651.9 million, 2020 – £422.2 million).

The underlying gross margin increased by 140 basis points to 22.3%[2,3] (2021 – 20.9%, 2020 – 19.0%). This is stated after COVID-19 related costs, which were recognised in site-based valuations in financial year 2020. Fewer sites were affected in 2022 and the related charge was £17.5 million (2021 – £21.7 million). As the affected sites continue to trade out, we expect the associated costs to reduce further in financial year 2023.

Other operating income and expenses, which net to income of £0.2 million (2021 – £0.3 million net expense, 2020 – £3.1 million net expense), relate to the running of our part-exchange programme. Due to the strength of the underlying second-hand market in the period, part-exchange activity was low and used for only 1.1% of completions (2021 – 1.3%, 2020 – 8.2%). The balance sheet investment at 31 July 2022 was £5.4 million, providing the Group with capacity to increase the use of part-exchange in the year ahead, if market conditions require it.

Underlying administrative expenses increased by 11.6% to £134.0 million[2,3] (2021 – £120.1 million, 2020 – £97.4 million), primarily reflecting the ongoing investment in our land and commercial teams to achieve growth. As a proportion of revenue, underlying administrative expenses were 3.8%[2,3] (2021 – 3.8%, 2020 – 4.4%).

Investment will continue in financial year 2023 and while we will adopt a restrained approach, we expect administrative expenses to be in excess of £150 million. The increase on the prior year reflects the ongoing investment in people to achieve long-term growth and underlying increases in pay and employee benefits, including higher pension contr butions. This is to support our colleagues as the cost-of-living increases and to attract and retain quality talent within the business. The expected increase also includes a full year of overhead costs for our recently established Building Safety division.

The underlying operating margin for the full financial year increased by 150 basis points to 18.5%[2,3] (2021 – 17.0%, 2020 – 14.5%). The combination of strong pricing in the order book, improved site operating efficiency and completions from more recently acquired land would normally be expected to lead to further improvement in our underlying operating margin in the year ahead. Nevertheless, the economic backdrop and sustained and elevated levels of build cost inflation provide increased uncertainty which could offset these potential margin gains. Therefore, based on current prices and delivering volume output similar to last year, we currently anticipate delivering an underlying operating margin of over 18%[2,3] in financial year 2023. With the support of normal conditions in the housing market, the Board believes an underlying operating margin within the range of 18%[2,3] to 19%[2,3] is sustainable over the medium and longer-term.

Adjusting item: Net legacy building safety expense

Bellway's continued commitment to act respons bly with regards to building safety is reflected by the level of our

Group Finance Director's Review continued

prudent provision and the actions the Group has taken since the tragic events at Grenfell in 2017. Government guidance and regulations in relation to legacy building safety have evolved since 2017 and apartment blocks are now to be assessed in accordance with the Publicly Available Specification ('PAS') 9980:2022, produced by the British Standards Institute.

In the first half of financial year 2022, the Group set aside a net £19.6 million for legacy safety improvements, bringing the total provided in the period between 2017 and up to 31 January 2022 to £186.8 million. This was in relation to apartment buildings over 11 metres in height, which were generally built within our 10-to-12 year warranty period.

On 7 April 2022, as part of the Building Safety Pledge (the 'Pledge'), we announced that this commitment would be extended to a 30-year period to include buildings constructed by the Group since 5 April 1992 and to reimburse the Building Safety Fund and the ACM Fund in accordance with the principles set out in the Pledge.

Earlier this month, the Group also signed up to the Developers' Pact with the Welsh Government. Similar in regard to the Pledge, this is a commitment to remediate buildings over 11 metres in height with life critical fire safety issues, which were constructed in Wales since 5 April 1992. Reflecting our ongoing and responsible UK-wide approach to legacy building safety, the expected cost of the remediation works in Wales were included in our provision estimate announced on 7 April 2022.

The Group entered into these commitments acknowledging that resident safety is of paramount importance and an additional net amount of £326.6 million was set aside in the second half of financial year 2022, which is in line with previous guidance.

In total, for the year ended 31 July 2022 Bellway set aside a net £346.2 million, in relation to legacy building safety improvements. The net charge comprises a gross expense of £349.0 million, less recoveries of £2.8 million. The gross expense includes an adjusting charge of £347.0 million through cost of sales in relation to remediation costs, and an adjusting charge of £2.0 million through finance expense, in relation to the unwinding of the discount of the provision to present value.

The total amount Bellway has set aside for UK legacy building safety since 2017 is £513.7 million. Costs have been provided regardless of whether Bellway still retains ownership of the freehold interest in the building or whether warranty providers have a responsibility to carry out remedial works.

Although the application of the PAS is still under consideration by both the Group and the wider industry, the Board nevertheless believes that the level of provision is robust. It has been calculated based on our extensive experience to date, using analysis of previously tendered works and prudent, professional estimates based on knowledge of known issues. In addition, on developments where full investigations have not yet been undertaken or cost reports obtained, costs to date on similar developments have been used to assess the likely cost. We have also made assumptions with regards to the likely cost of resolving potential issues that we have not yet been made aware of, on schemes covered by the extended 30-year period.

The provision calculation uses the expected timings of cash outflows which are adjusted for management's estimate of inflation, informed by appropriate indices. The provision is discounted back to a present value using UK gilt rates with maturities which reflect the expected timing of cash outflows. The unwinding of this discount is charged through the income statement as a non-cash adjusting finance expense item.

The precise timings of cash outflows for building safety improvements are uncertain, although they are expected to be over several years. This reflects the complex issues around remediation including identifying the works required, design and planning obligations, interpretation of PAS, liaison and negotiations with building owners, and appointment of contractors.

Bellway has a strong, well-capitalised balance sheet with net cash of £245.3 million[2], a net asset value of £3,367.8 million and committed debt facilities of £530 million as at 31 July 2022. In this regard, the Group is well placed to meet its commitments under the Pledge and importantly, the expected level and timings of the costs will not be detrimental to our long-term growth ambitions.

Operating profit

After taking these adjusting items into consideration, total operating profit decreased by 35.6% to £309.0 million (2021 – £479.7 million, 2020 – £249.1 million).

Net finance expense

The net finance expense was £14.1 million (2021 – £11.1 million, 2020 – £13.4 million) and comprises an underlying interest expense of £12.1 million[3] and an adjusting expense of £2.0 million in relation to the unwinding of the discount on the building safety provision, as noted above.

The underlying net finance expense principally includes notional interest on land acquired on deferred terms, interest on the Group's fully drawn US Private Placement ('USPP') loan notes and bank interest. Notional interest on land acquired on deferred terms was £7.3 million (2021 – £6.5 million, 2020 – £6.9 million). The interest charge on the USPP debt was £3.4 million (2021 – £1.6 million, 2020 – nil), with the increase reflecting a full year of cost following the draw down in February 2021. Net bank interest, which includes interest receivable on cash balances, commitment fees and refinancing costs, was £2.0 million (2021 – £3.1 million, 2020 – £6.0 million).

The recent rise in borrowing costs will impact the Group's variable interest charges in the year ahead, primarily on the notional interest on deferred land purchases. Based on current interest rates, the net underlying interest expense in financial year 2023 is anticipated to increase by up to £5 million[3].

The adjusting finance expense in relation to the discount unwind of the legacy building safety provision is expected to increase, reflecting a full year of charge, after signing up to the Pledge in April 2022. The charge is subject to a range of assumptions, and based on the 31 July 2022 forward looking discount rate, we currently anticipate an adjusting expense of over £3 million in the first half of financial year 2023. The expense in the second-half of the year will, in part, be dependent upon the movement in gilt rates.

Share of results of joint ventures

Our share of profit from joint ventures decreased slightly to £9.3 million (2021 – £10.4 million, 2020 – £1.0 million). In the year to 31 July 2023, we anticipate a small loss of around £1 million for our share of results from joint ventures, reflecting a lower expected number of completions and the upfront financing costs on a longer-term scheme.

Profit before taxation

Underlying profit before taxation rose by 22.5%, to £650.4 million[2,3] (2021 – £530.8 million, 2020 – £309.3 million). Reported profit before taxation reduced by 36.5% to £304.2 million (2021 – £479.0 million, 2020 – £236.7 million), with the growth in underlying profitability more than offset by the increase in the building safety provision in the year.

Taxation

The corporation tax charge was £61.6 million (2021 – £88.3 million, 2020 – £43.8 million), reflecting an effective tax rate of 20.2% (2021 – 18.4%, 2020 – 18.5%). The effective tax rate increased in the year following the introduction of the RPDT in April 2022, charged at a rate of 4% of relevant taxable profits, to support the Government's Building Safety Fund.

The effective tax rate will increase further, to around 25% in financial year 2023, because of the planned 6% increase in the standard rate of UK corporation tax in April 2023. Thereafter, in financial year 2024 and beyond, both the RPDT and the higher rate of UK corporation tax will be in effect for the duration of the full financial year and, as a result, the Group's effective tax rate is expected to approach 29%.

Profit for the year

The underlying profit for the year increased by 19.8%, to £518.5 million[2,3] (2021 – £432.7 million, 2020 – £251.7 million) and underlying earnings per share rose by 19.9% to 420.8p[2,3] (2021 – 350.9p, 2020 – 204.3p).

After considering taxation and the net legacy building safety expense, profit for the year fell by 37.9% to £242.6 million (2021 – £390.7 million, 2020 – £192.9 million). Basic earnings per share ('EPS') reduced by 37.9% to 196.9p (2021 – 316.9p, 2020 – 156.6p).

Net cash and financial position

Bellway continues to operate with a strong balance sheet and ended the year with net cash of £245.3 million[2] (2021 – £330.3 million, 2020 – £1.4 million), representing an ungeared[2] position (2021 – ungeared, 2020 – ungeared). Average net cash was £223.9 million[2] during the year (2021 – net cash of £266.3 million, 2020 – net debt of £55.4 million), demonstrating that the year-end position is not inflated through one-off items and reflects the resilience of the financial position throughout the year.

Committed land obligations are modest, at £393.4 million (2021 – £455.8 million, 2020 – £343.6 million) and adjusted gearing, inclusive of land creditors, remains low at 4.4%[2] (2021 – 3.8%, 2020 – 11.4%).

In addition to the net cash position, Bellway has access to significant levels of medium and long-term debt finance, totalling £530 million. This comprises committed bank facilities of £400 million and £130 million of fully drawn sterling USPP loan notes, which have maturity dates that extend in tranches to February 2031. Bellway's balance sheet resilience will continue to be maintained through the current economic uncertainties and we expect to maintain a cash surplus in the year ahead.

In the near-term, Bellway's record land bank provides strategic flexibility against the current economic backdrop. Over the longer-term, continued disciplined investment in land is essential to drive volume output, to ensure the ongoing success of the Group and to generate NAV growth. Overall, our land investment will continue to be balanced with the payment of regular ordinary dividends to generate value creation for shareholders.

A well-capitalised balance sheet provides strength and flexibility

The Group's balance sheet is well-capitalised and provides both financial resilience and capacity for further investment to achieve long-term growth. The balance sheet principally comprises amounts invested in land and work-in-progress, with total inventories rising by 9.7% to £4,423.6 million (2021 – £4,032.2 million, 2020 – £3,863.0 million). The carrying value of land rose to £2,786.4 million (2021 – £2,483.9 million, 2020 – £2,216.2 million). Work-in-progress increased by 6.5% to £1,524.8 million (2021 – £1,431.4 million, 2020 – £1,496.1 million) and was 43.3%[2] (2021 – 46.1%, 2020 – 67.9%) as a proportion of housing revenue.

In relation to its legacy, defined benefit pension scheme, the Group had a retirement benefit asset of £7.1 million (2021 – £10.2 million, 2020 – £1.3 million) at 31 July 2022, reflecting an ongoing commitment to fund this future, long-term obligation.

Value creation

Underlying post-tax return on equity increased by 170 basis points to 15.4%[2,3] (2021 – 13.7%, 2020 – 8.4%). Reported post-tax return on equity was 7.2%[2] (2021 – 12.4%, 2020 – 6.5%), with the reduction largely reflecting the net effect of the increase in the legacy building safety improvements provision.

Following cash dividend payments made in the year totalling £157.2 million (127.5p per share), and the net legacy building safety expense of £346.2 million, which nets to £275.9 million after taxation (223.9p per share), the net asset value rose by 2.4% to £3,367.8 million (2021 – £3,287.8 million, 2020 – £2,994.0 million). This represents NAV per share of 2,727p[2] (2021 – 2,664p, 2020 – 2,427p).

Capital growth in the period, measured as the increase in NAV combined with the cash dividend, was 190.5p per share[2], which equates to 7.2% of the NAV at the start of financial year 2022. Underlying capital growth, measured before the effect of the net building safety expense, was 15.6%[2,3].

A core part of the Group's strategy is to maintain a sharp focus on RoCE, which is measured using average unadjusted net assets as its capital base. During the year, the improvement in both asset turn and underlying operating margin delivered an increase in underlying RoCE to 19.4%[2,3] (2021 – 16.9%, 2020 – 10.8%) or 17.4%[2,3] (2021 – 15.0%, 2020 – 9.8%), when including land creditors as part of the capital base. The Group's capital employed was, however, suppressed in the year by the additional post-tax provision in relation to legacy building safety. The reducing effect of the provision on capital employed contributed around 110 basis points to the increase in underlying RoCE.

In the years ahead, retaining a strong balance sheet will be key to supporting our strategic priorities of delivering volume growth and value creation for shareholders.

Keith Adey
Group Finance Director

17 October 2022

A RESPONSIBLE AND SUSTAINABLE APPROACH TO OUR BUSINESS

Bellway has been building exceptional quality new homes throughout the UK for more than 75 years, creating outstanding properties in desirable locations. We operate in a responsible and sustainable way, but also recognise the growing importance of understanding the impact our business has.

Our flagship business priorities

Customers and Communities

Better with Bellway vision

Mapping key sustainability topics with business priorities

People

Customer First

Diversity and Inclusion

Upskilling Workforce

Building Safely

Business priorities

Customers and Communities

Putting customers and communities at the heart of everything we do.

Employer of Choice

Creating an environment that our colleagues can thrive in.

Building Quality Homes, Safely

Quality and safety first for everyone.

Sustainability is at the heart of our business and our Better with Bellway strategy, which launched in March 2022, embodies our approach to responsible and sustainable business practice.

Our sustainable approach is not just an add-on, it is a key part of our business strategy. It is what we do daily, 'putting people and the planet first'.

Our eight strategic business priorities are designed to help Bellway thrive, now and into the future. They put our long-term commitment to responsible and sustainable practice at the core of our operational strategy.

Putting people first is also about building quality homes, safely, and extending that commitment to safety and sustainability into the supply chain. We will work closely with our partners to achieve this. Fundraising for charities and encouraging our colleagues to volunteer puts people and community at the heart of our business.

Putting the planet first means delivering on our commitment to build low carbon homes, reducing our own carbon footprint and considering our customer's carbon footprint, while reducing and rethinking our use of resources to avoid waste, minimise energy and water usage whilst also sourcing materials responsibly. It also means taking a positive view of biodiversity so that our developments can leave a lasting legacy.

Employer of Choice

Carbon Reductions

BETTER WITH Bellway

Planet

Modern Slavery	Charitable Giving	Low Carbon Homes	Resource Efficiency	Biodiversity
Responsible Sourcing		Carbon Footprint		
Sustainable Supply Chain	**Charitable Engagement**	**Carbon Reductions**	**Resource Efficiency**	**Biodiversity**
Driving sustainability through long-term partnerships.	Giving, to build better lives.	Delivering low carbon homes.	Designing out waste by building better.	Protecting and preserving nature.

Better with Bellway Overview continued

Sustainability strategic review

As detailed in last year's annual report, in April 2021 we began a review of our corporate responsibility activities to help shape our new Better with Bellway sustainability strategy. The objective was to create an integrated strategy that would go above and beyond the traditional Environmental, Social and Governance ('ESG') and corporate respons bility topics to align itself with our commercial strategy. A full summary of the work undertaken to complete the strategy can be viewed in our Better with Bellway strategy report available on our website (sustainability.bellwayplc.co.uk). The Better with Bellway strategy addresses the key sustainability risks and opportunities, enabling us to set ambitious goals and KPIs to help drive and embed sustainability within Bellway, and building stakeholder trust.

Using the results from a materiality assessment and strategic analysis, we identified the key strategic sustainability themes for the business. To ensure the strategy is fully integrated into Bellway's business operations, we have framed it around our Better with Bellway vision of putting people and the planet first. Sustainability issues are grouped under key business priority areas where we can make the most positive difference in terms of sustainable and responsible business practices.

Of the eight business priority areas (see pages 34-35), we identified three as flagship – Customers and Communities; Employer of Choice; and Carbon Reductions. These are areas Bellway can make the most significant beneficial impacts in the short-term.

The new strategy will continue to be directed by the Better with Bellway Leadership Committee comprising the Group Finance Director, Group General Counsel and Company Secretary, Group Production Managing Director and Group Head of Sustainability. The Better with Bellway Leadership Committee manage sustainability at a strategic level, overseeing the development of the strategy, objectives, targets, report to the Board and engage with key external stakeholders.

The Group Production Managing Director and Group Head of Sustainability then lead the Better with Bellway Leadership Team, made up of senior leaders who hold responsibility for the eight business priority areas of Better with Bellway. This Leadership Team co-opt business sponsors from across Bellway who are responsible for implementing projects at a functional and departmental level, to deliver on the agreed sustainability objectives as well as embedding sustainability into business as usual activities.

Reporting frameworks

We have developed the Better with Bellway targets and KPIs with a view to meeting the requirements of three ESG reporting frameworks that were identified as most relevant to our investors:

- Global Reporting Initiative ('GRI');
- Sustainable Accounting Standards Board ('SASB'); and
- United Nations Sustainable Development Goals ('SDGs')

See pages 189 to 199 for further detail. This will provide investors with greater clarity of Bellway's sustainability strategy and credentials and, while we accept that there are some areas for improvement where we have yet to set a relevant target or KPI, Better with Bellway is designed to be an evolving strategy which we will revisit on a regular basis and, where appropriate, add additional KPIs that can add value to the business.

We will monitor the relevance of EU Sustainable Finance Disclosure Regulation ('SFDR') to our investors and will align our reporting as required.

We continue to contribute to the Carbon Disclosure Project's ('CDP') Climate Change and Forests programmes. Our latest scores were 'Awareness – B-' for Climate Change and 'Awareness – C' for Forest, in line with the CDP programme global average.

Targets and KPIs

Alongside the Better with Bellway priorities, we have developed a set of short, medium, and long-term sustainability targets and KPIs that will enable Bellway to turn our strategy into action. Each set of targets and KPIs have been developed in consultation with the relevant business sponsors who have responsibility for each of the eight business priority areas. They will underpin the Better with Bellway sustainability strategy and will be reviewed on an annual basis to ensure they continue to deliver on the overall aims and objectives.

- The KPIs are designed to provide a high level snapshot of performance within each area, and in some cases are aligned to notable ESG rating indices.
- Each business priority area has a headline target that best reflects the vision for that business priority. Where relevant, they have at least a 2-year duration to provide a stable platform to drive improvement in their relevant area and will allow Bellway to easily communicate the strategic Better with Bellway vision to internal and external stakeholders. The headline KPIs are reported as principal KPIs in this report. See pages 10-11.

Our key achievements in 2021/22

FY22 saw the first year of progress against our new Better with Bellway targets, a small number of which were multi-year objectives carried forward from FY21. In total we set or carried over 47 external targets spanning the eight business priority areas of which 9 have already been achieved, 33 are in progress and 5 have been missed. Full details of target performance can be found under the relevant Better with Bellway business priority sections.

9	33	5
targets achieved	targets in progress	targets missed

Flagship business priorities key highlights

Customers and Communities

Achieved our

5-star[6] homebuilder status

for the sixth consecutive year running, recording the Group's best ever Recommend a Friend score of

93.6%

(2021 93.5%)

Employer of Choice

Implemented our third Employee Engagement Survey, achieving an engagement score of

96%

(2021 89%)

Carbon Reductions

Achieved

validation of our scope 1 & 2 and scope 3 science based targets by the Science Based Targets initiative (SBTi)

Key highlights from the year

- Achieved the 5-star[6] homebuilder status from the HBF for the sixth consecutive year running, recording one of the Group's best-ever Recommend a Friend score of 93.6% (2021 – 93.5%).
- Implemented our third Employee Engagement Survey, achieving an engagement score of 96% (2021 – 89%).
- Achieved validation of our scope 1 & 2 and scope 3 science based targets by the Science Based Targets initiative (SBTi).
- Achieved a 28.4% absolute reduction in our scope 1 & 2 carbon emissions against our FY19 baseline.
- Improved our waste diversion rate for the eighth year running to 99.5% (2021 – 99.4%).
- Planted Bellway's first 'Tiny Forest' in Ponteland, Northumberland as part of a partnership with Earth Watch, in conjunction with staff volunteers and local school engagement.
- Continued our partnership with Cancer Research UK, raising £607,898 this year, bringing our six-year total to £2.56 million, well on the way to our £3 million target by the end of 2023.
- Working towards Establishing a partnership with The Rivers Trust, to initially progress volunteering opportunities.
- Commenced construction of our Future Home at University of Salford to test innovations in building materials and renewable technology in advance of the Future Homes Standard in 2025.
- Introduced our new 'green' welcome pack for new Bellway homes owners.

Better with Bellway Strategy and Priorities

Customers and Communities

Putting customers and communities at the heart of everything we do

Target	Progress	Performance
Headline Increase year-on-year the HBF 9-month survey score with the objective of achieving 90% by July 2026.	Achieved a score of 82.1% in FY22 (2021 – 79.9%) against an interim FY22 target of 82%.	→
Retain 5-star[6] homebuilder status (>90% 'Recommend a friend') and improve our score to 95% by July 2023 (2021-22 survey year).	Current performance at 93.6% (2021 – 93.5%)	→
Achieve 86.8%-87.8% NHBC overall customer satisfaction score by July 2022.	Achieved a score of 87.1% (2021 – 86.6%) in FY22.	✓
Improve NHBC Construction Quality Review score to 85.0% by July 2022.	FY22 score of 84.5% (2021 – 83.8%). This target will be rolled over to FY23.	✗
Reduce the average number of reportable items per home to 0.225 by July 2022.	FY22 score of 0.274 (2021 – 0.210). This target will be rolled over to FY23.	✗
All emails responded to in 48 hours and incoming calls answered within 3 rings; missed calls returned same day.	A new telephone system and training is being trialled.	→

We're proud of the 5-star[6] homebuilder rating we received in the NHBC survey, the sixth consecutive year we have received this accolade, with a score of 93.6%, one of our highest scores to-date. Although we're happy to receive such a high rating from our customers, we want to do better and the aim of our Customer First programme is to build on our previous success and ensure that we continue to exceed our existing levels of customer satisfaction.

Customer satisfaction

With this in mind we have set ourselves a target of increasing our year-on-year score for the 9-month NHBC survey, achieving at least 90% by July 2026. This target focuses on the longer-term satisfaction of our customers and achieving this will be challenging but we have achieved an 82.1% score this year (2021 – 79.9%), our best performance since 2014. A range of initiatives have been implemented to improve customer service, including: increasing the period of time site managers are responsible for addressing defects; increasing the number of meetings between customers and the build team during the construction process, reviewing Customer Care departments to maximise use of resource.

We still have areas for improvement, demonstrated by missing targets to improve our NHBC Construction Quality Review (CQR) score and to reduce Reportable Items (RIs) per home. For CQR, we achieved a score of 84.5% (2021 - 83.8%) but fell short of our 85% target. For RIs per home, this increased to 0.274 items per home in 2022 (2021 – 0.210), short of the 0.225 target. These areas will be given renewed focus in FY23 as we strive to continuously improve the service we deliver to our customers, and our commitment to quality has again been recognised in the NHBC Pride in the Job Awards. In 2022 a total of 36 Bellway and Ashberry site managers collected awards (2021 – 39), acknowledging site managers who have achieved the highest standards in housebuilding, recognising their technical knowledge, leadership qualities and organisational skills.

Engaging in the community

Within this Better with Bellway business priority, we are also aiming to improve our engagement with the communities where we operate. This year we introduced a school engagement programme in partnership with The School Outreach Company in each of our divisions with the aim of driving awareness of Bellway and highlighting the career opportunities available in our industry. We have worked to actively engage with over 500 schools so far, with activities including receiving the Bellway newsletter and virtual work experience sessions. Next year we will begin face-to-face visits by Bellway staff into schools.

In March 2022 we also embarked on a partnership with the environmental charity Earth Watch and planted our first Tiny Forest. We are looking to plant another 10 in the next year as we develop our partnership with Earth Watch, with the long-term aim of including a Tiny Forest on each new appropriate development.

Community investment

Bellway has a longstanding commitment to investing in the communities in which we develop, over and above the creation of new homes. Through the planning process we invest in a wide range of community services including education, healthcare facilities, sports facilities, transport infrastructure improvements and the creation of recreational space. In FY22 our investment amounted to £117.2 million (2021 – £71.3 million), bringing our investment over the past three years to £249.0 million.

As well as our investment in the communities where we develop, housebuilding as a whole delivers a significant benefit to the UK economy. Using the HBF's, Lichfield's and other publicly available metrics, we have estimated our own housebuilding activities have contributed £2.3 billion in gross value added while supporting an estimated 29,300 and 34,800 direct, indirect and induced employment opportunities across the country. In addition, Bellway contr buted £185.5 million to the public finances in 2022, as well as facilitating £76.5 million in New Homes Bonus and council tax payments to local authorities.

Affordability

With the ongoing shortage of new homes in the UK, together with cost of living pressure, affordability is still viewed as a barrier to young people getting onto the property ladder. At Bellway we continue to build a wide range of houses and apartments to meet the varying budgets and needs of customers, including people looking to upsize or downsize, and first time buyers, with our average selling price at £314,399 (2021 – £306,479). In 2022 12.7% of our homes were sold to unassisted first-time buyers (2021 – 6.5%), while 21.7% (2021 – 39.1%) were sold to customers using one of the various government Help-to-Buy schemes. Overall, 34.2% (2021 – 27.8%) of our homes were sold to first-time buyers and our developments have continued to incorporate affordable housing, with 18.4% (2021 – 22.1%) of new homes sold to affordable housing providers this year.

Headline KPIs

Headline KPIs	2022	2021
Achieve a 90% score in the HBF 9 month survey by July 2026	**82.1%**	79.9%

Helping Daniel and Marian secure their dream home

When the sale of Daniel and Marian's home fell through, Bellway was on hand to save the day. The couple had hoped to buy their dream four-bedroom home at our Brook View development in Wixam, but on the day they were supposed to exchange contracts on their old home, the sale fell through.

The couple quickly signed up to Bellway's Express Mover Scheme and within just three days their old house had been sold meaning they could proceed with the purchase of their dream home.

"It was amazing. I spoke to Rachel at the sales office who told us all about the Express Mover Scheme. We signed up on a Friday and our house was sold on the Monday."

Daniel and Marian
Bellway customers

Strategic Report

Better with Bellway Strategy and Priorities continued

Employer of Choice

Creating an environment that our colleagues can thrive in

Target	Progress	Performance
Headline Achieve a >90% average score in Employee Engagement Survey of staff who would recommend Bellway as 'a great place to work' over a three-year period (FY22–FY24).	Achieved early with three-year average score of 93% (FY20-FY22). We will continue to monitor in line with the original target. 95% of staff would recommend Bellway as 'a great place to work' in July 2022 survey (2021 – 89%).	✓
Reduce voluntary employee turnover rate to 18% or less by July 2024.	Turnover rate in FY22 was 25.7% (FY21 – 26.5%).	→
Improve gender diversity of our directly employed workforce to a 60/40 male/female split by July 2025.	69/31 split for FY22 (FY21 – 69/31).	→
Improve gender diversity of our senior leadership teams to 75/25 male/female split by July 2025.	77/23 split for FY22 (FY21 – 82/18).	→
Improve ethnic diversity of our workforce to 7% or more by July 2025.	FY22 diversity of 4.5% based on current ethnic minorities classifications (FY21 – 3.8%). The Government are changing these classifications in 2023. We will monitor these changes and update our targets and reporting as appropriate.	→
Become a Living Wage Employer by July 2024.	We are now a Living Wage Employer for directly employed staff. Work continues on a pathway to full accreditation that will cover sub-contracted staff.	→
Increase percentage of our workforce in an 'earn and learn' role to 12% by July 2024 and maintain 5% Club Gold membership.	Currently 7% of the workforce are in 'earn and learn' roles with 29 new graduate and 61 new apprentice roles recruited in FY22 and retained 5% Club Gold membership for FY22.	→
Implement a programme to improve social mobility and disability diversity within Bellway by FY23.	HR will introduce new processes to collect data on disability and socio-economic background of staff by December 2022. A strategy will be implemented in FY23 to improve diversity.	→

The people who work for Bellway are one of the key strengths of the company and creating a safe, diverse, and inclusive environment, as well as investing in and upskilling our workforce, is just one of the ways we can ensure that Bellway is an Employer of Choice. As at 31 July 2022 we directly employed 3,042 people (2021 – 2,908), although when we factor in people employed as a result of Bellway's operations across our subcontractors and supply chain, we support between 29,300 and 34,800 jobs.

Engagement

We undertook our third Employee Engagement Survey this year to understand how our workforce view Bellway and identify strengths and weaknesses going forward. We achieved 'a great place to work' engagement score of 95% (2021 – 89%), with a three-year average score of 93% (FY20–FY22) against a target to achieve a >90% average score over the FY22-FY24 period.

Diversity, inclusion and belonging

As a responsible employer, we are committed to being an inclusive organisation that strives to create a working environment that is open, diverse, and free from all forms of prejudice and discrimination. Under the Employer of Choice priority area of Better with Bellway, we have set a range of targets to improve the diversity of our workforce, in terms of gender and ethnicity, at all levels of the business. These are long-term aims and FY22 was the first year of a four-year programme. As can be seen from the target table above, we have successfully improved in key areas, but more work will undertake in FY23 and onwards as we strive to improve the diversity of Bellway. We have also continued to develop our employee network, 'Balance', bringing people together from across the business to work on a variety of projects to support and promote gender balance. We have addressed issues around working patterns for sales advisers and have introduced more flexible working practices incorporating core hours to give employees more flexibility on start and finish times, as well as our Agile Working Policy giving people the ability to work from home.

Bellway is committed to ensuring that all employees who make the decision to have a family are supported in the workplace and have enhanced maternity, adoption, shared parental and paternity leave benefits for eligible employees. We have also introduced additional support for employees who sadly lose a baby before 24 weeks.

In addition, during the year we have also enhanced employer contributions into our occupational pension scheme.

We aim to improve social mobility and disability diversity within Bellway. The first stage of the programme is due to be delivered by the end of 2022. Our new HR processes will enable us to accurately determine the baseline data, after which a programme will be devised and implemented in 2023.

Recipients of the 20 year service award at our 2022 Employee Awards.

The future of Bellway

Bellway would not exist without the talent and commitment of our colleagues. We invest in our people to ensure that they have the training and ongoing development necessary to progress their careers and deliver work they can be proud of. As an active member of 'The 5% Club', we are committed to having at least 5% of our workforce employed in earn and learn roles, including apprenticeships, student placements, and graduate roles. We are pleased to report that this year 7% of our workforce were in earn and learn roles and we have recruited 29 new graduate and 61 new apprentice roles, who joined Bellway in September 2022.

Responsible employer

As a respons ble employer we are committed to ensuring that all of our people are treated with fairness, consideration and respect, and we operate a range of policies and provide training to ensure equal opportunities are provided to all existing and prospective employees, including modern slavery and diversity and inclusion training. Staff may report any concerns to our HR department or through our SpeakUp whistleblowing helpline managed by an external provider.

Other priorities

Labour shortages impact the whole house building industry, compounded by the post-COVID-19 employment instability that is prevalent across many industries. Bellway's voluntary turnover rate for 2022 has fallen to 25.7% (2021 - 26.5%) as we work towards our target rate of 18% by 2024. We are already a Living Wage employer, offering competitive remuneration and benefits, and we have a target to achieve full 'Living Wage Accreditation' by the end of the FY24. These activities will contribute to the overall aim of our Employer of Choice business priority area - to attract and retain talented individuals in the business.

Headline KPIs

Headline KPIs	2022
Achieve a >90% average score in Employee Engagement Survey of staff who would recommend Bellway as 'a great place to work' over a three-year period (FY22–FY24)	93%

North London Assistant Site Manager wins Apprentice Award

Adam Simms, 19, an aspiring site manager at Bellway's North London division was awarded Bellway's Apprentice of the Year. The Apprentice Assistant Site Manager was nominated by his manager and other colleagues who praised his commitment to the job.

"It was a complete shock to get the call saying I had won the award. My manager and the Technical Manager on site both said they had put a nomination in as a thank you for my work, but I never thought I would go as far as to win. I was taken aback but very grateful. It's always nice to be recognised for the hard work you put in. I really like the Bellway ethos and I definitely see myself staying here for a long time. I've already recommended the apprenticeship scheme to my friends because it has been such a good experience."

Adam Simms
Apprentice Assistant Site Manager

Better with Bellway Strategy and Priorities continued

Carbon Reductions

Delivering low carbon homes

Target	Progress	Performance
Headline Reduce 'absolute' scope 1 and 2 emissions (tonnes CO_2e) by 46% by July 2030 against FY19 baseline.	Our Science Based Target has been validated by the SBTi. FY22 saw absolute emissions fall by 5.5% to 18,405 tonnes CO_2e (FY21 – 19,484; FY19 base year – 25,715).	→
Headline Reduce scope 3 emissions (tonnes CO_2e per m^2 floor area) by 55% by July 2030 against FY19 baseline.	Our Science Based Target has been validated by the SBTi. FY22 saw emissions remain stable at 1.94 tonnes CO_2e per m^2 floor area (FY19 base year – 1.94).	→
100% electricity purchased will be REGO certified by December 2023.	As at the end of FY22, 72.2% of electricity was REGO certified (2021 – 69.2%).	→
Fit monitoring equipment at three exemplar sites and Energy House projects and compare running costs/energy consumption between units by December 2022.	5 homes to be fitted with monitoring equipment and monitored, with learnings to be investigated in FY23.	→
Install Google Smart Home Technology in all homes on two sites by December 2022 and assess energy saving benefits.	Trials ongoing and specifications will be reviewed at the end of FY23.	→
Increase number of timber frame units built in Northern divisions.	All new sites in our North East division from July 2022 will be built using timber frame.	→
Deliver timber frame training to relevant site teams in 2022.	Training has been delivered to all relevant sites.	✓
Research embodied carbon benefits of timber frame versus traditional block.	This has been completed as part of our Science Based Target submissions.	✓

Climate change is one of the defining challenges of our time and as a company. The latest climate science from the IPCC (The Intergovernmental Panel on Climate Change, the United Nations body for assessing the science related to climate change), described by the UN as "code red for humanity", shows it is still possible to limit global temperature rise to 1.5°C, but we are dangerously close to that threshold. It is therefore important to achieve rapid and deep emission cuts with the aim of halving global emissions before 2030 and achieving net-zero before 2050.

Science Based Targets

Bellway is committed to ensuring the business plays its role in delivering carbon reductions and planning for a sustainable future. As part of the Better with Bellway strategy, we worked with the Carbon Trust to set two science-based targets (SBTs):

- Bellway commits to reduce absolute scope 1 and scope 2 GHG emissions by 46% by July 2030 from a FY2019 base year, aligned to the 1.5°C pathway.
- Bellway commits to reduce scope 3 GHG emissions by 55% per square metre of completed floor area by July 2030 from a FY2019 base year, aligned to the well below 2°C pathway using the physical intensity target criteria (cumulative physical intensity reduction aligned with 7% year-on-year reduction and capping absolute emissions in the base year).

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

We have set the base year as FY19 as this was the most recent annual data available at the time that was uninterrupted by COVID-19 lockdowns. Our scope 3 target goes beyond the emission reductions that will be required to meet the Future Homes Standard ('FHS') in 2025 – we estimate that moving to the FHS specification for new homes will deliver a 38% reduction in emissions per m^2 of floor area, with the remaining 17% to be achieved through additional emission saving activity.

These targets have been validated by the Science Based Target initiative and our first year progress is reported below:

- Against our scope 1 & 2 Science Based Target to reduce absolute GHG emissions by 46% by July 2030, FY22 market-based emissions fell by 5.5% to 18,405 tonnes of CO_2e (2021 – 19,484 tonnes), representing a 28.4% fall from the FY19 base year (25,715 tonnes).
- Against our scope 3 Science Based Target to reduce GHG emissions per square metre of completed floor area by 55% by July 2030, FY22 emissions were 1.94 tonnes per m^2, remaining stable against the FY19 base year (1.94 tonnes per m^2).

Streamlined Energy and Carbon Reporting (SECR) Disclosure

In accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SECR), we report on our greenhouse gas ('GHG') emissions as part of the annual Strategic Report. Our GHG reporting year is the same as our financial year and the previous year's figures have been provided as comparators.

Scope 1 covers emissions from the combustion of fuel and operation of facilities owned/operated by the company (for example diesel in site generators and telehandlers; fuel in company cars used on company business; gas for heating in offices, show homes and construction compounds) while scope 2 covers emissions from purchased electricity.

The methodology used to calculate our emissions is based on the UK Government's Environmental Reporting Guidelines (2013) and emission factors from the 2021 government GHG Conversion Factors for Company Reporting. For scope 2 emissions we have reported using both the location-based method of calculation and, to account for our use of renewable electricity, the market-based method of calculation.

The reported emission sources include all those which we are responsible for, except for the following which were excluded from this report:

- Gas from part-exchange properties due to immateriality – we have undertaken an estimation exercise and the emission from gas used in these properties during the period of October to May (when heating would be active to prevent damp and frozen pipes) is only 0.15% of the total scope 1 & 2 footprint.
- Emissions from air conditioning units in office buildings in the FY19, FY20 and FY21 footprints due to immateriality and difficulty in data collection. We have collected and accounted for this data in the FY22 footprint.
- Emissions from site-based combined heat and power units for which we do not have operational control.

An element of carbon estimation is undertaken in the following areas:

- Diesel fuel usage on a small number of sites where fuel is provided by our groundwork's contractors. Bellway's share of the usage is estimated based on forklift usage.
- Divisional offices where gas and electricity usage are included within landlord charges. Bellway's usage is estimated using a kWh per square metre of occupied floor space figure derived from other divisional offices with utility billing in place.

For scope 1 & 2 emissions, data for the 2018/19 base year and for 2020/21 have been externally verified by Zeco Energy to a 'reasonable assurance level' using the ISO-14064-3 verification standard, while 2021/22 emissions have been verified by the Carbon Trust to a 'limited assurance level' using the ISO 14064-3 verification standard.

For scope 3 emissions, 2021/22 emissions have been verified by the Carbon Trust to a 'limited assurance level' using the ISO 14064-3 verification standard. Emissions for the 2018/19 base year were calculated with the assistance of The Carbon Trust for our Science Based Target submission but have not been through an official verification process. Emissions for the 2020/21 comparison year were calculated using the same metrics as the base year and again have not been externally verified.

Better with Bellway Strategy and Priorities continued

Carbon Reductions continued

Greenhouse gas emissions (GHG) (tonnes of CO_2e)[a]

	2022	2021	2019 (base year)
Scope 1 – Combustion of fuel and operation of facilities (including diesel and petrol used on-site and in company cars on Group business)	**16,696**	17,704	20,560
Scope 2 – Electricity purchased for our own use (market-method)[b]	**1,709**	1,780	5,155
Total market method Scope 1 and 2 GHG emissions	**18,405**	19,484	25,715
GHG intensity (market-method) per Bellway home sold	**1.6**	1.9	2.4
GHG intensity (market-method) per Bellway employee[c]	**6.2**	6.6	8.6
Scope 1 – Combustion of fuel and operation of facilities (including diesel and petrol used on-site and in company cars on Group business)	**16,696**	17,704	20,560
Scope 2 – Electricity purchased for our own use (location-method)[d]	**4,419**	5,282	5,518
Total location method Scope 1 and 2 GHG emissions[d]	**21,115**	22,986	26,078
Energy consumption used to calculate above emissions (kWh)	**92,854,473**	102,076,721	109,622,315
GHG intensity (location-method) per Bellway home sold	**1.9**	2.3	2.4
GHG intensity (location-method) per Bellway employee[c]	**7.1**	7.8	8.8

	2022	2019 (base year)
Scope 3 (Category 1a: Purchased goods and services – product)	**731,398**	683,594
Scope 3 (Category 1b: Purchased goods and services – non-product)	**13,095**	16,261
Scope 3 (Category 2: Capital goods)	**4,718**	19,030
Scope 3 (Category 3: Fuel and energy related activities)	**5,142**	5,081
Scope 3 (Category 4: Upstream transportation and distribution)	**121,897**	113,930
Scope 3 (Category 5: Waste generated in operations)	**2,391**	4,253
Scope 3 (Category 6: Business travel)	**1,987**	418
Scope 3 (Category 7: Employee commuting)	**1,516**	1,468
Scope 3 (Category 11a: Use of sold products – direct)	**1,084,788**	1,059,905
Scope 3 (Category 12: End-of-life treatment of sold products)	**114,638**	107,145
Total Scope 3[e]	**2,081,570**	2,011,085
Scope 3 – GHG intensity (tonnes CO_2e per m^2 of completed floor area)	**1.94**	1.94

Notes:

a. Carbon dioxide equivalent as per the meaning given in section 93(2) of the C imate Change Act 2008.

b. Scope 2 emissions reported using the market-based method to account for electricity supp ies purchased under REGO contracts.

c. Based on the average number of employees during the year.

d. Scope 2 emissions reported using the location-based method for total electricity used which does not account for the zero-carbon nature of electricity supplies purchased under REGO contracts.

e. Total scope 3 emissions are reported in ine with our scope 3 science -based target, and so exclude category 11b (use of sold products – indirect). We have separately calculated these category 11b emissions as part of our carbon ifecycle analysis as 670,878 tonnes of CO_2e (2019 – 662,146). Categories 8, 9, 10, 14 and 15 are not relevant to the G oup.

Scope 1 emissions fell by 5.69% while scope 2 emissions (market-based) have again fallen by 3.99%, due to our increased use of REGO (Renewable Energy Guarantee of Origin) electricity supplies and the ongoing decarbonisation of the UK electricity mix. 72.15% of our electricity is from renewable sources (2021 - 69.2%) which has saved 5,263 tonnes of carbon from entering the atmosphere in the past year. Discounting the benefit of our REGO supplies, location-based scope 2 emissions fell by 16.3%.

With 11,198 new homes completed for the year, scope 1 & 2 emissions (market-based) per home sold fell by 15.8% to 1.6 tonnes (2021 – 1.9). With employee numbers largely static, our scope 1 & 2 (market-based) emissions per employee have fallen by 6.1% to 6.2 tonnes (2021 – 6.6).

Improvements in scope 3 emissions will take longer to bring to fruition. Step change savings will be made as we transition to the 2022 building regulations which will require all new homes to produce 30% less emission than current regulations. Then, in 2025, the Future Homes Standard is expected to come into force which will require a 75-80% reduction in emissions compared to current regulations, so an additional 45-50% over and above the 2022 regulations. The anticipated costs associated with complying with the Future Homes Standard are incorporated into the land viabilities, site valuations and Group forecasts. Over and above the building regulation changes, we aim to drive additional scope 3 emission savings through enhanced home specifications and engagement with our supply chain to reduce embodied carbon in the materials we use to build new homes.

Building developments

Linked to the development of our Future Homes Standard specification, work has started on a number of initiatives to deliver lower carbon and more energy efficient homes for our customers.

We are building an experimental eco house called 'The Future Home' as part of a research project which could influence how we use our homes in the future. 'The Future Home' is being built at The University of Salford's leading net-zero research facility Energy House 2.0 and will test innovations in building materials, the effects of double and triple glazing, storing solar energy, recovering heat from wastewater, and how to make most efficient use of air source heat pumps. Each of these elements will be monitored in both regular and extreme temperatures, with varying weather conditions simulated inside the specially built chamber. The findings will help shape future housing design to enable the UK to achieve its net zero carbon emissions targets.

'The Future Home' is one of a series of test sites that we have set up across the country to work with new energy efficient technologies. Currently, four 'Future Homes' are being built in Callerton, Newcastle, which will be available for open sale, and homeowners will work with Bellway to monitor energy usage as part of Bellway's wider carbon reduction strategy. In addition, we are trialling Google smart thermostats across three sites to calculate the benefit for dwelling emission rates as well as energy savings for customers.

Our existing homes are already extremely energy efficient when compared to the second-hand home market, with high levels of insulation, double glazing and energy efficient boilers for heating/hot water. We continue to install renewable technology on our current homes and in 2022, 25.0% of new homes were fitted with this technology (2021 – 27.0%), helping to both reduce carbon emissions and also reduce energy bills for customers. On average, the Dwelling Emission Rate ('DER') of our new homes this year was 6.9% better than required by the relevant building regulations (2021 – 3.9%) (DER is a measure of carbon emissions, based on SAP calculations, from the normal running of a home, with lower emissions equating to reduced energy consumption and so lower bills for customers).

Site fuel

Trials have been completed to prove that a hydrotreated vegetable oil (HVO) biofuel alternative to traditional diesel is suitable for use in our telehandlers. Following confirmation that the fuel is also compatible with our generators' suppliers, we will begin site-wide trials of the fuel to compare performance with traditional diesel. If successful, the widespread use of the HVO biofuel has the potential to deliver significant reductions in our scope 1 & 2 emissions, contributing progress towards our Science Based Targets.

Electrifying the car fleet

Following a review of the existing company car and car allowance schemes, the Board have approved an initiative to make electric and low carbon vehicles (EVs) more affordable to Bellway staff, helping them reduce their own carbon footprints. Initially, monthly paid staff are now able to lease an EV via salary sacrifice (with the associated tax savings) for an all in monthly cost covering the vehicle, road fund tax, insurance, servicing and tyres. We are also rolling out the installation of EV charging points at all Bellway offices to enable staff to charge their vehicles.

Headline KPIs

Headline KPIs	2022	2021
Reduce 'absolute' scope 1 and 2 emissions by 46% by July 2030 (tonnes)	**18,405**	19,484
Reduce scope 3 emissions by 55% by July 2030 (tonnes)	**1.94**	–

Bellway welcomes Google

As part of our sustainability strategy, we have teamed up with Google at one of our developments to fit a series of hi-tech products into the interior of all private homes on the site, including the Google Home Hub, Google Nest Thermostat, and Google video doorbell.

The Google project at Abbey Fields Grange will serve as a pilot scheme, aimed at increasing sustainability measures for homeowners. The trial has allowed us to demonstrate the benefits of the energy saving features of this technology, which could see it rolled out across all of our new homes.

"This technology will allow homeowners at Abbey Fields Grange to live in a more sustainable manner, in a way that is aligned with Bellway's overall mission to be a responsible housebuilder in an increasingly climate conscious world."

Kenny Lattimore
Sales Manager at Bellway's East Midlands division

Better with Bellway Strategy and Priorities continued

Task Force on Climate-related Financial Disclosures (TCFD)

In meeting the requirements of Listing Rule 9.8.6 R, we have concluded that:

- For FY22, we fully comply with recommended disclosures 1, 2, 3, 4, 6, 8, 10 and 11
- For FY22, we partially comply with recommended disclosures 5, 7 and 9.

TCFD recommended disclosures	Cross reference or reason for non compliance	Next steps and further comments
Governance		
1) Describe the Board's oversight of climate-related risks and opportunities.	2022 Annual Report – Governance section (Pages 86–139) **Compliant**	We will continue to ensure that climate-related issues are included in Bellway's senior leadership decision-making processes.
2) Describe management's role in assessing and managing climate-related risks and opportunities.	2022 Annual Report – Governance section (Pages 86–139) **Compliant**	We will continue to develop and disclose the allocation of roles and responsibilities of climate-related issues to management across Bellway.
Strategy		
3) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.	2022 Annual Report – Strategic report section (Pages 10–83) **Compliant** – We have undertaken an assessment of the financial impacts of our climate-related risks and opportunities.	We will continue to undertake and refine a financial quantification assessment of our climate-related risks and opportunities, to further understand their financial impact.
4) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	2022 Annual Report – Strategic report section (Pages 10–83) **Compliant** – We have assessed how our commercial strategy will be impacted by our identified climate-related risks and opportunities.	We will continue to review our Better with Bellway strategy to encompass our identified climate-related risks and opportunities.
5) Describe the resilience of the organisation's strategy, taking into consideration different future climate scenarios, including a 2°C or lower scenario.	2022 Annual Report – Strategic report section (Pages 10–83) **Partially compliant** – We have begun to assess the resilience of our commercial strategy to climate-related risks.	We will review and report on how resilient our Better with Bellway strategy is to climate-related risks and opportunities, we aim to achieve this by the end of 2023.
Risk management		
6) Describe the organisation's processes for identifying and assessing climate-related risks.	2022 Annual Report – Risk management (Pages 75–78) **Compliant**	On an ongoing basis, we will continue to enhance our level of awareness regarding our climate-related risks and opportunities in line with emerging regulatory requirements.
7) Describe the organisation's processes for managing climate-related risks.	2022 Annual Report – Risk management (Pages 75–78) **Partially compliant** – we are yet to detail our processes (e.g. risk mitigation, transference, acceptance or control) for managing climate-related risks. In addition, we are yet to detail our process for determining climate-related materiality within our organisation.	We will be undertaking further review of our decision-making processes for current and future risk control as well as further developing our processes for determining climate-related materiality. We aim to achieve this by the end of 2023.

TCFD recommended disclosures	Cross reference or reason for non compliance	Next steps and further comments
8) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	2022 Annual Report – Risk management (Pages 75–78) **Compliant**	We will continue to monitor and manage our risk management processes to ensure climate-related risks are integrated and appropriate accountability is maintained.
Metrics and targets		
9) Disclose the metrics used by the organisation to assess climate-related risks and opportunities.	2022 Annual Report – Carbon Reductions section (Pages 42–45) **Partially compliant** – we have not yet set opportunity metrics related to low-carbon products and services or for climate-related remuneration. We have not yet set an internal price of carbon.	We are in the process of setting and disclosing an internal price of carbon, we aim to achieve this by the end of 2023.
10) Disclose scope 1, scope 2, and if appropriate, scope 3 greenhouse gas emissions, and the related risks.	2022 Annual Report – Carbon Reductions section (Pages 42–45) **Compliant**	We are committed to continually reporting and reducing all of our greenhouse gas emissions. We are also committed to disclosing GHG emissions against appropriate efficiency ratios.
11) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	2022 Annual Report – Carbon Reductions section (Pages 42–45) **Compliant**	We will continue to report progress against our climate-related targets including our targets and metrics around water usage and waste reduction within our value chain.

As a responsible homebuilder, we recognise that climate change is a growing and significant issue. For a second consecutive year, we are reporting against the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. This year, we have focused on enhancing our understanding of climate-related financial risks and opportunities. We have assessed their impact on the business, through a series of workshops, in order to understand the financial significance of each risk and opportunity. We define this process as the financial materiality assessment of our climate-related risks and opportunities.

Our approach is structured in line with the four TCFD supporting recommended disclosures:

- Governance.
- Strategy.
- Risk management.
- Metrics and targets.

We have provided a summary of our performance against each recommended disclosure above, and a reference table.

We will continue to refine our approach to identifying, assessing and managing our climate-related financial risks and opportunities. We will align with the guidance outlined in the Task Force's implementation guidance before 2025.

Governance

Climate change represents a principal risk for our business and, as such, it is treated with the utmost importance by our Board and within our approach to governance. Our Group Finance Director is the Board sustainability sponsor and is responsible for monitoring climate change risks, opportunities and business impacts. The Group Finance Director sits on the Executive Team, the Board and chairs the Better with Bellway Leadership Committee.

The Better with Bellway Leadership Committee monitors climate-related respons bilities and progress against our operational targets, including around carbon reduction. The Committee is also responsible for the management of sustainability at a strategic level and oversees the development of our Better with Bellway sustainability strategy. The Committee is supported by the Better with Bellway Leadership Team, chaired by the Group Head of Sustainability.

Better with Bellway Strategy and Priorities continued

Task Force on Climate-related Financial Disclosures (TCFD) continued

The Better with Bellway Leadership Team has been assigned responsibility for raising the profile of environmental, social and governance (ESG) risks within Bellway and is responsible for the delivery of the Better with Bellway strategy.

Annually an in-depth sustainability update is provided to the Board, this includes progress towards achieving the Better with Bellway KPIs and targets. In addition, a strategy update is provided at each meeting to ensure the Board are equipped with relevant information on climate issues. The Board use this information when reviewing the Group's overall strategy, business decisions, forecasts and risk management. This can be evidenced in decisions relating to strategic land purchases, expansion of the trial of timber framed construction and the electrification of the company car fleet.

The Audit Committee receives quarterly updates on business risks which include climate change. Annually, the Committee undertakes a comprehensive review of key business risks.

Strategy

Our Better with Bellway strategy relies on our commitment to deliver long-term value for our customers, employees, suppliers, shareholders, the environment and the wider community. We will continue to support the UK Government in the realisation of its net-zero target by 2050. Our efforts to tackle climate change are framed within four of the eight pillars of our strategy:

Carbon Reductions

- Developing science-based carbon reduction targets.
- Identifying and mitigating our climate-related financial risks and opportunities.

Resource Efficiency

- Implementing energy-efficient construction practices and equipment.
- Innovating and investing in research and development.

Sustainable Supply Chain

- Evaluating the embodied carbon in our raw materials.
- Working with suppliers to find opportunities along the supply chain.

Building Quality Homes, Safely

- Complying and exceeding the requirements of the Government's Future Homes Standard.
- Designing homes with reduced energy consumption.

Climate scenario analysis

We first embarked on our journey to identify climate-related financial risks and opportunities for our business in 2021. This year we expanded upon this and developed a robust approach to climate scenario analysis. We assessed the resilience of our strategy against possible climate futures using the latest climate science as set out in the Intergovernmental Panel on Climate Change's Representative Concentration Pathways (RCPs):[a]

Climate scenarios

Cautious scenario (RCP 4.5)	A predicted global temperature increase between 1.7°C and 3.2°C, in line with current climate change policies, pledges and commitments.
Worst-case scenario (RCP 8.5)	A global temperature increase between 3.2°C and 5.4°C, where carbon emissions continue growing unmitigated.

For our TCFD reporting, both climate scenarios are projected over three time horizons – short-term (2022 to 2040), medium-term (2040 to 2060) and long-term (2060 to 2080). The time horizons encompass the wide range of timeframes over which the different climate-related risks will be realised.

The equidistant timeframe of each presents a clear distinction between the short, medium, and long-term and allows for longer-term planning of key climate-related risks. For the context of Bellway, the time-horizons took in to account the lifetime of Bellway's assets (primarily homes), the profile of the climate-related risks, and the geography of operation across the UK. The following parameters were considered:

- The short-term time-horizon allows for the prioritisation of risks and opportunities to be included within operational, financial, and capital planning;
- Industry guidance highlights the typical lifespan of homes as up to 60 years (for the purposes of whole lifecycle carbon assessments); and
- Bellway Homes operate out of 22 divisions in England, Scotland, and Wales. The time-horizons took account of the relevant geographical data from the UK Met Office (2018). This dataset shows clear changes and projections for physical climate-related impacts at key milestones in alignment between present day and post-2070s.

Notes

a Representative Concentration Pathways (RCPs) were defined by the Intergovernmental Panel on C imate Change (IPCC). The RCPs are considered a method to set different scenarios under economic, social and physical assumptions that might occur because of climate change, and compare global carbon emissions against pre-industrial levels, projecting the effects from now until the end of the century.

Notably, most climate models deliver scenario results for physical impacts at a timeframe beyond 2050. The immediacy of the physical risks will increase under a high-emission scenario and should be considered over the short-term.

The climate scenario analysis outlined above was used to identify the projected climate changes across England, Scotland and Wales. Consistent with TCFD, we identified:

- Physical risks: defined as direct damage resulting from climate change phenomena. These can be event-driven (acute) or long-term shifts (chronic) in climate patterns.
- Transition risks: defined as policy and legal, technological, market and reputation impacts, associated with the implementation of measures to reach a low-carbon economy.
- Opportunities: realised benefits of climate change arising from new policies, operational efficiencies, resource efficiencies, and capitalising upon the low-carbon market and technological drivers.

We also assessed the financial significance of our climate-related financial risks and opportunities by:

1. Conducting a financial climate change workshop with cross-departmental representation.
2. Analysing the financial thresholds and value of our current and pipeline land and housing portfolio.
3. Identifying the potential financial impacts of every climate risk for the business.
4. Classifying every risk and opportunity in the financial threshold, depending on the level of impact against Bellway's portfolio value i.e. assets and land.

The most relevant climate-related risks we have identified are summarised on page 50-52. This includes the level of financial impact for the short-term time horizon (2022 – 2040).

Risk: financial impact score key:

1. Impacts less than 1% of Bellway's portfolio value.
2. Impacts between 1% to 2.5% of Bellway's portfolio value.
3. Impacts between 2.5% to 5% of Bellway's portfolio value.
4. Impacts more than 5% of Bellway's portfolio value.

For each climate-related opportunity, we have identified a potential value score for the short-term time-horizon (2022 to 2040). Each opportunity is scored against the strength of the benefits Bellway will experience if they are to realise the identified opportunity. The thresholds are defined as follows:

Opportunity: financial impact score key:

1. An increase to Bellway's portfolio value at less than 1%.
2. An increase to Bellway's portfolio value at 1% to 2.5%.
3. An increase to Bellway's portfolio value at between 2.5 and 5%.
4. An increase to Bellway's portfolio value at more than 5%.

The financial impacts of the risks and opportunities is considered as part of the financial planning process. This can be evidenced by the allocation of resources for initiatives including the Future Home per page 45.

Better with Bellway Strategy and Priorities continued

Task Force on Climate-related Financial Disclosures (TCFD) continued

Physical risk

Category	Identified climate risk	Actual and financial impact	Financial score: Cautions Scenario (short term time horizons)	Financial score: Worst Case Scenario (short term time horizons)
Acute	Increased frequency and intensity of heatwaves leading to adverse on-site working conditions.	• Increased expenditure as a result of implementing measures to maintain comfortable working conditions on construction sites. • Reduced revenue and increased costs as a result of build delays caused by labour disruption and decreased production capacity.	Score 1	Score 2
	Increased frequency and intensity of extreme rainfall events leading to increased river, coastal and surface water flooding.	• Increased costs of repair and loss of useable materials during construction. • Reduced availability of future developable land. • Increased operating costs due to the need for additional drainage, or amendments to existing drainage, both during development and upon completion.	Score 1	Score 2
Chronic	Sustained increase in temperatures leading to poor thermal comfort/overheating in homes.	• Increased costs due to adapting and redesigning new homes. • Reduced sales revenue and investment if buyers and investors perceive that the design of Bellway's homes are not adequate for mitigating against the effects of climate change.	Score 1	Score 2
	Sea and tidal river levels rise may put some site locations in the coastal regions and near flood plains up-river at risk of flooding.	• Increased costs due to prolonged planning and construction times for at-risk sites. • Loss of revenue due to reduced availability of future useable land and inability to include planned units on at-risk sites. • Increased insurance premiums and reduced availability of insurance on assets at high-risk locations.	Score 1	Score 2

Transition risk

Category	Identified climate risk	Actual and financial impact	Financial score: Cautions Scenario (short term time horizons)	Financial score: Worst Case Scenario (short term time horizons)
Policy and legal	Many local authorities have declared climate emergencies, aligned to the Environment Act and the Planning and Energy Act, and have set expectations of developers to address associated impacts.	• Increased operating costs as a result of planning delays or rejections by local authorities and the associated resubmissions. • Reduced revenue due to negative perception of stakeholders arising from an insufficient response to local authority requirements. • Constrained land supply leading to inflated land costs. • Loss of revenue if stakeholders perceive that Bellway is not responding appropriately to local authority climate agendas. • Financial penalties and a fall in demand and investment if new local authority requirements are not met.	Score 1	Score 1
	Failure to comply with the Future Homes Standard for England which is planned to be introduced by 2025 – requiring new build homes to be future-proofed with low carbon heating and a very high standard of energy efficiency.	• Reduced sales revenue and investment if buyers and investors perceive that the design of Bellway's homes are not adequate for mitigating against the effects of climate change. • Financial penalties and a fall in demand and investment if new regulatory requirements are not met.	Score 3	Score 4
	Failure to report and disclosure both mandatory and voluntary climate-related information to a credible standard.	• Reduced demand and investment if partners, customers and potential investors perceive Bellway has had a delayed response to the climate-related reporting landscape. • Increased costs from fines and judgments arising from non-compliance and with new reporting requirements.	Score 1	Score 1
Technology	Insufficient development and availability of more efficient products and technologies to deliver climate-resilient homes.	• Increased costs due to investment in research and development. • Increased costs from extended build time and effort to deliver homes and developments resilient to climate change. • Loss of revenue if buyers perceive that Bellway is unable to offer climate-resilient homes. • Constrained supply of more efficient products and technologies leading to inflated prices.	Score 3	Score 3
	The Government has now recognised that low carbon homes may be more expensive for customers than existing (e.g., gas boiler) homes.	• Increased costs due to higher input prices of 'renewable' resources and equipment. • Reduced demand and sales revenue as a result of negative feedback from buyers on the costs of running a Bellway home or if buyers favour older properties as opposed to new builds.	Score 2	Score 2

Better with Bellway Strategy and Priorities continued

Task Force on Climate-related Financial Disclosures (TCFD) continued

Transition risk continued

Category	Identified climate risk	Actual and financial impact	Financial score: Cautions Scenario (short term time horizons)	Financial score: Worst Case Scenario (short term time horizons)
Market	Supply chain challenges resulting in exhausting of resources leading to decreased availability of building materials.	• Increased costs due to inflated input prices and delays in construction activity. • Reduced revenue from a reduction in completed homes.	Score 3	Score 3
	Failure to improve Bellway's carbon footprint by meeting the Science Based Targets, whereby scope 1, 2 and 3 carbon emissions are reduced.	• Increased operating costs due to construction and wider business disruptions resulting from the transition to a low-carbon economy. • Damage to share price owing to a perception of potential and existing investors that Bellway has not met its net-zero commitments. • Increased expenditure and costs resulting from the actions and initiatives required to meet Science Based Targets.	Score 2	Score 2
Reputation	Customers and communities do not perceive that Bellway has responded/contributed appropriately or sufficiently to the transition to a low-carbon economy.	• Loss of competitive advantage resulting in reduced demand for Bellway homes and a fall in sales revenue. • Damage to share price if potential and existing investors perceive that Bellway's response to transitioning to a low-carbon economy has been inadequate.	Score 3	Score 3
	Failure to embed sustainability in the business (including within staff training and development processes) may lead to the business becoming unattractive to staff, potential investors and existing shareholders as sustainability and ESG performance are increasingly incorporated into employment and investment decisions.	• Increased costs due to recruitment/inductions and associated construction and business disruptions. • Reduced revenues due to the impact of workforce issues on completions. • Damage to share price if the business is not seen as an attractive investment due to perceived poor performance regarding sustainability and ESG. • Increased staff turnover resulting in loss of knowledge and inefficiency.	Score 1	Score 1

TCFD opportunity

Category	Identified climate opportunity	Business impact	Potential value
Resource efficiency	Achieving savings from optimising resources consumption and adopting circular economy measures, reintegrating fit-out materials to productive cycles, reducing waste costs and buying less materials.	Operational savings and reduced expenditure for materials and waste management.	Score 2
Technology	Harnessing significant operational savings by investing in energy-efficient equipment, sustainable materials and implementing sustainable building practices.	Operational savings, more efficient building processes, more efficient technology and equipment.	Score 2
Market and reputation	Increase in demand for housing due to the impact of climate change (more people in need of homes due to forced displacement and migration, for example).	Increase in demand, sales and market share resulting in enhanced revenue.	Score 1

Better with Bellway is regularly reviewed by the Board, the Better with Bellway Committee and the Better with Bellway Leadership Team, against our identified scenarios, to monitor and further identify climate risks, opportunities and financial impacts and how these will affect Bellway as a business.

Risk management

At Bellway, climate-related risks have been integrated into our established company-wide Risk Management Framework. This framework is overseen by our Audit Committee, and we utilise our Risk Management Policy to identify the current climate-related risks and opportunities. This process considers internal and external uncertainties which, if they occur, will have a significant impact on our business. Once we identify our risks, we then categorise each of them as follows:

- Strategic risks.
- Operational risks.
- Financial risks.
- Compliance risks.
- Reputational risks.

A full summary of our climate-related risks and opportunities, and their associated business and financial impacts, is captured within our internal TCFD Risk and Opportunities Register. The register provides a coherent framework to identify, assess, manage and monitor the impacts of climate change on our business. We identify current or future mitigation measures and controls for the risks to reduce the impact and likelihood of each arising. We follow the same method to identify our climate-related opportunities.

Following the quantification of the most significant risks and opportunities for our business, we then integrate these into our company-wide strategic Risk Register. This Risk Register is reviewed on an annual basis by the Board, with risks deemed high or significant then monitored on a quarterly basis by the Audit Committee, to prevent the actualisation of a risk event.

Metrics and targets

We understand that further and more tangible steps need to be taken to mitigate our climate-related risks and realise opportunities, both for the future of our planet and our business.

The most significant climate-related risk to the business identified through the scenario analysis is the failure to comply with the Future Homes Standard.

Our scope 3 target goes beyond the emission reductions that will be required to meet the Future Homes Standard in 2025.

The Group monitors carbon emissions through the metrics and targets that form part of Better with Bellway strategy. These targes outline our commitment to drive down emissions throughout our operations and our value chain. We have set targets which are aligned to the SBTi 1.5°C ambition.

In line with our legal obligation under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and the Greenhouse Gas Protocol, we have continued to measure our scope 1 and 2 greenhouse gas (GHG) emissions and are pleased to report a 5.5% reduction from 2021. This progress is critical to our business as we continue on our journey towards net zero by 2050. For Bellway, we define net zero as reducing our scope 1, 2 and 3 emissions to zero, consistent with achieving net-zero emissions in line with the Paris Agreement. Our definition accounts for neutralising any residual emissions at the net-zero target year and any GHG emissions released into the atmosphere thereafter with appropriate initiatives, measures and technologies.

For more information on our carbon footprint, please see pages 42-45.

We are proud of our performance to date and have set ourselves stretching targets, which will manage our climate-related risks, realise our climate-related opportunities, and achieve net zero by 2050. Our targets include:

- **46%** reduction of absolute scope 1 and scope 2 (tonnes of CO_2e) emissions against our 2019 baseline by 2030.
- **55%** reduction of our scope 3 emissions (tonnes CO_2e per m2 floor area) against our 2019 baseline by 2030.
- **100%** electric or hybrid company car fleet by July 2025.
- **100%** of purchased energy to be from renewable sources, and REGO-certified, by December 2023.
- **20%** reduction in waste per completed unit by July 2025.
- Reduction in construction site water usage against the baseline of FY21 by July 2025 (m^3 of water per $1000m^2$ of completed homes).

These targets will help strengthen our resilience against climate change, increase our investors' trust and enable us to play a full and active role within the construction industry to drive innovative change around carbon reduction. In addition, targets around reducing scope 1 and scope 2 emissions and waste have been added as a performance criteria for the Group's long-term incentive remuneration, see pages 115 for further information.

For more information, please see our Better with Bellway page on our website.

Better with Bellway Strategy and Priorities continued

Building Quality Homes, Safely

Quality and safety first for everyone

Target	Progress	Performance
Headline Reduce the average RIDDOR rate (measured over a three-year period) to <305 by July 2024.	The RIDDOR rolling average (FY19, FY21 & FY22) is currently at 359.98	→
Headline >80% of applicable employees trained on the Group's Fire Safety Policy and the Building Safety Bill by July 2022.	As at 31 July 2022 69% of applicable staff have been trained.	×
Reduce accident rates from identified reporting areas to below previous FY levels on an annual basis.	Accidents involving slips/trips/falls, third parties have fallen compared to FY21. Manual Handling saw a slight increase and we continue to focus on making improvements in this area.	→
50% of identified target roles will have received health and safety training by July 2022 (95% by July 2023).	Training courses have been created but roll-out has been delayed until FY23.	×
Implement new safety induction across Bellway and 100% of new recruits to have completed induction by July 2023.	Programme created and will be launched in FY23.	→
Increase the ratio of mental health first aiders ('MHFA') to 1 in 10 by July 2024.	Ratio decreased to 1:34 (2021 - 1:31) as there have been some MHFA leavers in the year.	→
Increase employees receiving mental health awareness training to 1 in 5 by July 2024.	New mental health awareness training was rolled out during the year which was received by 1:19 employees.	→
Achieve ISO 14001 certification for the whole business by July 2024.	We are in the process of working towards certification.	→

The health, safety, and wellbeing of our colleagues and subcontractors is our highest priority. This is an area which has always demanded our full focus, but there is still room to improve. By setting ambitious goals for our organisation, we will raise the quality and safety of our work to even higher levels.

Encouraging safety and transparency

We actively promote safe working on all our sites, using training, toolbox talks, informal and formal inspections, and best practice forums. We encourage our colleagues and subcontractors to talk to us about any areas of concern regarding health and safety and have set new KPI safety measurements for Site Managers this year, with performance linked to their annual bonus.

New health and safety training modules have been developed for Site Managers, Assistant Site Managers and Construction Managers covering, amongst other issues, safety procedures, accident investigation, temporary works, near miss reporting and scaffolding standards. These modules are included in the induction process. The training was due to be delivered to at least 50% of relevant roles this year (with the remaining 50% in FY23), but due to delay of the launch of our new on-line training platform has resulted in the training being delayed until FY23. For new roles, training will be undertaken within three months of starting with Bellway, and for all relevant staff, training will be repeated every three years.

Investigating and preventing

We are placing even greater focus on health and safety by measuring our RIDDOR seven-day reportable incident rate on a rolling average basis, not just an annual snapshot. We have already made progress towards our target of an average three-year RIDDOR rate of less than 305 by FY24, with the period covering FY19, FY21 and FY22 standing at 340.5 incidents per 100,000 site operatives. FY20 has been excluded due to COVID-19 and site closures.

As part of our strategy to improve safety and reduce our RIDDOR rate, we have undertaken a preventative programme to reduce accidents from identified reporting areas year-on-year. Slips, trips and falls fell to 78 (2021 – 129), a decrease of 39.5%. Third party reported accidents fell by eight when compared to 2021, with manual handling injuries saw a slight change with 80 incidents this year (2021 – 78).

Mental health

The mental health of our colleagues is vitally important to Bellway, and we are targeting an increase in the ratio of mental health first aiders to 1 in 10 by FY24 (2021 – 1 in 31). Over the next two years we plan to train 140 employees per year which will deliver the 1:10 ratio while allowing for staff turnover.

In addition, this year saw the roll-out of our mental health awareness training. We aim to increase the number of employees receiving this training to 1 in 5 staff by July 2024. So far, 160 employees (1:19) have been provided with awareness training. We plan to provide awareness training to 230 employees per year in FY23 and FY24, delivering the 1:5 ratio while allowing for staff turnover.

Proactive remediation

Following the Grenfell tragedy in June 2017, we proactively instigated a full review of our high-rise portfolio and identified buildings with aluminium composite material (ACM) cladding. In April 2022, the Group, as part of the Building Safety Pledge, announced a commitment to resolve any historical fire remedial work on buildings completed since 5 April 1992, as a result the Group increased its provision for legacy safety improvements further. In addition, while the Pledge only relates to England, we have taken the responsible approach, and provided for the limited number of apartment buildings built by the Group in Scotland and Wales.

We are currently engaged in a complete programme of works to remediate those buildings. In addition, we have implemented a programme to ensure all applicable employees receive training on the principles of the Group Fire Safety Policy and Building Safety Bill. The target was to train 80% (908 individuals) of applicable staff by July 2022, and our year-end performance was 69%. Around 350 additional individuals have now been identified for training (additional staff and new starters) and these individuals will be trained in FY23.

Headline KPIs

Headline KPIs	2022	2021
Reduce the average RIDDOR rate (measured over a three-year period) to <305 by July 2024	**340.5** (FY19, FY21 & FY22)	355.1 (FY18, FY19 & FY21)
>80% of applicable employees trained on Group Fire Safety Policy and Building Safety Bill by July 2022	**69%**	–

Bellway Health and Safety Awards

This year saw the introduction of our Health and Safety Awards, with the purpose of recognising the site teams across the Group going above and beyond to raise standards in Health and Safety, and acknowledging their hard work and roll out of best practices. Each of our 22 divisions will have two nominations, totalling 44 across the Group.

They will be assessed using 39 categories including: work equipment, waste management and fire. Each category is scored between 0 (non-compliant) and 6 (exceptional).

Better with Bellway Strategy and Priorities continued

Sustainable Supply Chain

Driving sustainability through long-term partnerships

Target	Progress	Performance
Headline 75% of top 100 suppliers with GOLD Supply Chain Sustainability School (SCSS) membership by July 2023.	63 of our suppliers are members of SCSS, 25% of which are GOLD members.	→
Deliver a material reduction in single use plastic packaging in our top ten suppliers of 25% by July 2023.	Supply chain partners already moving away from plastic. Figures to be reported in FY23.	→
Complete modern slavery compliance audit of a sample of large subcontractors by July 2022 and address any non-compliance issues.	Five modern slavery audits at site level have been undertaken.	✓
Review and trial new waste reduction procedures in supply chain by FY23.	Work on-going with our supply chain partners with best practice guidance being prepared along with a new waste awareness campaign.	→

We aim to source all of our products and services in an ethical, sustainable, and socially conscious way. The initiatives and goals formulated as part of Better with Bellway will ensure that we continue, and improve upon, our efforts to date.

Developing long-term relationships

Developing long-term partnerships with our subcontractors and suppliers is an integral part of what makes Bellway a success, and we ensure that all of our supply-chain partners and subcontractors are treated with dignity and respect. As part of this we are a signatory to the Prompt Payment Code, and we pay our suppliers and subcontractors within agreed terms.

For our 2022 financial year, our supply chain spend was £1.8 billion (2021 – £1.8 billion), delivering a £1.6 billion investment in the UK economy (based on the HBF estimating that 90% of housebuilders' supply chain spend remains in the UK[a]).

Encouraging opportunities to learn

Bellway is a member of the Supply Chain Sustainability School (SCSS) and sit on several working groups within the school. As part of our commitment to lifelong learning and continual improvement, from 2022 we will be rolling out SCSS training modules for all of the colleagues in our Procurement team. We also encourage our supply chain partners to sign up to SCSS and through Bellway's membership they are able to access, free of charge, a wide range of training and resources to help their businesses become more sustainable. Of our top 100 suppliers, 63 are now members of the SCSS, of which 25% hold GOLD membership, we aim to increase this to 75% by FY23.

We have engaged with our top-ten suppliers on a wide range of sustainability issues, with a two-way sharing process aimed at delivering benefits across both Bellway and our supply chain. This will continue and we aim to engage with our top 50 suppliers by FY24.

Responsible sourcing

As part of plans to introduce a Sustainable Procurement Policy in FY23, we have been working with our supply chain to reduce single use plastics in the packaging we receive. Many suppliers are now moving to recycled cardboard as an alternative and switching to higher recycled content plastics where there are no current alternatives. We requested all of our suppliers to ensure that, from April 2022, they use a minimum of 30% recycled content in any plastic packaging they provide to us. We plan to report on the quantity of plastics removed from the supply chain in our FY23 annual report.

For a number of years, we have required all our timber suppliers to ensure we are only provided with sustainable timber. We plan to now audit compliance and ask all suppliers to provide evidence of sustainability certification for either Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or Category B standard.

Within our office environment we have been working with our stationery provider to switch to more sustainable products. All photocopier/printer paper and letterhead are now on fully recycled paper stock, and we are investigating whether our envelopes and compliment slips can be switched. The remainder of our stationery items have been switched to 'products with purpose' through our central office supply company – 'products with purpose' are office products that have been assessed as both sustainable and ethical.

a The Economic Footprint of House Building in England and Wales (July 2018), prepared for the HBF by Lichfield's.

Ethics

We use our Responsible Sourcing Policy to select partners and to monitor their performance and compliance with agreed standards. As well as this, we work with partners to address any issues of non-compliance identified and reserve the right to end relationships as a last resort. We do not tolerate any form of slavery, servitude and forced compulsory labour or human trafficking in our supply chain or in any part of our business. Our Anti-Slavery Policy reflects this commitment and is available to view on our website, along with our latest Slavery and Human Trafficking Statement which sets out the actions we have taken.

We require all applicable suppliers and subcontractors to confirm that they either have their own modern slavery policies in place or that they adopt Bellway's policy. Relevant staff receive training to help them identify signs of slavery and compliance activity is monitored throughout the year. Through internal reviews we deem that our subcontracted supply chain contains the greatest potential risks of modern slavery and this year we have begun a series of site based audits focused on our subcontracted workers and compliance with our modern slavery procedures. The decision was made to focus audits at a site level to target the geographic regions deemed most likely to be affected by modern slavery and reach a greatest number of subcontractors.

Bellway's zero tolerance approach to br bery and corruption has been adopted by the Board. It extends to all the Group's business dealings and transactions and our policy and procedures set out the standards expected of all of our employees. Those who work for and with Group management are responsible for enforcing compliance and carrying out additional checks when required.

Our whistleblowing procedure enables concerns of any wrongdoing to be reported in confidence. There were a small number of reports made during the year where sadly the behaviour of a few employees fell short of the expected standards. Appropriate investigations were conducted, and disciplinary action was taken where necessary.

Headline KPIs

Headline KPIs	2022
75% of top 100 key suppliers will be GOLD members of the Supply Chain Sustainability School (SCSS) by July 2023	63 of our suppliers are members of SCSS, 25% of which are GOLD member

SUPPLY CHAIN SUSTAINABILITY SCHOOL

Supply chain case study

Bellway actively support our supply chain to become more sustainable. Through supply chain meetings we have discovered what our suppliers are doing to achieve their own targets to become more sustainable, which will reduce our carbon footprint.

We also encourage our supply chain partners to engage with the Supply Chain Sustainability School who provide workshops, seminars, and various learning materials to improve and share best practice on sustainable and environmental issues.

One of our suppliers has reduced plastic packaging by 6.4 tonnes (equivalent of 500,000 plastic bottles and 19.2 tonnes of CO_2). They now package their products in cardboard and eco-friendly paper tape, while trialling paper bag packaging.

Better with Bellway Strategy and Priorities continued

Resource Efficiency

Designing out waste by building better

Target	Progress	Performance
Headline Reduce waste per completed unit by 20% by July 2025 (achieving 7.1 tonnes of waste per completed unit).	FY22 performance is at 8.3 tonnes.	→
Achieve landfill diversion rate above 99% year-on-year.	FY22 performance at 99.5%.	✓
Reduce construction site water usage (measured in m^3 of water per 1000 m^2 of completed homes) against a base year of FY21 by July 2025.	Research and review of multiple solution options is ongoing. FY21 baseline set as 301.8 m^3/10000 m^2 of completed homes.	→
20% of homes commenced by July 2024 to be in timber frame.	Timber frame expanded to our North East division – in FY22 8% of plots were completed in timber frame (2021 – 7%).	→
100% new homes meeting the '115 litres per person per day' standard by July 2022.	All homes and apartments now meet and exceed our 115 litres per person per day standard.	✓

We have an environmental and fiscal responsibility to manage our resources effectively and efficiently. In all areas of the company, we aim to minimise waste (measured in tonnes per home built) and, where waste is unavoidable, reuse and recycle as much as possible. Our new Better with Bellway strategy will help us to achieve or surpass our waste reduction goals in the years to come.

Reducing and reusing

We are undertaking work with our supply chain partners to reduce packaging and have asked them to investigate reusable alternatives to single-use packaging as well as ensuring where plastic packaging is unavoidable, they use a minimum of 30% recycled content. We have sustained our drive on reuse, recycling and diversion processes on our sites, and have again improved our waste diversion rate for the eighth year, reaching 99.5% in 2022 (2021 – 99.4%). Our partnership with Community Wood Recycling, a network of social enterprises that collects and reuses waste wood, rescued 854 tonnes of wood from the waste stream.

We have continued our focus on reducing waste generated on our construction sites. After successfully reducing waste per unit to 8.9 tonnes last year, further improvement has slowed, reaching 8.3 tonnes per unit in 2022 and renewed focus will be given to reusing rubble waste on site in 2023 to drive improvements towards our 7.1 tonnes per unit target. Waste is now to be included as part of the procurement visits to divisions and a new waste awareness guide and onsite training will be rolled out to all sites in FY23.

Water

Bellway is not a large user of water, either in our offices or in the construction process. However, with the emerging climate change trends in the UK placing more regions under water stress, as a sustainable builder we are looking at ways in which we can reduce usage, both in our own operation and for our customers.

We have determined our FY21 baseline water consumption as 301.8m^3 per 1000m^2 of completed homes and we are investigating ways in which we can reduce this usage (against FY21) by 2025. We have continued to adapt the designs of our homes to be more water efficient and have successfully delivered on our target to build 100% of new homes to the 115 litres per person per day water standard in 2022.

Timber frame

We are continuing to expand our use of timber frame construction methods. Five sites are already under construction in the North East division with a total of 543 plots, and in FY23 we aim to have 100% of new sites in that division switched to timber frame. Not only dœs timber frame bring embodied carbon benefits, but it also reduced reliance on traditional brick and block construction methods, with a resulting saving in materials .

Headline KPIs

Headline KPIs	2022	2021
Reduce waste per completed unit by 20% by July 2025 (achieving 7.1 tonnes of waste per completed unit).	**8.3 tonnes**	8.9 tonnes

Brick & block waste	Plasterboard waste	Timber waste	General/mixed waste
Blue tipping skips	Red tipping skips	Green tipping skips	Orange tipping skips
15 per site	5 per site	5 per site	5 per site
Bricklayer to utilise 1T bulk bags on scaffold for lightweight waste such as insulation etc.			

Waste Diversion from landfill – Bellway Wales

Bellway Wales division, who were previously using 8 – 14 yard skips, now put their main waste streams into four main categories: brick and block, timber, plasterboard and mixed use.

The team then worked on how they could separate materials at source, prior to placing it into skips. A colour-coded skip policy for each of the waste streams was introduced for each waste stream category to maximise diversional potential and reduce costs.

Brick and block are crushed and reprocessed on-site, avoiding any disposal costs and achieving 100% recycling. They are now able to achieve 100% recycling of timber and plasterboards – timber is collected by Community Wood Recycling Services. Drylining contractors are now responsible for removing their own waste into a closed top plasterboard skip. The only skip that is now supplied is for mixed use/ light waste and this generally achieves 99.5% diversion from landfill.

99.5%
Diversion rate from landfill

100%
of timber and plasterboards recycled

Better with Bellway Strategy and Priorities continued

Biodiversity

Protecting and preserving nature

Target	Progress	Performance
Headline Achieve 10% biodiversity 'net gain' (BNG) in all new sites submitted for planning from FY23 onwards.	Our central land team are taking the lead and progress is detailed below.	→
Establish 1 Tiny Forest site by July 2022.	Tiny Forest planted Ponteland (Northumberland).	✓
All new development sites to incorporate hedgehog highways by July 2022.	Divisions to install on all new developments from 1st August 2022.	✗
Investigate a tree planting programme for every home sold by July 2023.	Working with consultants and third party organisations to understand the best way to deliver this in conjunction with net gain requirements.	→

On each of our developments, we aim to mitigate our impact on the environment through a range of actions, including flood impact assessments, ecology surveys, biodiversity mitigation, and environmental impact assessments.

Sustainability

Our communities are built with the intention of maintaining and protecting the local environment as much as possible. As the availability of suitable land changes over the years, the proportion of greenfield sites has increased, but we still developed 39.3% of our new homes in 2022 on brownfield sites (2021 – 36.8%), helping to regenerate local areas. No matter the development, we want to offset the effect we have on the environment. To do this, we carry out a comprehensive range of risk assessments and surveys, covering local ecology, flood impact, and much more.

Biodiversity

Bellway already addresses biodiversity needs in our new developments, with Sustainable Drainage Systems ('SuDS') implemented on 255 of our developments (2021 – 255), mimicking natural drainage processes to reduce flooding and pollution and providing an additional habitat for wildlife. In addition, 137 developments included a biodiversity plan (2021 – 147) and we planted over 15,800 trees (2021 – 17,200).

Biodiversity net gain (BNG) is a new obligation that will require housebuilders to improve the biodiversity of land by at least 10% compared to the baseline prior to development. This requirement is likely to come into effect for planning applications from November 2023, and at Bellway we are aiming to ensure that all planning applications submitted from July 2023 onwards are BNG compliant.

This is a significant development for Bellway and our strategic land teams have already been formulating our strategies to meet this requirement. We have established a biodiversity baseline for all existing Bellway owned land and we have appointed a new role of Group Head of Biodiversity who will lead on all BNG activity. BNG champions have been appointed in each division and we have established BNG protocols for site acquisitions and management, with a BNG section added to land packs. We aim to deliver on the BNG requirements through a combination of on-site and off-site enhancements, with the potential to add purchased biodiversity credits.

Creating habitats for over 500 animal and plant species with Tiny Forests

This year, volunteers from the Group Office teamed up with Earthwatch to create a 'Tiny Forest' on land we own in Ponteland. A Tiny Forest is a dense, fast growing, native woodland about the size of a tennis court. They are not only an attractive location for wildlife, but for people as well, and can provide a range of benefits in the fight against climate change.

The Tiny Forest is planted using a technique developed by Japanese botanist Akira Miyawaki. It consists of a dense mix of 600 trees and shrubs native to this area of the UK. When mature, the Tiny Forest has the potential to provide natural habitat to over 500 animal and plant species within the first three years.

It is one of many environmental and sustainability projects Bellway is undertaking across the UK to help fight global climate change.

600
trees and shrubs

500
potential new natural habitats

Helping our customers

As part of the drive to improve our sustainability offering to customers, we have developed a green welcome pack. New homeowners will now receive a pack that includes a bird box, bee bomb and garden trowel, along with advice on how they can cultivate a nature friendly garden. The pack also contains tea, coffee and biscuits, and families with children will have the addition of a colouring story book encouraging children to understand how they can be more environmentally aware in a fun way.

We will also incorporate hedgehog highways into all new developments from 1st August 2022. One of the main reasons why hedgehogs are declining in Britain is because our fences and walls are blocking their natural foraging paths, often forcing them onto roads where they are often killed. The 'highways' allow hedgehogs to safely travel across our developments (from garden to garden) as they search for food and a mate, and the presence of hedgehogs helps maintain a healthy ecosystem as they work to control insect populations – including keeping gardens healthy.

Partnership working

Towards the end of this year, we started working on establishing a partnership with The Rivers Trust, conservation experts who work with members to preserve wild, healthy, natural rivers, which work as part of an integrated ecosystem. Our initial work with The Rivers Trust will be around volunteering opportunities, with Bellway staff across our 22 divisions supporting the work of the local trusts around the country. As the partnership develops in the future, we plan to expand our work to include engagement on Bellway's sustainability objectives, and selected national policy processes in England and to explore the development of an approach to BNG and nutrient balancing.

Headline KPIs

Biodiversity is a key component of our sustainable approach, and we continue to work to minimise our impact on biodiversity. We aim to achieve a 10% biodiversity net gain on all new sites submitted for planning from FY23, we will start reporting on this KPI from FY23.

Better with Bellway Strategy and Priorities continued

Charitable Engagement

Giving, to build better lives

Target	Progress	Performance
Headline Raise £3m for Cancer Research UK by the end of December 2023.	£607,898 raised and donated in 2022, bringing our total to-date to £2.56 million.	→
All office based staff to be given the opportunity to complete a volunteering day by July 2023, with 1 day per FTE per year donated to volunteering activities by July 2027.	Volunteering policy is being finalised for FY23 launch.	→
Establish at least 1 partnership with a charity supporting disability/disadvantaged individuals with a view of providing work placements by July 2023.	Preferred charity partner identified. Partnership to be launched in FY23.	→
Implement a programme of employee benefits roadshows and increase payroll giving donations against FY21 by December 2022.	Benefits roadshows planned for FY23 which will incorporate payroll giving. FY22 payroll giving total of £104.4K (2021 – £16.6K).	✓

Charitable engagement is a key part of the Bellway ethos, going back to our initial charitable partnerships in 2015, and we are proud of our work so far. Our commitment to helping others is only going to grow and we are dedicated to widening the range of our charitable activities as well as increasing our fundraising totals.

Maintaining key partnerships

2020 and 2021 have been difficult periods for the charitable sector, with COVID-19 restrictions severely impacting on donation revenue whilst demand for their services was increasing. We are proud that throughout this difficult period we have continued to increase charitable donations year-on-year.

Cancer Research UK (CRUK) has been Bellway's national charity partner since 2016 and our relationship with this key charity continues to go from strength to strength. We extended the partnership in August 2021 for a further two and a half years as part of our '3 4 23' campaign with the aim of increasing our fundraising and donations to CRUK to £3 million by the end of 2023.

Engagement with employees, subcontractors and suppliers has remained strong while large scale fundraising activities were difficult in 2020 and early 2021 due to COVID-19 restrictions. However, since August 2021 everyone connected with Bellway has embraced the new '3 4 23' campaign and restarted fundraising with great energy and determination. In total FY22 has seen £607,898 (2021 – £351,157) raised and donated to CRUK, the highest annual total so far of our six-year partnership. £130,829 has been raised by employees (2021 – £70,323), with another £168,442 from subcontractors and suppliers (2021 - £23,380), Bellway's double matching of employee fundraising added a further £308,848 (2021 – £145,650). This brings our six-year total to £2.56 million, well on our way to our £3 million target with 18 months remaining.

CRUK is not the sole focus of our charitable activity, and we continue to support a range of local charities, causes and community groups in the areas where we develop, including corporate donations as well as employee fundraising for causes close to their heart. Non-CRUK employee fundraising came to £123,435 this year, with Bellway 'matching' employees' fundraising efforts. This includes payroll giving for which we introduced matching for this year. In total, across all our charitable activities, Bellway, our employees, subcontractors, and suppliers have raised and donated a total of £899,467 (2021 - £520,413) of which £422,816 was raised by our employees, subcontractors, and suppliers, (2021 - £128,413).

Homelessness support

We continue to investigate new opportunities to give something back to communities where we develop. One example of this is a burgeoning partnership with Great Change, a non-profit organisation who help individuals to break the cycle of homelessness, providing additional support that would fall outside the remit of social services. In total, 15 Bellway divisions made donations to Greater Change, matched by Bellway Head Office, to provide direct support to at least one individual who was homeless per division. The partnership with Greater Change is in its early stages, but the donations have already brought real, tang ble benefits to people's lives. In Leicester, a man who had been homeless for years has been provided with appliances for his temporary flat so his children can visit. In Essex, the money has helped a woman secure a social housing tenancy.

In addition to the Greater Change partnership, our Yorkshire division have supported The Hull Homeless Community Project which provides a support network for rough sleepers in Hull. Our South West division has supported the Help Bristol's Homeless charity to assist its work to get people into safe and stable accommodation, and from there to improve their lives and reach their potential.

New partnerships

While Bellway staff have often undertaken volunteering on an informal ad hoc basis, we have decided to formalise arrangements and introduce a Staff Volunteering Policy and scheme in the coming year. The aim is to have all office-based staff given the opportunity to volunteer a day of their time in FY23 and reach 1 volunteering day per FTE by FY27.

As part of our emerging partnership with The Rivers Trust, we aim to have at least one volunteering event per division across the various local rivers trusts organisations in England, Scotland and Wales. Not only will this deliver a much needed resource for The Rivers Trust, it will also provide extensive team building opportunities for Bellway divisions.

As part of our Better with Bellway strategy, we are investigating opportunities to partner with charities that support disabled and disadvantaged individuals. The aim will be to initially offer work placements within Bellway, with the view of progressing to offers of permanent employment as the partnership progresses.

Headline KPIs

Headline KPIs	2022	2021
Raise £3m for Cancer Research UK by December 2023	**£2.56m**	£1.95m

3 FOR 23

Help raise **£3million** for **2023**

Bellway | Supporting CANCER RESEARCH UK

National Charity Day

In support of our Better with Bellway target to raise £3 million for Cancer Research UK by the end of 2023, we held our first ever National Charity Day on 16 June.

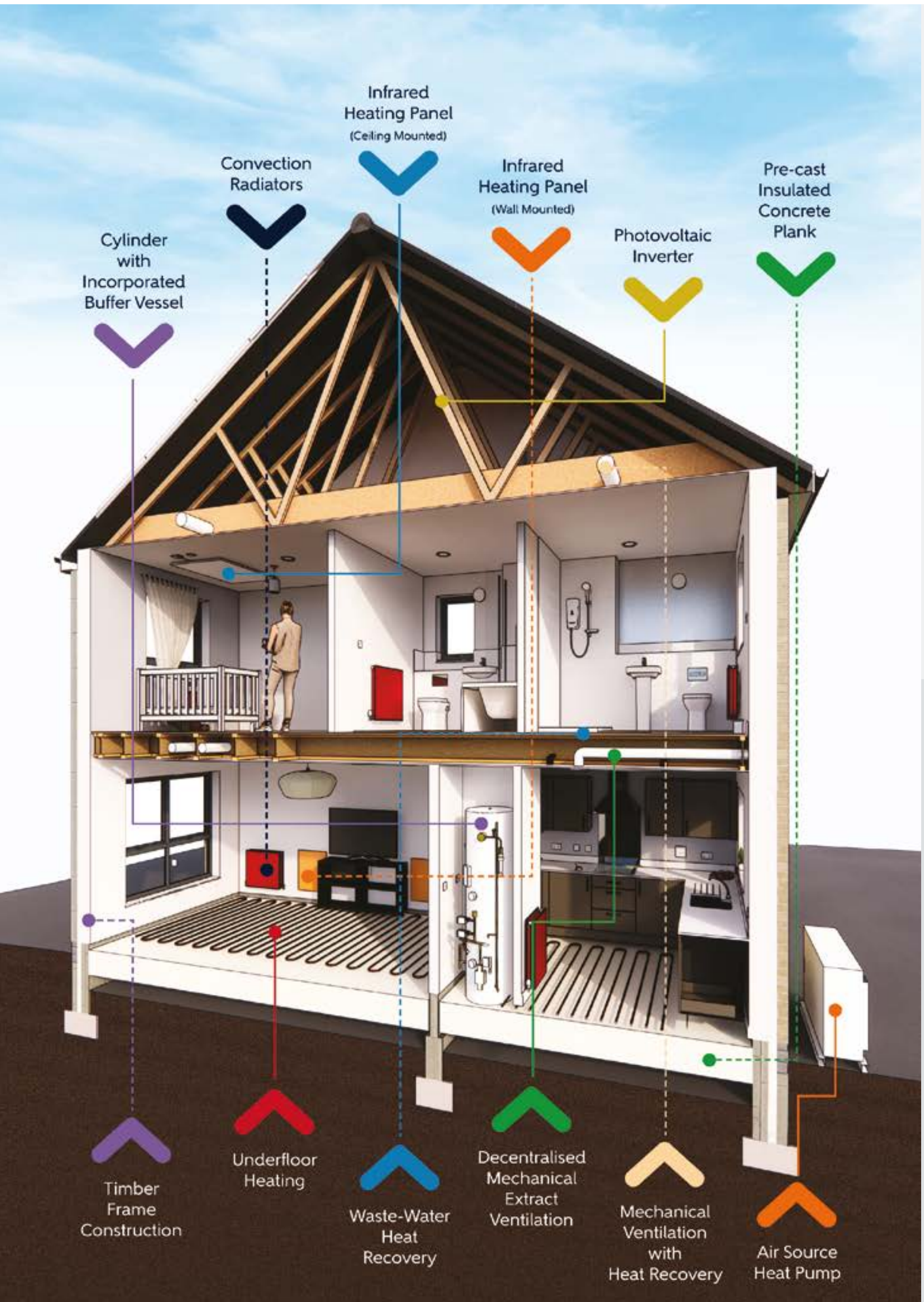
Teams from across our 22 divisions and Head Office took part in virtual escape rooms, sports days and sponsored walks, as well as raffles with amazing prizes and plenty more activities, to raise as much cash as possible. The total raised across the Group was an incred ble £24,658 – with Bellway's double matching taking the grand total to just over £72,500.

Our divisions were also given the opportunity to take part in a day of volunteering throughout the month of June. A team from Bellway North East spent some time with 4Louis in Sunderland, a charity which supports families through miscarriage, stillbirth and child loss.

Better with Bellway Strategy and Priorities continued

DESIGNING THE HOUSE OF THE FUTURE

We have started building an experimental eco house called 'The Future Home' as part of a research project which could influence how we use our homes in the future.



Bellway's 'The Future Home' is being built at The University of Salford's leading net-zero research facility Energy House 2.0 that has been part funded by the European Regional Development Fund.

The house will test innovations in building materials, the effects of double and triple glazing, storing solar energy, recovering heat from wastewater, and how to make most efficient use of air source heat pumps.

Each of these elements will be monitored in both regular and extreme temperatures, with varying weather conditions simulated inside the specially built chamber.

The results of this project have the potential to change how Bellway build homes and how our customers live in them.

THE FUTURE HOME
@ The University of Salford
BETTER WITH Bellway

Key Stakeholder Relationships

Maintaining good relationships with our stakeholders is important to what we do.

The Board of Directors confirm that during the year under review, it has acted to promote the long-term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006, being:

(a) the likely consequences of any decision in the long-term,

(b) the interests of the Group's employees,

(c) the need to foster the Group's business relationships with suppliers, customers and others,

(d) the impact of the Group's operations on the community and the environment,

(e) the desirability of the Group maintaining a reputation for high standards of business conduct, and

(f) the need to act fairly between members of the Group.

On pages 65 to 74 we set out how we have engaged with various stakeholders during the year, the key issues raised and outcomes

Customers

How we engage

Bellway has always had a strong reputation for excellent customer service, with our face-to-face sales approach helping thousands of our customers to purchase their dream home every year. This approach has served us well throughout the years, but our customers expect more from Bellway, so we have extended our traditional approach to improve the digital and telephony offerings to complement what we do well. Our Customer First initiative is designed to support this improvement and we have implemented several new processes to support this throughout the year.

Our digital channels – website and social media – are designed to engage homebuyers early in the customer journey and provide them with all the information they require to help them make an informed decision when deciding on the location and property type that meets their needs. This helps customers have the knowledge before they visit the sales office.

We recognise that the customer journey, from first visiting a site to moving into their new home, can be a long process and our dedicated and highly trained sales advisors help make the process of buying and moving into a new house as smooth as possible and a positive experience.

> “Our face-to-face sale approach helping thousands of our customers to purchase their dream home every year.”

Once in their new home, our dedicated Customer Care team will deal with any post completion issues and questions customers may have, to maintain that positive experience throughout the early years of Bellway home ownership.

To continue the high standard of customer service our customers expect, we encourage feedback throughout the sales process via Trustpilot and HBF Customer Satisfaction surveys.

Through our marketing activities, we assess and review collected data to ensure we are engaging with our customers and responding to their needs effectively.

Our use of social media channels involves us engaging with customers by generating aspirational content that showcases Bellway's products and uses customer case studies and testimonials to bring this to life.

Our new Better with Bellway strategy will help customers by building new homes to Future Homes Standards, and will develop desirable communities with sustainability at the heart of what we build. This will bring benefit to customers by providing energy efficient homes meeting, or where possible exceeding, the standards required. Bellway is undertaking customer trials across the country to inform this strategy and we will be using customer feedback to help us identify the technologies and innovations that best meet our customer needs as a result.

For customers who live in legacy Bellway built properties which do not meet new standards for fire safety, Bellway have introduced a dedicated Building Safety Division that communicates directly with building owners, managing agents, customers and other key stakeholders in helping to remediate life-critical fire safety issues in high, and medium-rise buildings. The team also ensures compliance with our new fire policy. The Executive Management Team provide oversight of this division.

Key issues raised

- Customer service
- Digital adoption
- Sustainability and efficiency of homes
- Build quality
- Innovation
- Legacy building safety improvements

Key Stakeholder Relationships continued

Outcomes

We have retained our 5-star[6] homebuilder status in the national HBF awards for the sixth consecutive year, reflecting our commitment to delivering exceptional quality and service as standard to our customers, throughout their whole journey with Bellway.

Nine out of 10 customers would recommend Bellway to a friend. Our score of 93.6% in the Recommend a Friend category was the highest score achieved by Bellway since commencement of the HBF Survey scheme in 2007.

HBF Survey scheme:
'Recommend a Friend' category

93.6%

We have recognised that customer satisfaction in the 9-month survey has historically been lower in this survey period and our Customer First initiative has been addressing this directly. Our current Recommend a Friend score of 82.1% reflects our efforts in this regard, delivering a year-on-year improvement of 2.2 ppt when compared to our 9-month Recommend a Friend score of 79.9% in 2021.

We continue to build on this improvement to achieve our aspiration of achieving 90% customer satisfaction in the 9 month Recommend a Friend category by 2026.

Customer First is designed to help achieve this aspiration with a focus on improvements to planning, build, sales, post-completion customer care, training and communications processes to provide a better level of service. Our aim is to deliver a 5-star service, combined with a 5-star build quality, putting the customer at the heart of everything we do. To help us achieve this, the Group appointed a Customer Experience Director who has worked with some of the UKs largest brands and whose role is to help deliver the improvements through our Customer First initiative.

Driving our Artisan Collection of standard house types through our divisional businesses helps us to work consistently across the Group, allowing for standardised build processes and procedure, and the sharing of best practice.

Our Watchmaker house type which is part of the Artisan Collection.

We have introduced several initiatives to help our customers understand the complex processes undertaken. 'Meet the Builder' allows our customers to meet the construction teams who are building their homes, while our 'pre-plaster visits' provides customers with an opportunity to visit their new homes during construction, so they understand how their home is built. This allows customers to ask questions of the construction teams and gain a greater knowledge of the processes involved in building their home. Feedback from customers has been extremely positive as it provides reassurance and builds excitement during the process.

We have maintained our appointment system for sales centre visits, which was first introduced due to COVID-19 restrictions. This was positively received by customers as it allows us to provide a dedicated one-to-one service as a result.

Enhancements to our customer care procedures and quality assurance inspections have improved the build quality of our new homes, and the aftercare we provide to our customers following completion. We introduced unaccompanied inspections for customers prior to their home demonstrations, this allows them the opportunity to inspect their home in their own time and report any defects or issues prior to moving in. In addition, a 12-week defect period has been introduced, where construction teams remain responsible for defect rectification in all new homes. Our dedicated Customer Care teams manage any issues throughout the remaining warranty period.

We have introduced new core hours for our Customer Care teams in line with the roll-out of a new telephony system which has been introduced into most divisions with complete implementation towards the end of the year. We are also introducing tablets and digital solution for on-site teams to report and manage customer care issues which will provide a greater level of control and reporting for our Customer Care teams.

Our new sustainability strategy operating under the banner of Better with Bellway was launched in early 2022. This strategy consists of eight business priority areas, one being Customers and Communities. Outcomes from this strategy are already being seen by our customers, with sustainability initiatives taking place on 'exemplar' developments across the country and homes being built to Future Homes Standards.

This strategy has also seen the launch of a 'green' welcome pack for new homeowners, consisting of more environmentally focused items such as bird boxes, bee bombs and fairtrade tea and coffee. Our sustainability message is also being rolled out to households with children, with the inclusion of a children's activity story book highlighting the benefits of sustainable living using characters Belle and Brickle to bring the message to life.

As part of our Customer First initiative, we began the roll-out of the digitalisation of our sales process with the launch of the 'Your Bellway' customer portal.

The portal has been launched on a trial basis across two divisions and we expect to roll this out over the next 12 months. 'Your Bellway' will provide an improved level of service to our customers, giving them another way of interacting with us and allowing them to download key documentation.

The second phase of the portal will allow customers to choose additions from the comfort of their own home.

> 'Your Bellway' will provide an improved level of service to our customers, giving them a further way of interacting with us.

We have also enhanced our digital customer experience with the launch of websites for our Bellway London and Ashberry Homes brands. In addition, Bellway has also responded to customer needs with the launch of a lifestyle website 'Your Nest' which provides guides and information to help customers turn their new house into a home.

Bellway
Your Nest

The Board fully consider our customers, through regular oversight in board meetings, with key customer initiatives and ongoing customer care and satisfaction scores being reported on a regular basis. A report from the Group Customer Care Director is a standing agenda item for all Board meetings.

As part of our continued commitment to building safety, in April 2022, Bellway agreed a voluntary pledge with the Department for Levelling Up, Housing and Communities (DLUHC) in relation to historical fire safety issues on buildings where Bellway has played a role in their development.

Bellway agrees with Government that leaseholders should not have to pay for any costs associated with necessary life-critical fire safety remediation work arising from the design or construction of buildings they live in. We have entered into a pledge with DLUHC that we will fund, undertake or procure at our own cost as quickly as reasonably possible all necessary remediation or mitigation work to address life-critical fire safety issues arising from design, construction or refurbishment defects on buildings above 11 metres in England which Bellway played a role in developing or refurbishing that have been built by the Group since 5 April 1992.

The standard of remediation will be assessed proportionately to the standard as articulated in the PAS methodology and other relevant industry standards to ensure that affected buildings meet a life-critical safety standard. We will:

- Withdraw any buildings that we have played a role in constructing from the Building Safety Fund and ACM Funds, and reimburse any costs incurred to date by those funds; and
- Publish the pledge on our website, and agree a process with DLUHC for contacting building owners of buildings falling within scope of the Pledge to agree the steps required to meet its objectives.

In October 2022, the Group signed up to the Developers' Pact with the Welsh Government. Similar to the Pledge, this is a commitment to remediate buildings over 11 metres in heights with life-critical fire safety issues, which were constructed in Wales since April 1992.

Our dedicated Building Safety team communicate with customers through our Building Safety helpline, and we have launched a dedicated Building Safety website for customers providing guidance on what Bellway is doing to address the issue. Our Building Safety team meet with leaseholders and other key stakeholders in order to maintain effective communications, and we provide regular communications on sites where we are undertaking remediation.

From August 2022, Bellway has launched a dedicated Building Safety Division which will operate solely to address fire safety issues across the group and will deliver remediation to buildings identified as part of the pledge.

Key Stakeholder Relationships continued

Colleagues

How we engage

Becoming an Employer of Choice is one of Bellway's main business priorities and to be able to do this we need to ensure that our colleagues are fully engaged in our business, so they have the knowledge and understanding of how we operate successfully for the benefit of all our stakeholders. In the UK, there have been changes to working practices following the COVID-19 pandemic, with a greater focus on work life balance, which has meant we have had to adapt to meet the evolving needs and demands of our colleagues.

We measure the success of our engagement through our annual Employee Engagement Survey, the latest ones being in August 2021, and again in June 2022, providing us with vital data and colleague feedback on the things that matter most to them. The survey was conducted by external consultants, ETS. Colleagues were asked to confidentially share their views on all aspects of working for Bellway, and this was used to shape our employee strategy for the year. We placed significant importance on the survey for all employees across the Group to ensure that the results reflected the diverse nature of the roles that are undertaken by our employees whether office based or on our construction sites.

The Employee Engagement Survey gives us an annual overview of colleague views on Bellway, but we continued to run quarterly Employee Listening Groups with a cross-section of colleagues from across the business. The Employee Listening Groups allow us to present key initiatives to colleagues and gain real time feedback on the views of colleague representatives. The Groups also allow senior management to gain feedback on issues raised by colleagues. The importance of this activity is demonstrated by the active involvement from Board level, with non-executive directors attending some of the listening group sessions, and the outcomes from these meetings being reported to the Board through regular updates.

Bellway employees at the Brook View sales office in Wixam.

The attraction, development and retention of talent across the business, and improving the diversity of our workforce, remains a key priority for our Group HR team, especially at a time when pressures are being faced across the wider industry by the lack of skilled workforce across the sector. We have upskilled our senior leadership team with the introduction of the Senior Leaders Development Programme, with external consultants, Mosaic Partners. This bespoke programme is aimed at developing personal leadership skills and management capacity to better lead high performing and efficient teams. We are extending this skills training with the launch of the CMI accredited Middle Managers Development Programme in September 2022 to extend these capabilities beyond the senior leadership team.

The onboarding of new colleagues who join the business remains a priority as we ensure they have a positive experience when joining the Group so they can be successful in their roles and we continue to gain feedback from those who leave in order improve where necessary.

Our focus on diversity and inclusion is another key area under our 'Employer of Choice' strategic priority and we have been working with external consultants in developing a new Diversity and Inclusion strategy which we aim to roll-out later in the year.

Our 'Balance' network group, which was launched in May 2021 and provides an open forum to discuss matters relating to diversity, equality and inclusion across the Group, continues to be successful with a diverse group of colleagues from across the business being actively involved. The network discusses diversity issues being encountered both in Bellway and in the wider industry, and seeks to find solutions to improve access bility to the industry and Bellway for minority groups. The network is sponsored and chaired by senior leaders within the Group.

> “We commit to having at least 5% of our workforce employed in 'earn and learn' roles.”

As an active member of 'The 5% Club', we commit to having at least 5% of our workforce employed in 'earn and learn' roles, including apprenticeships, student placements, and graduate roles. As part of our new strategy, we aim to have at least 12% of our workforce in 'earn and learn' roles by July 2024.

We are placing even greater focus on health and safety by measuring our RIDDOR rate to cover all members of staff, not just those on our sites. Furthermore, we are using technology to improve the reporting and analysis of any health and safety incidents – this allows for more timely investigations and ensures that preventative measures are introduced.

The mental health of our colleagues is also vitally important, which is why we are increasing the ratio of mental health first-aiders and implementing mental health wellbeing training to raise awareness.

Our internal communications strategy remains an area of focus for the business. Although improvements have been made over the past two years, we are focusing on how we can improve communication to our harder to reach site-based colleagues and ensure our Better with Bellway strategic priorities are clearly articulated to colleagues.

Key issues raised

- Health, safety and wellbeing
- Flexible and agile working
- Diversity and inclusion
- Pay and benefits
- Training and development
- Career progression
- Work life balance

Outcomes

The latest Employee Engagement Survey undertaken in June 2022 received a 74% response rate, which is 2 ppt higher than our August 2021 survey. The engagement rate from employees was very high at 96% and represents an improvement on the 2020 and 2021 surveys which were both at 89%.

The survey results showed that there was a strong customer focus among Bellway employees and that there were high levels of trust and empowerment for colleagues to do their jobs. Our colleagues told us that they know what is expected of them in their roles and they are clear in the part they play in helping Bellway achieve its goals. More importantly, Bellway colleagues told us they were prepared to go the extra mile in doing their roles, demonstrating their commitment to the organisation.

Overall, 95% of colleagues would recommend Bellway as 'a great place to work'.

Employee Engagement Survey response rate

74%

(2021 72%)

Colleagues who would recommend Bellway as 'a great place to work'

95%

(2021 89%)

Areas for improvement identified in the 2021 survey have led to us enhancing our training and development programme. A Senior Leadership Management Programme was launched last year, with two cohorts of senior leaders undertaking this programme. Further to this, we are introducing a new Middle-Managers Management Programme with the first cohort beginning in Autumn 2022.

We have launched a monthly Health & Safety newsletter for all staff to provide advice and guidance on key health and safety issues and have used this to demonstrate the success of our new Near Miss Reporting Policy by highlighting near misses on a monthly basis to educate colleagues.

Following the full reopening of our offices after the end of COVID-19 restrictions, we have introduced our new permanent Agile Working Policy and Flexible Working Policy which have been introduced across the Group to support colleagues in balancing their work and personal lives. Further enhancements to this policy are being considered as part of the feedback from our latest survey, where work-life balance remained a key area of concern for our colleagues.

> “We introduced our new permanent Agile Working Policy and Flexible Working Policy which have been introduced across the Group to support colleagues in balancing their work and personal lives.”

Bellway has been voted a Top 100 Apprenticeship Employer for 2022 by the Department for Education. Our Apprenticeship Programme currently has 154 apprentices working across the business in a range of different roles, so this accolade demonstrates our commitment to employing apprentices across the business.

Ben Elliot, Apprentice Plumber at Houlton Meadows in Rugby.

Key Stakeholder Relationships continued

Investors

How we engage

As a FTSE 250 publicly listed company, we have a duty to provide our equity and debt investors with fair, transparent and balanced information on the performance, strategy and direction of the business in order to provide confidence and trust which allows informed investment decisions to be made.

As part of reporting on our performance, through interim results, preliminary results and regular trading updates, our Executive Management Team regularly meets and communicates with major shareholders and analysts, including at formal presentations at least twice a year. This ensures that investors have access to the progress of the business.

As well as providing regular marketing updates to our investors, we also use traditional media channels and hold calls with key journalists to ensure our principal messages are understood by the wider market, prospective shareholders and investors. At key points around interim and preliminary results, we also communicate directly with our colleagues as many are also investors in the business.

Our relationships with institutional investors, prospective investors and market analysts allow them to raise issues with us or seek information, primarily when we are issuing results to the City.

Following financial announcements, our Board of Directors receive updates from our brokers and PR consultancies, providing feedback from investors and analysts which can be used to help us understand how our strategy is being received by investors and analysts.

We respond to investor communications whenever poss ble to build upon their understanding of our business strategy, or to address any concerns they may have raised.

We have engaged with key stakeholders, and took investor views on board, in developing our new Better with Bellway sustainability strategy while working with external sustainability consultants to ensure the strategy is aligned with industry best practices and to meet expectations for Environment, Social and Governance (ESG) reporting.

In addition, over the past 12 months, we engaged with institutional investors, analysts and shareholders in relation to legal building safety, particularly the voluntary Pledge undertaken to remediate buildings dating back to April 1992 which Bellway built, where life-critical fire safety issues have been identified.

Our Chair and Senior Independent Director are both available to attend meetings with major shareholders and we regularly update our corporate website whenever any updates have been announced to the City.

Shareholders are given the opportunity to ask questions ahead of, or at, our AGM and are provided with the opportunity to listen to the AGM live through a web-link.

Key issues raised

- Environment, social and governance (ESG)
- Remuneration policies
- Market conditions e.g. mortgage market, supply and labour supply chain, impact of conflict in Ukraine, affordability of homes, and land market
- Dividend Policy
- Customer care and build quality
- Building safety voluntary 'pledge' with Government
- Future Homes Standards

Outcomes

Investor and media engagement around interim and preliminary results and regular trading updates allows us to provide additional information and clarity on the key points raised during those updates. Where necessary, we ensure that where greater clarity is required, it is adopted for future updates in order to make sure we are meeting shareholder needs.

We have proactively communicated our Better with Bellway sustainability strategy to investors as part of our interim and preliminary results announcements and had ongoing dialogue with interested investors. Feedback on the strategy has been positive as investors see our ambitions not only to fulfil our ESG obligations, but also to become industry leaders in the three flagship priorities: Customers and Communities; Carbon Reductions and Employer of Choice. The strategy was launched with a dedicated website which provides a high level overview of the strategy, our priorities and our key targets for measuring success.

We use investor feedback on our Annual Report and Accounts to provide greater transparency and clarity on the performance of our business.

We have proactively communicated with major shareholders on our response to legacy building safety to provide oversight of Bellway's proactive and responsible response to the issue.

Bellway has appointed a Group IR Director to enhance the relationship with investors. Following the end of COVID-19 restrictions we plan to undertake more in-person activities.

Gavin Jago Group IR Director.

Partners

How we engage

Bellway's partners are a key part of our success. Due to our size and scale we must proactively engage with our partners – our suppliers and subcontractors – in order to achieve our goals. Without a positive approach to partnerships, we wouldn't be able to produce the thousands of homes we build every year.

Our dedicated Group Commercial relationship management team provide ongoing communications with our partners, and this is also supported at a divisional level. Bellway is proud that many of our suppliers and subcontractors have been working with us for a long-time and it is these long-term relationships that have contributed to the success of both Bellway and our partners.

Bellway's scale and size means we can react to some of the challenges that face the construction sector, with price inflation, supply chain management and labour issues all placing strain on the industry. These are exacerbated by the ongoing worldwide impact of the COVID-19 pandemic, Brexit and the war in Ukraine.

It is during challenging times that our partnership engagement approach comes to fruition as we can flex our approach to mutually address the challenges being faced by all parties to find a suitable outcome. By working together, we have been able to successfully manage any issues that have arisen.

Our long-term working relationships with reputable subcontractors ensure that we can maintain the availability and quality of materials and labour. We work closely with subcontractors to ensure health and safety on construction sites is a priority and any risks are identified and managed effectively. Where health and safety standards are not being maintained, we move quickly to address the issue, removing subcontractors from site or addressing the issue through educational means, such as toolbox talks.

Having effective partnerships with a range of public bodies and national and regional agencies is essential to the success of our business. These relationships allow us to deliver benefit to the communities in which we build.

Our long-established relationships with housing association partners across the country, ranging from large national and regional organisations to smaller providers, helps us deliver affordable homes in the communities where we build, giving access to new homes to more people as a result.

Bellway's Group Strategic Land and Divisional Land teams work with landowners, commercial vendors, and the public sector to secure land opportunities in areas where we can provide desirable homes. Sites are considered at all levels of current planning status and funding is made available to allow our teams to move quickly, with offers to purchase subject to our well-established approval process and hurdle rates.

Our divisional teams have significant expertise and knowledge of local planning policies and frameworks, this expertise is essential in guiding challenging sites through the local planning process.

We also engage with Government and private agency partners in joint venture and partnership agreements.

We are working with key partners in the execution of our new sustainability strategy Better with Bellway by identifying new technologies and innovations to deliver houses that meet Future Homes Standards from 2025.

We are partner members of the Supply Chain Sustainability School and encourage all our materials suppliers and manufacturers to engage with the school to promote understanding of what they can do to reduce carbon, waste and improve the environment.

On legacy building safety, we work with key fire safety engineers and specialist subcontractors to ensure we are able to identify and manage remediation projects that fall within the government 'Pledge' on building safety.

Key issues raised

- Supply chain demand and price inflation
- Labour shortage
- Health and safety
- Land and planning
- Sustainability

Outcomes

Bellway's strong personal relationships with key suppliers and subcontractors have helped us effectively manage the challenges being faced by the industry including post-Brexit issues and the war in Ukraine, which is causing global shortages in supply chains and labour. Our Group Commercial team has worked closely with our supply chain partners to overcome most supply issues through more effective planning and discussion.

Our long-term relationships and commitment to our partners and sub-contractors has allowed flexibility to adapt to the challenges being faced by all parties. The continued deployment across our divisions of the standard Artisan house type range is bringing efficiencies for our suppliers and subcontractors. This helps with longer-term forecasting and planning, allowing us to agree longer lead times for products or be more flexible in distribution options.

Respect for our long-term relationships within our supply chain means we can help our suppliers and manufacturers address any short-term issues in the knowledge that they will continue to support us beyond the current market challenges.

Our continued focus on health and safety on our construction sites is vitally important for the health and wellbeing of all our partners and subcontractors. Our ongoing education and enforcement activity means that our RIDDOR levels remain consistent with pre-COVID-19 levels.

Our land and planning expertise continues to be important in delivering new land opportunities and successful planning applications for new sites. Our work with agencies such as Homes England has led to joint ventures and partnerships on key regeneration and infrastructure projects, bringing wider economic benefits to the communities in which they are being built.

On legacy building safety, we are working closely with specialist fire safety experts on remediation projects.

Key Stakeholder Relationships continued

Communities

How we engage

Building homes to be proud of and creating new developments which create attractive and desirable communities is a vital part of our strategy. Our community involvement extends far beyond the sites in which we develop. The investment we make into local communities creates skilled jobs, providing employment to the thousands of subcontractors who work with us. It also provides infrastructure improvements, regeneration, and wider economic benefits that new homes deliver.

During our engagement in the planning process for new developments, we undertake consultation with local communities as part of the public engagement policies of local authorities. By doing this, through direct and indirect communications, holding public meetings and exhibitions, we can share our proposals with communities, and where possible, we will amend proposals if there is a need to address concerns.

Our local PR and digital marketing strategies help us showcase the benefit of our developments to all stakeholders and we use these channels to also highlight the work we do with local communities, for local charities, schools and other organisations.

School children with their safety posters at Wellfield Rise, Wingate.

Through Section 106 (England and Wales) and Section 75 (Scotland) contributions, Community Infrastructure Levies, and affordable housing contributions, we invest significant resources into the communities where we develop. This is an important contribution to improve education, healthcare and sports facilities and improve local transport networks. In addition, our contribution to improving recreational space for communities through our funding and through the design of our sites provides additional benefit to the community, as well as to homebuyers on our developments.

We operate the Considerate Construction Scheme on sites where appropriate as we understand the impact construction has on communities. Despite our best endeavours, construction is disruptive, noisy and often dirty but we make every effort to limit the impact on local communities and we work with local stakeholders to address concerns when they arise.

As part of our new Better with Bellway sustainability strategy, we are enhancing our work with local communities by increasing our involvement in sustainability activities with them, and we will continue to work with national, regional and local charities and community organisations. Our colleagues fundraise for local events but also provide benefit in kind to organisations, through the donation of supplies or labour. The Group matches donations, recognising the charitable contr butions of our colleagues.

Our national charity partnership with Cancer Research UK (CRUK) is now in its sixth year, with fundraising taking place across our 22 divisions and Group, involving colleagues, suppliers, subcontractors, and professional advisors. Our aim is to raise £3m for the charity by the end of 2023 and we are well on the way to achieving this ambition.

We also run local programmes involving schools and other community organisations, which demonstrates our commitment to local communities. This year we have launched our schools programme, with divisions working with local schools to promote construction as a career.

Key issues raised

- Affordability and the supply of housing
- Planning and community engagement
- Jobs and skills
- Biodiversity
- Home efficiency and sustainability
- Environmental issues
- Impact on existing communities and infrastructure
- Charitable and community giving

Outcomes

Our Artisan house type range has provided a range of house types which can be used to meet community needs, with many being designed for affordable housing use.

Of the 11,198 housing completions this year, 18% (2021 – 22%) were sold to affordable housing providers, providing much needed affordable homes in communities throughout the UK.

We sold 13% (2021 – 7%) of our new homes to unassisted first-time buyers while 22% (2021 – 39%) were purchased by customers using Help-to-Buy. Overall, 34% (2021 – 28%) of our homes were sold to first-time buyers. The creation of new homes on our developments also impacts the wider community with people moving into new homes from the second-hand market, thereby releasing housing stock.

Homes sold to affordable housing providers

18%

(2021: 22%)

Houses purchased by unassisted first time buyers

13%

(2021: 7%)

Homes purchased by customers using Help to Buy schemes

22%

(2021: 39%)

Homes purchased by first time buyers

34%

(2021: 28%)

We have a proven track record of responding to local community queries relating to planning applications and meeting community needs in the process. In 2022 we contributed £117.2 million (2021 – £71.3 million) to local communities through Section 106 (England and Wales) and Section 75 (Scotland) contr butions, which has brought significant benefits and investment to local communities throughout the UK.

Our construction activities also deliver employment opportunities across the country and we estimate that between 29,300 and 34,800 direct and indirect jobs were supported by Bellway in the past year.

Direct and indirect jobs supported by Bellway

29,300 – 34,800

The Goldsmith show home at Woodland Rise, Hartshorne.

Following COVID-19, our fundraising activities have increased, with us holding our first national charity day across the Group where all colleagues helped raise money for CRUK.

Our relationship with Cancer Research UK has raised a total of £2.56 million for the charity over the lifetime of our partnership, well on the way to achieving our target of £3 million by the end of 2023.

During the year, our divisions have continued to work with local charitable and community organisations. A further £123,435 has been raised for these organisations but our contribution goes much further than financial assistance. Utilising our staff expertise across a range of disciplines, we can offer advice and practical help to organisations, as well as donate items such as appliances and building materials where they are needed.

Total raised for Cancer Research UK

£2.56m

Raised for local charitable and community organisations

£123k

Our new schools engagement programme was rolled out in 2022 as part of our new Better with Bellway sustainability programme. So far, our 22 divisions have linked up with over 500 schools to run programmes designed to attract young people to consider a career in construction.

As part of our sustainability strategy, Bellway has teamed up with the environmental charity Earthwatch to trial Tiny Forests, on and near developments. The first of these trials started near to Bellway's Head Office in Newcastle-upon-Tyne. Volunteers from Head Office came along to the first Tiny Forest Tree Planting Day, along with groups from local schools, to plant 600 saplings using 18 different species of trees, creating a natural habitat for wildlife which is open for the enjoyment of the public.

Tiny Forest biodiversity trial

600

saplings planted

Key Stakeholder Relationships continued

Government and regulators

How we engage

Bellway is apolitical as it has no political affiliations and makes no donations to any political party, causes or campaigns. However, our relationship with central and local government is an important one, given the UK's housing requirements and the part we play in delivering this.

The Government's 'levelling-up agenda' and the importance of housing development in the health of the economy means it is vitally important we engage with key stakeholders in central and local government. Bellway often engages through industry representative bodies on key issues facing the housebuilding sector, for example, building safety. It is through these groups where collective industry positioning is agreed.

Central, devolved, and local government policy in England, Scotland and Wales has a significant impact on the operation of our business, with planning and monetary policy all impacting the supply and demand for housing in the UK.

We work collaboratively with local authorities and other key statutory bodies to ensure developments are brought forward to meet the local housing need. Our contributions to the public purse, through Section 106 (England and Wales) and Section 75 (Scotland) payments help address the wider needs of local communities. These contributions are used for key infrastructure projects to reflect the increase in demand as a result of new homes being built, with roads, schools, doctors and other schemes bringing additional benefits to the communities in which we build.

Bellway engages at a strategic level with senior officials within the Department for Levelling Up, Housing and Communities (DLUHC), HM Treasury and The Cabinet Office to address the pressing issues of accelerating housing delivery, building safety, widening home ownership opportunities and the regeneration of communities.

In London, we work closely with the Greater London Authority and London Borough Councils and engage at a senior level with the Welsh Assembly and the Scottish Parliament where necessary. We also regularly communicate with MPs, MSPs and Welsh Assembly members in dealing with local issues relating to constituency matters.

Homes England, the Government's housing accelerator body, is an important partner as we work with them to meet the housing needs. We work closely on their public land and housing investment agendas. We remain one of the main housebuilders to access the equity loan Help-to-Buy programme, which closes at the end of October 2022, and participate in other forums in order to progress major policy initiatives.

At an industry body level, Bellway is an active member of the Home Builders' Federation (HBF) and uses this trade organisation to provide industry level intelligence and overview of the changing regulatory and Government agenda. We contribute to the positioning of the HBF through our active engagement with the wider industry. We engage and respond to Government directly and through our membership of industry trade organisations.

Since 2010, the Consumer Code for Home Builders has set mandatory requirements that housebuilders must meet in the marketing and selling of new homes, as well as in their after-sales customer service. However, a new independent body, The New Homes Quality Board (NHQB), recently published the New Homes Quality Code (NHQC), which will become the industry code of practice for all registered builders.

Bellway registered with the NHQB in February 2022, and activated our membership in October 2022. Post October, customers who reserve a new home will benefit from the protection of the NHQC and the New Homes Ombudsman Service (NHOS). All others will remain subject to the terms of the current Consumer Code for Home Builders.

Key issues raised

- Building safety and the industry voluntary pledge to remediate buildings
- Local planning issues
- Sustainability and environment
- Leasehold reform
- Health and safety
- Access to housing
- Acceleration of housing supply

Outcomes

We respond to national, regional and local government policies, regulatory changes and provide developments, which meet local needs by creating new sustainable communities in attractive and desirable places which integrate within existing neighbourhoods. Our developments also contribute to the local economy, with the creation of jobs, Council Tax income and an increase in local economic contributions, often providing a catalyst for wider regeneration.

We work with relevant Government departments and agencies in delivering programmes such as Help-to-Buy which supports first-time buyers purchasing their new home.

Through our trade organisation membership, we are able to respond to key Government and regulatory changes.

Our centralised MP and key stakeholders communications ensure we address concerns at a Government and constituent level. Constituent issues raised through local MPs are managed centrally to ensure we provide a consistent response as a business.

We have strengthened our governance around engagement with all MP, MSPs and Welsh Assembly communications and meetings being reported to the Board. Through this approach, we have proactively met and engaged with MPs and other key stakeholders on a number of key topics, including legacy building safety and planning and construction matters, as well as dealing with ongoing constituency matters relating to our developments.

A New Homes Quality Code internal working group has implemented the required changes to our policies and practices to ensure that the business was compliant prior to activation of our registration. Members of this group liaised regularly with representatives from the NHQB, the NHOS, and the HBF, to ensure our compliance with the new requirements.

Risk Management

Our established framework for managing risks has continued to be in place across the business throughout this financial year, with responsibility to implement the Board's policies on risk management and internal control sitting with management.

Our risk management objectives continue to be:

- Assessing emerging and principal risks against an agreed appetite for risk, which is regularly reviewed.
- Improving the balance of risk and return through developing and maintaining a proactive, risk-aware culture.
- Ensuring there is a consistent approach for the identification, assessment, control, monitoring, follow-up and reporting of risks.
- Developing and implementing action plans to ensure that risks are mitigated where required, are within our agreed risk appetite and that improvements are made to our control environment.
- Ensuring the approach to risk management meets the needs of the business, senior management and all key stakeholders.

Risk management framework

The Board

- Overall responsibility for risk management.
- Review, challenge and approve the risk management framework and corresponding policy, processes and annual risk plan.
- Review and agree risk appetite.
- Conduct a robust assessment of the emerging and principal risks facing the Group.
- Review and challenge risk reports.

Audit Committee

- Oversee the risk management framework, policy and processes.
- Review routine risk reports and utilise risk information to review and approve assurance plans and priorities.
- Provide assurance over risk management to the Board.
- Monitor the progress of risk mitigating actions and recommendations.

Executive Management

- Review, challenge and approve the risk management framework and corresponding policy and processes.
- Review and challenge risk information against stated business objectives.
- Approve risk treatments and actions.
- Approve risk reports for the Board.
- Review and agree risk appetite.

Group Risk Director

- Design and implement the risk management framework and corresponding policy and processes.
- Facilitate and implement the risk management framework, policy and processes.
- Undertake risk management activities and produce reports in accordance with risk management policy.

Key

Reports to

Directs and monitors

Risk management roles and responsibilities

In all businesses, responsibility for managing risk sits with every employee. In undertaking their roles, employees are assisting in identifying, assessing and managing risks. Specific roles and responsibilities, as defined in our risk management framework and corresponding policy, are set out in the diagram below:

Risk management process

Identify all business areas → **Evaluate** severity of risks → **Treat** to bring within risk appetite → **Action** mitigate risks (where needed) → **Report** monitor risks and report progress of mitigation

Risk Management continued

Risk management process

A risk register is maintained detailing all potential risks and our risk management processes ensure that all aspects of the Group are considered, from strategy through to operational execution including any specialist business areas.

The risk register is reviewed as part of our management reporting processes, resulting in the regular assessment of risk, severity and any required mitigating actions. The severity of risk is determined based on a defined scoring system assessing risk impact and likel hood.

A summary of risks is reported to management, the Audit Committee and the Board, which is mainly, but not exclusively, comprised of risks considered to be outside of our risk appetite after mitigation. This summary is reviewed throughout the year, with the Board systematically considering the risks and any changes that have occurred. Once a year, via the Audit Committee, the Board determines whether the risk management framework is appropriately designed and operating effectively. The Directors confirm that they have conducted a robust assessment of the principal risks facing the Group.

More information on risk management and internal controls is included within the Audit Committee Report on pages 97 to 105.

Financial risk management

The Group's financial instruments comprise cash and overdrafts, fixed rate sterling USPP notes and various items such as trade receivables and trade payables that arise directly from its operations.

The main objective of the Group's policy towards financial instruments is to maximise returns on the Group's cash balances, manage the Group's working capital requirements and finance the Group's ongoing operations.

Capital management

The Board's policy is to maintain a strong capital base to underpin the future development of the business in order to deliver value to shareholders. The Group finances its operations through reinvested profits, bank facilities, fixed rate sterling USPP notes, cash in hand and the management of working capital.

The dividend is determined following careful consideration of capital requirements, as well as the Group's operational capability to deliver further long-term volume growth. If the final dividend is approved, the total dividend will be covered by total underlying earnings by 2.3 times[2,3] (2021 – 2.7 times).

Management of financial risk

The main risks associated with the Group's financial instruments held during the year have been identified as credit risk, liquidity risk, interest rate risk and housing market risk. The Board is respons ble for managing these risks and the policies adopted, which have remained unchanged during the year and are set out below.

Credit risk

The Group's exposure to credit risk is largely mitigated as the vast majority of the Group's sales are made on completion of a legal contract, at which point monies are received in exchange for transfer of legal title. There is no specific concentration of credit risk in respect of home sales as the exposure is spread over a number of customers.

In respect of trade and other receivables, the amounts presented in the balance sheet are measured at amortised cost less a loss allowance for expected credit losses which are assessed on the basis of an average weighting of the risk of default (see note 8 to the accounts). For this purpose, a default is determined to have occurred if the Group becomes aware of evidence that it will not receive all contractual cash flows that are due. Trade and other receivables includes £18.9 million (2021 – £5.9 million) due from Homes England relating to the Help-to-Buy scheme. As Homes England is a UK Government agency, the Group considers the risk of default to be minimal. Furthermore, the Group had £20.9 million (2021 – £39.6 million) of financial assets relating to loans made by Bellway to equity accounted joint arrangements (note 12). The counterparties to these loans are expected to make a profit and therefore repay the loans in full. The Group therefore considers the risk of default to be minimal.

No credit limits were exceeded during the reporting period or subsequently and the Group dœs not anticipate any losses from non-performance by these counterparties.

The Board considers the Group's exposure to credit risk to be acceptable and normal for an entity of its size, in the industry in which it operates.

Liquidity risk

The Group finances its operations through a mixture of equity (comprising share capital, reserves and reinvested profit) and debt (comprising bank overdraft facilities, borrowings and fixed rate sterling USPP notes). The Group manages its liquidity risk by monitoring existing facilities and cash flows against forecast requirements based on a three-year rolling cash forecast.

The Group's Treasury Policy has, as its principal objective, the maintenance of flexible debt facilities in order to meet anticipated borrowing requirements. The Group's banking arrangements outlined in note 17 to the accounts are considered to be adequate in terms of flexibility and liquidity for its medium-term cash flow needs. Relationships with banks, fixed rate sterling USPP noteholders and overall cash management are co-ordinated centrally. The Group is operating well within its financial covenants and available debt facilities.

Short-term cash surpluses are placed on deposit at competitive rates with high quality counterparties. Other than those disclosed, there are no financial instruments or derivative contracts. The Board therefore considers the Group's liquidity risk to be mitigated.

In relation to land payables, certain payables are secured on the respective land asset held (see note 9 to the accounts). No other security is held against any other financial assets of the Group.

Interest rate risk

Interest rate risk reflects the Group's exposure to fluctuations in interest rates. The risk arises because the Group's overdraft and floating rate bank loans, fully undrawn at year end, bear interest based on SONIA.

The Group's attitude to interest rate risk and forecast debt is influenced by the existing and forecast conditions prevailing at the time that each new interest-bearing instrument is entered into. This will determine, amongst other things, the term and whether a fixed or floating interest rate is obtained.

During the year ended 31 July 2022, it is estimated that an increase of 1% in interest rates applying to the full year would have increased the Group's profit before taxation by £2.2 million (2021 – £2.7 million).

Housing market risk

The Group is affected by movements in UK house prices. These in turn are affected by factors such as credit availability, employment levels, interest rates, consumer confidence and supply of land with planning.

While it is not poss ble for the Group to fully mitigate housing market risk on a national macrœconomic basis, the Group dœs continually monitor its geographical spread within the UK, seeking to balance investment in areas offering the best immediate returns with a long-term spread of its operations throughout the UK to minimise the effect of local microœconomic fluctuations.

Going concern statement

After conducting a full review, the Directors have a reasonable expectation that the Group has adequate resources to fund its operations for at least the period to 31 July 2024, aligning with the first year-end after the minimum 12 month assessment period. For this reason, they continue to adopt the going concern basis in preparing the financial statements as discussed further on pages 129 and 148.

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code, the Directors have assessed the viability of the Group over the period to 31 July 2026, which is longer than required by the going concern assumption. This period is consistent with the Group's detailed bottom-up forecasts which assess future profitability, cash flows and the land bank and are overlayed with prudent Group level assumptions.

Factors considered in assessing the long term viability

In assessing the Group's forecasts and long-term viability, the following factors are considered:

Factor	Consideration
Group's latest performance	This considers the trading performance in both the year ended 31 July 2022 and in the first nine weeks of the new financial year including any changes to selling prices. In addition, any relevant external factors that may affect Bellway, such as any changes to government policies, regulations and mortgages, were considered.
Group's current financial position	This considers the latest net cash held by the Group and the expiry date of existing debt financing. Furthermore, consideration is given to the land and work-in-progress held on the balance sheet at 31 July 2022.
Group's strategy	Whether the base forecast is consistent with the Group's strategy, both financial and non-financial.
Principal risks	Whether the principal risks associated with achieving the Group's strategy, particularly those that would have a significant effect on Bellway's ability to meet its liabilities over the period of the viability assessment, are incorporated.

Group forecast methodology

The Group's bottom-up forecasts are updated on at least a monthly basis by the 22 operating divisions, and are subject to review by the divisional management team, Regional Chairmen and Group management.

The forecasts consider the profitability, cash flows, debt covenants, land bank and other financial and non-financial metrics over the period. These forecasts also incorporate anticipated costs arising from adopting the Future Homes Standard, which is linked to the environment and climate change risk. The viability assessment has not been materially affected by climate change considerations.

Risk Management continued

The main assumptions used in preparing the forecasts are:

- The number, timing and selling price of legal completions.
- Production volumes and the associated build costs.
- The quantity and timing of land spend.
- The quantity and timing of spend following the signing of the Building Safety Pledge.
- Working capital requirements.
- Dividend payments.
- Corporation tax.

Viability assessment

The viability assessment is based on the Group's current position and the potential effect of the principal risks facing the Group, which are summarised on pages 79 to 83. The principal risk that has been identified as the most severe and plaus ble scenario is:

Risk	Relevance to scenarios
External environment: Including housing demand, mortgage availability and government housing policy.	A reduction in private completions and private ASP due to a decline in demand.

The most severe but plausible downside scenario is a severe recession. It includes the following principal assumptions:

- Private completions in H1 FY23 are supported by the strong forward order book, but marginally reduce compared to that achieved in H1 of FY22. In the 12 months to 31 January 2024, private completions reduce by around 50% compared to the 12 month pre-stress peak achieved in FY22. This is followed by a gradual recovery based on the lower base position.
- Private average selling price in H1 FY23 remains in line with internal forecasts due to the strong order book position. In the 12 months to 31 January 2024, the private average selling price reduces by 10% compared to the latest achieved pricing. This is followed by a gradual recovery based on the lower base position.
- These assumptions reflect the Group's experience in the 2008/09 Global Financial Crisis.

A number of prudent mitigating actions were incorporated into the plaus ble but severe downside scenario, including:

- Plots in the land bank only being replaced at the same rate that they are utilised.
- Construction spend is reduced in line with housing revenue.
- Dividends were reduced in line with earnings.

None of the mitigating actions included within the scenario would permanently hamper the long-term growth aspirations of the Group.

In addition, several further mitigating measures remain available to management that were not included in the scenario. These include withholding discretionary land spend and instead trading out of the existing substantial land holdings and further reducing construction spend in recognition of the strong carried forward work-in-progress position at 31 July 2022.

The output of this review considered the profitability, cash flows and funding requirements of the Group over the period to 31 July 2026. The assessment included an assumption that existing debt facilities remained in place, but, very cautiously, were not renewed at the end of their term.

In the most severe but plausible scenario, the Group had significant headroom in both its financial debt covenants and existing debt facilities and met its liabilities as they fall due. Based on the results of this review, the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 31 July 2026.

Principal Risks

The Board has completed its assessment of the Group's emerging and principal risks. The following nine principal risks to our business have been identified:

Risk and description	Strategic relevance	KPIs	Mitigation
Construction resources			
Shortages of building materials and appropriately skilled subcontractors at competitive prices.	• Failure to secure the required quantity and quality of resources causes delays in construction, impacting the ability to deliver volume growth targets. • Pricing pressures / increased costs impact returns.	• Number of homes sold. • Operating profit. • Operating margin. • EPS. • Gross margin. • Customer satisfaction score.	• Robust forecasting and forward planning of labour and materials requirements. • Processes are in place to select, appoint, manage, and build long-term relationships with subcontractors and suppliers. • Review of subcontractor and supplier performance, with regular communications to understand their position and any potential issues with their own supply chain. • Competitive rates and prompt payment.
Economy and market			
Changes in the external environment (including, but not limited to, house price inflation, interest rates, mortgage availability, unemployment, Government housing policy and post Brexit trade agreements) reduce the affordability of new homes.	• Reduced affordability has a negative impact on customer demand for new homes and consequently our ability to generate sales at good returns.	• Number of homes sold. • Operating profit. • Operating margin. • RoCE. • EPS. • Gross margin. • Customer Satisfaction score. • Reservation rate. • Order book value.	• Board level monitoring of the housing market and economic environment alongside key business metrics, leading to development of action plans as necessary. • Disciplined operating framework, strong balance sheet and low financial gearing. • Product range and pricing strategy based on regional market conditions. • Regular engagement with industry peers, representative bodies, and new build mortgage lenders. • Use of sales incentives such as part-exchange, and Government-backed schemes to encourage the selling process. • Quarterly site valuations and monthly budget reviews based on latest market data.

Principal Risks continued

Risk and description	Strategic relevance	KPIs	Mitigation
Environment and climate change			
Failure to evolve sustainable business practices and operations in response to climate change, including physical environmental impacts and transition risks associated with new regulation, reporting requirements, and increased social / market expectations.	• There is an increased focus on the actions taken by businesses in response to climate change and the disclosures made. Failure to improve policies, reporting and performance in line with new Government regulations and heightened social / market expectations could lead to financial penalties and reputational damage. • The physical impacts of climate change (such as extreme weather) could lead to disruptions within the supply chain and build programmes.	• Tonnes of carbon emissions per legal completion. • Percentage of renewable electricity. • Tonnes of waste per home built • Percentage of waste diverted from landfill.	• Continual monitoring of new and evolving requirements as part of our legal and regulatory compliance framework, including TCFD, the Future Homes Standard and the Environment Act. • Climate change and carbon reduction is a key priority under the Group's Better with Bellway sustainability strategy. • Dedicated sustainability, innovations and biodiversity resource in place to assess risks relating to climate change, monitor performance and drive improvement. • Consultation with specialist external advisors and subject matter experts (e.g. sustainability consultants). • Regular review of the design and features of new homes, along with construction methods and the sustainability of materials, to increase energy efficiency and reduce waste. • Investment in energy-saving measures for offices and sites, including transition to REGO certified electricity. • Development of science-based carbon reduction targets.
Health and safety			
A serious health and safety breach and/or incident occurs.	• Failure to maintain safe working conditions would impact employee wellbeing and the creation of a positive working environment. • Injury to an individual whilst at one of our business locations could delay construction and result in criminal prosecution, civil litigation, and reputational damage.	• Number of RIDDOR seven-day reportable incidents per 100,000 site operatives. • Health and safety incident rate. • Number of NHBC Pride in the Job Awards.	• Health and safety policy and procedures in place, supported by Group-wide training. • Regular visits to sites by both our Group Health and Safety function (independent of divisions) and external specialist consultants to monitor standards and performance against health and safety policies and legislation. • The Board considers health and safety matters at each meeting.

Risk and description	Strategic relevance	KPIs	Mitigation
Human resources			
Inability to attract, recruit and retain high quality people.	• Failure to attract and retain people with appropriate skills would affect our ability to perform and deliver our strategy and volume growth targets.	• Employee turnover. • Number of graduates, trainees, and apprentices. • Employees who have worked for the Group for 10 years or more. • Training days per employee. • Senior management gender split. • Percentage of staff in earning and learning roles. • Employee engagement survey response rate.	• Continued development of our Group HR function and implementation of our people strategy. • Established human resources programme for apprentices, graduates, and site management. • Monitoring of staff turnover and analysis of feedback from exit interviews. • Competitive salary and benefits packages which are regularly reviewed and benchmarked. • Employee engagement activities undertaken, including an annual survey, with results communicated to the Board. • Succession plans in place and key person dependencies identified and mitigated. • Robust programme of training provided to employees which is regularly updated and refreshed. • Senior Leaders Development Programme completed, with Middle Managers Programme currently being developed.
IT and security			
Failure to have suitable IT systems in place that are appropriately supported and secured.	• Poor performance of our systems would disrupt operational activity and impact the delivery of our strategy. • An IT security breach could result in the loss of data, with significant potential fines and reputational damage.	• Operating profit. • Operating margin. • RoCE. • EPS. • Gross margin. • Customer Satisfaction score.	• Continued investment in infrastructure and systems. • Group-wide systems in operation which are centrally controlled by an in-house IT function, supported by a specialist outsourced provider. • IT security policy and procedures in place with regular Group-wide training. • Regular review and testing of our IT security measures, contingency plans and policies. • Security Committee in place.

Principal Risks continued

Risk and description	Strategic relevance	KPIs	Mitigation
Land and planning			
Inability to source suitable land at appropriate gross margins and return on capital employed. **Delays and complexity in the planning process.**	• Insufficient land at appropriate margins, onerous planning conditions or a failure to obtain planning approval within appropriate timescales would exacerbate the challenge of developing new homes, restrict our ability to deliver volume growth targets and impact future returns.	• Number of homes sold. • Operating profit. • Operating margin. • RoCE. • EPS. • Gross margin. • Number of plots in owned and controlled land bank with DPP. • Number of plots in 'pipeline'. • Number of plots in strategic land bank – positive planning status. • Number of plots in strategic land bank – longer-term interests. • Number of plots acquired with DPP. • Number of plots converted from medium-term 'pipeline'.	• Continued development of our Group Strategic Land function and implementation of our land strategy. • Increased investment in land and more sites with detailed planning permission (DPP). • Regular review by both Group and divisions of the quantity, location, and planning status of land against growth targets to ensure our land bank supports immediate, medium-term, and strategic requirements. • Formal land acquisition process in place for the appraisal and approval of all land purchases, including pre-purchase due diligence and Group level challenge of viability assumptions. • Group and divisional planning specialists in place to support the securing of implementable planning permissions.
Legal and regulatory compliance			
Failure to comply with legislation and regulatory requirements.	• Lack of an appropriate compliance framework and/or compliance breaches could incur fines, delay business operations and lead to re-work across sites, which will impact our reputation and profitability.	• Number of homes sold. • Operating profit. • Operating margin. • RoCE. • EPS. • Gross margin.	• In-house expertise from Group functions such as Company Secretariat, Legal, Health and Safety and Technical / Design, who advise and support divisions on legal compliance and regulatory matters. • Consultation with Government agencies, specialist external legal advisors and subject matter experts, (e.g., fire safety engineers). • Strengthened Group-wide policies, guidance, and training in place supported by externally facilitated whistleblowing and reporting procedures. • Continual monitoring and review of changes to legislation and regulation, including Government guidance, advice notes and sector specific updates. • Regular liaison with industry peers and the HBF on compliance requirements and matters.

Risk and description	Strategic relevance	KPIs	Mitigation
Unforeseen significant event			
An unforeseen significant national or global event occurs.	• The economic uncertainty brought about by an unforeseen significant event, such as the COVID-19 pandemic, could materially impact the Group's operations and liquidity. • Damage to reputation if the Group is not perceived to be following Government guidelines and acting responsibly. • We are also mindful of the continuing conflict and humanitarian crisis in Ukraine. We continue to monitor the situation, acknowledging the potential impact on the UK economy, supply chains and inflation.	• NAV. • Operating profit. • Operating margin. • RoCE. • EPS. • Total dividend per ordinary share. • Gross margin. • Reservation rate. • Order book value. • Employee turnover.	• Strong balance sheet, low financial gearing, committed bank loan facilities and USPP debt which would help ensure resilience during a recession. • Maintenance of business resilience and continuity plans covering offices, sites, and IT. • Experienced and well-established senior management team. • Continued investment in systems and infrastructure to enable robust home working. • Monitoring of Government guidelines (including Public Health England and the Construction Leadership Council). • Regular communications with subcontractors and suppliers to understand their position and any potential issues with their own supply chain.

The Group also considers any emerging risks that have the potential to impact the achievement of our strategy, but which cannot yet be fully defined and assessed. These uncertainties are reviewed as part of our established risk management framework, discussed regularly by management, the Audit Committee and the Board, and elevated to principal risks (either as new risks or an extension of existing risks) when warranted.

Investing in People

Bellway wouldn't exist without the talent and commitment of our colleagues. We invest in our people to ensure that they have the training and ongoing development necessary to develop their careers and produce work they can be proud of.

WE'RE MAKING BETTER CHOICES FOR OUR COLLEAGUES

Creating a safe, diverse, and inclusive environment, as well as investing in and upskilling our workforce, are just some of the ways we can ensure that Bellway is an employer of choice.

Read more on page 40.

Diversity, Inclusion and Belonging

As a responsible employer, we are committed to being an inclusive organisation that strives to create a working environment that is open, diverse, and free from all forms of prejudice and discrimination.

The Future of Bellway

As an active member of 'The 5% Club', we commit to having at least 5% of our workforce employed in 'earn and learn' roles, including apprenticeships, student placements, and graduate roles.

At least 5%

of our workforce employed in 'earn and learn' roles

Governance

Board of Directors and Group General Counsel and Company Secretary

John Tutte
Chairman
Appointed 1 March 2022

N* R

Background and experience
John was appointed to the Board on 1 March 2022 as Non-Executive Chairman Designate, and succeeded Paul Hampden Smith as Non-Executive Chairman and Chair of the Nomination Committee on 1 April. He is qualified in civil engineering and has over 40 years experience within the industry through various senior roles at Redrow plc, including Group Chief Executive, Executive Chairman and then Non-executive Chairman, prior to him retiring from the Board in 2021.

Other appointments
- Home Builders Federation – Non-executive director.

Jason Honeyman
Group Chief Executive
Appointed 1 September 2017

NR*

Background and experience
Jason commenced employment with the Group in January 2005 as Managing Director of the Thames Gateway division, becoming Southern Regional Chairman in December 2011. Jason joined the Board as Chief Operating Officer and was promoted to Group Chief Executive on 1 August 2018.

Denise Jagger
Senior Independent Non Executive Director
Appointed 1 August 2013

A N R

Background and experience
Denise, a solicitor, was appointed as a Non-Executive Director on 1 August 2013 and became senior independent non-executive director on 1 November 2018. Until 30 April 2020, Denise was a consultant at Eversheds-Sutherland LLP, having been a partner from 2004 to April 2019. Previously she was Company Secretary and General Counsel at ASDA Group plc, and prior to this she worked in corporate finance with Slaughter and May. Denise's previous non-executive directorships include Redrow plc and SCS Upholstery plc.

Other appointments
- CLS Holdings plc – non-executive director, Chair of the Remuneration Committee and a member of the Audit Committee.
- Pool Reinsurance Limited – non-executive director and Chair of Remuneration Committee and Nominations and Conflicts Committee.
- University of York – Chairman and pro Chancellor, Member of the Finance Committee, and Member of the Remuneration Committee
- The National Trust – Trustee, Member of Remuneration Committee, and Member of Audit Committee

Jill Caseberry
Independent Non Executive Director
Appointed 1 October 2017

A N R*

Background and experience
Jill was appointed to the Board as a Non-Executive Director on 1 October 2017. Jill has extensive sales, marketing and general management experience across a number of blue-chip companies including Mars, PepsiCo and Premier Foods.

Other appointments
- Halfords Group plc – non-executive director, Remuneration Committee Chair and a member of the Audit, Nominations and ESG Committees.
- C&C Group plc – non-executive director and a member of the Remuneration and ESG Committees.
- St. Austell Brewery Company Limited – Senior Independent Director. Chair of the Remuneration Committee and a member of the Audit and Nomination Committees.
- Bakkavor Group plc – non-executive director, a member of the Remuneration Committee, a member of the Nomination Committee and designated workforce engagement Non-executive Director.

Keith Adey

Group Finance Director

Appointed 1 February 2012

NR

Background and experience

Keith, a Chartered Accountant, joined Bellway in December 2008 as Group Chief Accountant, becoming Group Finance Director on 1 February 2012. Prior to joining Bellway he worked at KPMG and Grainger plc.

Simon Scougall

Group General Counsel and Company Secretary

Appointed 1 February 2016

Background and experience

Simon, a solicitor, was appointed Group General Counsel and Company Secretary in February 2016. Simon joined Bellway in March 2011 and has held senior positions within the Group including that of Group Commercial Director. He has over 20 years' experience in the housebuilding sector, working either in-house or for clients in private practice.

Sarah Whitney

Independent Non Executive Director

Appointed 1 September 2022

A N R

Background and experience

Sarah, a chartered accountant, was appointed to the Board as a Non-Executive Director on 1 September 2022.

She was formerly a partner at PricewaterhouseCoopers and held roles as Head of the Consulting & Research business at DTZ Holdings (now Cushman & Wakefield), and then at CBRE as an Executive Director heading the Government & Infrastructure team.

Previously Sarah has held a Non-executive Director role at St Modwen Properties PLC and was Chair of the Audit & Risk Committee of The Land Restoration Trust.

Other appointments

- A non-executive director and Chair of the Audit and Management Engagement Committees at JP Morgan Global Growth & Income plc.
- Chair of the Supervisory Board of BBGI Global Infrastructure S.A. and Chairman of the Nomination Committee.
- A non-executive director and member of the Audit and Management Engagement Committees of Tritax EuroBox plc.
- Trustee and Chair of the Investment Committee of The Canal & River Trust.

Ian McHoul

Independent Non Executive Director

Appointed 1 February 2018

A* N R

Background and experience

Ian, a Chartered Accountant, was appointed to the Board as a Non-Executive Director on 1 February 2018, and appointed as Chairman of the Audit Committee on 12 December 2018. He was Finance & Strategy Director of the Inntrepreneur Pub Company Limited from 1995 to 1998 and then served at Scottish & Newcastle plc from 1998 to 2008, first as Finance Director of Scottish Courage and later as Group Finance Director of Scottish & Newcastle plc. From 2008 to 2017 he was Chief Financial Officer of Amec Foster Wheeler plc. He was also a non-executive director of Premier Foods plc from July 2004 to April 2013.

Other appointments

- Videndum plc – Chairman.
- Young & Co's Brewery, P.L.C. – non-executive director and Chairman of the Audit Committee and member of the Remuneration Committee.

Key:

A	Audit Committee
NR	Board Committee on Non-Executive Directors' Remuneration
N	Nomination Committee
R	Remuneration Committee
*	Denotes Committee Chair

Paul Hampden Smith

Chairman

Appointed 1 August 2013
Resigned 31 March 2022

N* R

Chairman's Statement on Corporate Governance

We have strong foundations and a strategic plan in place to improve the diversity of the Board and the Group as a whole.

John Tutte
Chairman

Dear Shareholder

I am delighted to have joined Bellway as Chairman and I have been impressed with the Company's commitment to corporate governance which is embedded within the business. I do however recognise we can build on these strong foundations and we have a strategic plan to improve corporate governance, sustainability and diversity at all levels of the organisation.

Diversity

The Board is naturally committed to achieving long-term success for the Group through the delivery of its strategy. We believe a highly qualified board with directors from a diverse background will improve corporate governance and decision-making. The Board is therefore committed to making appointments on merit, against objective criteria and strongly supports boardroom diversity in all its characteristics, including but not limited to, age, gender, race, education, professional background and experience. As part of Board succession planning, the Nomination Committee has been actively working on promoting diversity with the objective of aligning Board composition with the Parker Review and The FTSE Women's Leaders Review recommendations. During the year, Sarah Whitney has been appointed as Non-Executive Director, I am therefore pleased to report that women now make up 43% of our Board. The Board recognises that increased ethnic diversity is necessary and continues to actively work towards this. Our Board Diversity Policy is available to view on our website.

Diversity extends beyond the boardroom and the Board values diversity across the workforce. Becoming an Employer of Choice is a flagship pillar of our Better with Bellway strategy. (more details on pages 40 & 41). and this objective includes becoming a more open, diverse and inclusive organisation. We are committed to providing a great working environment which recognises that people from different backgrounds, experiences and abilities can bring fresh ideas and innovation to improve our business. We want to ensure that equality, diversity and inclusion is embedded in our culture, and reflected in our people and behaviours.

The UK construction sector has historically been a male dominated environment and tang ble change will take some time to accomplish. We are committed to increasing the number of females in the business, especially in senior roles, and we continue to invest in our apprentice and graduate schemes to bring new diverse talent into the business.

Sustainability

The Board has worked hard to set an ambitious ESG agenda, and I am pleased to update you on the significant efforts that have been made in this area during the year.

During the year we launched our new Better with Bellway strategy which has sustainability at its heart and reinforces our commitment to operating in a respons ble and ethical manner.

In 2017, the Financial Stability Board released its report on the recommendations of the TCFD. We acknowledge the importance of these disclosures and we are committed to implementing the recommendations in full. This is our second year of making TCFD disclosures, and we will continue to refine and develop our approach. More information on TCFD reporting can be found on page 46 to 53.

In addition, as part of our Better with Bellway strategy, we have chosen to report against GRI, SASB and SDGs reporting frameworks as these were identified as being most relevant to our investors.

GRI reporting standards enable organisations to report on their impact on the economy, environment and people. We have chosen to report against the core option of the 2016 GRI standards, this is the first time we have reported against the GRI standards (more detail on page 194 to 198).

SASB have produced standards to focus companies disclosing performance on the most financially material sustainability topics for the benefit of investors. We have reported against the standards applicable for our industry for the first time this year (more detail on page 189 to 193).

There are 17 SDGs in total, and Bellway have mapped the goals which are applicable against the new Better with Bellway strategy (more detail on page 199).

Board effectiveness and evaluation

In line with the UK Corporate Governance Code, we undertake a formal and rigorous annual evaluation of our own performance and that of our Committees and individual directors. We operate a three-year cycle of internal and externally facilitated reviews. Bellway's last externally facilitated evaluation took place in 2020. The 2022 evaluation was conducted internally with the support of the Group General Counsel and Company Secretary.

Each Director and the Group General Counsel and Company Secretary completed a questionnaire in relation to the performance of the Board and any Committees on which they were a member. This was followed by individual discussions with each Director and the Group General Counsel and Company Secretary on the points raised.

My performance was assessed by the Senior Independent Non-Executive Director, who considered the views of the other Directors and the Group General Counsel and Company Secretary as part of the process.

I evaluated the performance and effectiveness of each of the Directors and the Group General Counsel and Company Secretary. Each Committee Chairperson reviewed the responses to the Committee questionnaires before reaching their conclusions on how the Committees had performed during the year. The Board, led by myself, evaluated its own performance.

These evaluations concluded that the Board and Committees were well run and continued to be operating effectively.

The main areas highlighted for further development or improvement were:

- The Board should give consideration to its formal objectives and regularly appraise itself against them.
- To further consider Board and Committee membership in line with the Parker Review recommendations.
- Further promote greater interactions between senior managers and the Board to better understand current challenges.

The areas highlighted for improvement in last year's internally facilitated Board evaluation and the progress made are set out in the table below.

Compliance with the UK Corporate Governance Code (the 'Code')

I am pleased to confirm that the Board considers that it has complied throughout the year with the detailed provisions of the Code published in July 2018. The Code is available, free of charge, from the Financial Reporting Council, online at www.frc.org.uk or by telephoning 020 7492 2300.

Shareholder engagement

The Group encourages active dialogue with its private and institutional shareholders, and the Directors communicate with both existing and prospective institutional shareholders on a regular basis and as requested. During the year a Group IR Director has been appointed to further enhance this engagement.

In September 2022 myself, and the Executive Directors hosted an in person, meet the team event at our development in Great Dunmow, attended by institutional investors, analysts and shareholders, with other members of the senior management team present.

We also consulted with a number of shareholders on our plans for Executive Director remuneration. The Board receives regular updates from our advisers on investors' and analysts' feedback on the Group.

Shareholders are also kept up-to-date with our progress throughout the year through the Annual Report and Accounts, and announcements to the London Stock Exchange for the full year and half year results and trading updates.

The whole Board is available for questions at the AGM, to which institutional and private investors are invited to attend. I am pleased to report that at the last AGM, over 98% of total votes cast were in favour of the resolutions put to shareholders by the Board.

The Senior Independent Non-Executive Director and I are always available to discuss issues with current and prospective shareholders and institutions. In addition, the whole Board is regularly updated at Board meetings on shareholder and investor views and activities by the Group Chief Executive, Group Finance Director and Group General Counsel and Company Secretary.

Further information for shareholders is available on our website at www.bellwayplc.co.uk.

John Tutte
Chairman

17 October 2022

Board evaluation 2020/21 update

Action point	Progress
Annual review of the crisis management protocol with a focus on learnings.	The crisis management protocol was reviewed during the year and has been scheduled for annual review going forward.
Have clarity of board objectives based on the evaluation feedback and identify tangible actions for what will be done differently.	The feedback has recognised progress but given the recent change in board composition there is further work to undertake.
ESG progression.	The Better with Bellway strategy has been launched during the year which includes ambitious ESG targets.
Following COVID-19, the reintroduction of Chairman dinners and divisional visits by Non-Executive Directors.	Chairman dinners and divisional visits by Non-Executive Directors have been reintroduced.
Chairman and Senior Independent Director succession planning.	A new Chairman was appointed during the year and a new Senior Independent Director will be announced ahead of the AGM.

Board Leadership

Left to Right: Keith Adey Denise Jagger John Tutte Sarah Whitney Ian McHoul Jason Honeyman Jill Caseberry Simon Scougall

Board of Directors

Audit Committee
See pages 97 to 105.

Nomination Committee
See pages 95 to 96.

Remuneration Committee
See pages 106 to 125.

Board Committee on Non Executive Directors' Remuneration
See page 94.

Executive Directors

Group General Counsel and Company Secretary

Head Office Senior Management Team

Better with Bellway Leadership Committee

Regional Chairmen

Divisional Boards

Division of Responsibilities

Statement about applying the principles of good governance

The Board acknowledges the importance of, and is committed to the principle of, achieving and maintaining a high standard of corporate governance and in promoting a positive culture within the Group.

We have applied the principles of good governance, including both the Main Principles and the Supporting Principles, by complying with the Code. Further explanations of how the Main Principles and Supporting Principles have been applied are set out below and in the Remuneration Report.

Leadership

The Board is the principal decision-making body of the Group and is collectively responsible to shareholders for promoting the long-term success of the Group.

At the date of this report, the Board consists of seven directors whose names, responsibilities and other details appear on pages 86 to 87. Currently two of the directors are executive and five are non-executive.

The Board sets the strategic aims, ensures that the necessary resources (including finances, people and materials) are in place for the Group to meet these objectives and also reviews management performance. It defines the Group's values and standards and ensures that its obligations to its shareholders are understood and met.

The Board has put in place the following structure which allows it to provide entrepreneurial leadership of the Group and to delegate authority for operational matters through a framework of prudent and effective controls, which enable risk to be assessed and managed.

Chairman

- Promoting the highest standards of integrity, probity and corporate governance throughout the Group and particularly at Board level including ensuring that the correct cultural tone is set from the top.
- Ensuring that the Group complies with the requirements of the UK Corporate Governance Code and adheres to the highest standards of governance.
- Leading the Board and ensuring its effectiveness.
- Setting the Board's agenda.
- Ensuring the Directors receive accurate, timely and clear information.
- Ensuring effective communication with shareholders.
- Ensuring the effective conduct of Board meetings and facilitating the effective contribution of all directors and the Group General Counsel and Company Secretary.
- Leading the evaluation of the performance of the Board, its Committees, individual directors and Group General Counsel and Company Secretary.
- Overseeing the induction of any new Board Directors and the development of existing Directors.
- Ensuring that the views of shareholders are communicated to the Board as a whole.
- Encouraging constructive relations between the Executive and Non-Executive Directors and the Group General Counsel and Company Secretary.
- Approving land purchases over specified limits in conjunction with the wider Board.

Group Chief Executive

- Implementing the strategy agreed by the Board.
- Leading the Executive Directors, the Group General Counsel and Company Secretary and the senior management team in the day-to-day running of the Group's business.
- Ensuring the effective implementation of Board decisions.
- Reviewing the Group's organisational structure and recommending changes as appropriate.
- Supervising the activities of the Regional Chairmen and divisional senior management, overseeing their development and succession planning.
- Overseeing Group operations.
- Overseeing the activities of subsidiary companies.
- Approving land purchases, within specified limits.
- Overseeing divisional expansion plans.
- Together with the Chairman, providing coherent leadership of the Group, including representing the Group to customers, suppliers, government, shareholders, financial institutions, employees, the media, the community and the general public.
- Keeping the Chairman informed of all important matters.
- Overseeing the health and safety, sales and marketing, public relations, and technical departments.

Group Finance Director

- Devising and implementing the financial strategy and policies of the Group, including treasury and tax.
- Developing budgets and financial plans.
- Responsible for the Group's investor relations activities.
- Responsible for delivering the Board agreed sustainability and ESG strategy.
- Overseeing the sustainability, finance, IT and risk departments.

Senior Independent Non-Executive Director

- Acting as a sounding board for the Chairman, Executive Directors and the Group General Counsel and Company Secretary.
- Being available to shareholders.
- Leading the annual appraisal of the Chairman.
- Holding meetings with the Non-Executive Directors without the Chairman present.

Non-Executive Directors

- Constructively challenging management.
- Contributing to the development of strategy.
- Scrutinising the performance of management.
- Ensuring integrity of financial information and financial controls and ensuring systems of risk management are robust.
- Determining appropriate levels of Executive Director, Group General Counsel and Company Secretary and Regional Chairman remuneration.
- Appointing and removing Executive Directors and succession planning.
- Serving on Board committees.

Division of Responsibilities continued

Group General Counsel and Company Secretary

- Supporting the Chairman and Group Chief Executive in fulfilling their duties.
- Keeping the Board regularly updated on corporate governance, legal, commercial and HR matters.
- Responsible for legal compliance throughout the Group including ensuring policies and procedures are maintained and updated on a regular basis.
- Providing support to the Board and Committees.
- Overseeing the legal, company secretarial, HR, land, strategic land and planning departments.
- Supporting the Group Finance Director on the sustainability and ESG agenda.
- Managing the Group's external legal panel.

Better with Bellway Leadership Committee

- The Better with Bellway Leadership Committee is comprised of Group Finance Director, Group General Counsel and Company Secretary, Group Production Managing Director and Group Head of Sustainability.
- Oversees the continued development of the Better with Bellway strategy, objectives, and targets.
- Engages with the Board and key external stakeholders.
- Works with senior management across the business to embed the Better with Bellway strategy into day to day activities.

Board effectiveness

All Directors have access to the advice and services of the Group General Counsel and Company Secretary and his department. All of the Directors may take independent professional advice at the Group's expense where they judge it necessary to discharge their respons bilities as Directors.

In accordance with the Code, all of the Directors will retire from the Board and offer themselves for re-election or election at the forthcoming AGM. None of the Executive Directors hold external directorships.

The Board, its Committees and the individual Directors are subject to annual performance evaluation and all Directors are subject to annual re-election by shareholders. The Board regularly reviews the Directors' other interests and appointments to ensure that there are no conflicts of interest.

The Chairman is responsible for leading the Board and ensuring it operates effectively. The Directors possess an appropriate balance of skills, knowledge and experience to meet the requirements of the business. The Board recognises the value of both gender and ethnic diversity as well as the recommendations of the Parker Review, this will be taken into careful consideration when addressing Board succession.

Conflicts of interest

Pursuant to the provisions of the Companies Act 2006 relating to conflicts of interest, the Board has put in place a register to deal with the notification, authorisation, recording and monitoring of Directors' interests and these procedures have operated throughout the year.

Board activity during the year

The Board meets formally and informally during the year to consider strategy, performance, risk, major land acquisitions, potential conflicts of interest and reports from senior employees and external advisers.

One meeting a year is devoted entirely to the consideration of strategy where the Board agrees the way forward and ensures that the necessary financial, human, land and other resources are in place to meet its objectives. Areas focused on during the strategy day were the following strategic priorities of:

1. Delivering volume growth.
2. Better with Bellway.
3. Value creation.

Each year we hold separate annual conferences for the divisional Managing, Finance, Sales, Technical and Commercial Directors and our Planning Managers which are attended by Executive Directors or members of the Group Office senior management team.

We also host informal Board dinners where senior management meet members of the Board. The Chairman meets with Executive Management and individual Directors on a regular basis outside of Board meetings. This process allows for two-way discussion, enabling the Chairman to act as necessary to deal with any issues relating to Board effectiveness.

Membership and meeting attendance

Director	Date appointed to the Board	Number of meetings attended during the year
John Tutte (Chairman)	1 March 2022, appointed Chairman 1 April 2022	4/4
Paul Hampden Smith (Chairman)	1 August 2013, appointed Chairman on 12 December 2018 Resigned 31 March 2022	5/5
Denise Jagger	1 August 2013	8/8
Jill Caseberry	1 October 2017	8/8
Ian McHoul	1 February 2018	8/8
Jason Honeyman	1 September 2017	8/8
Keith Adey	1 February 2012	8/8
Sarah Whitney	1 September 2022	0/0

The number of Committee meetings are set out in each Committee report. There were no absences from any Board or Committee meetings.

The Executive Directors and Group General Counsel and Company Secretary regularly met with the divisions during the year. The Board also received presentations from the Regional Chairs and certain Group Functional Heads, with an update on their operating area including the opportunities and challenges they face, and from external advisors.

Each Non-Executive Director separately visits at least one division during the year, independent of the Executive Directors, and reports their key findings and observations at the next Board meeting.

Meetings with operational management ensured that the Board's standards and values for integrity and honesty are disseminated. Each of our divisions has its own management team and staff who manage and take pride in the success of their own operational business within the strategy set by the Board. In this way we create a culture that motivates and rewards our colleagues. We promote a supportive culture that enables our employees to develop their talents and skills. The Board assesses the Group's corporate culture through various interactions with senior management and the wider workforce including Board presentations, divisional visits, Board dinners and the employee awards. The Board has concluded that the corporate culture of the Group is of a high standard.

The Board has adopted a schedule of matters that are specifically reserved for its decision, which includes strategy and management, structure and capital, financial reporting and controls, internal controls covering both financial and operational areas of the business, land acquisition above specified limits, contracts and agreements, communication, Board membership and other appointments, remuneration, delegation of authority, corporate governance matters, Group policies and other miscellaneous items.

In addition, it has a series of matters that are dealt with at regular Board meetings including both an operational and strategic review, a financial review, major land acquisitions, major projects, risk, health and safety, sales and customer care, HR, reporting requirements, corporate governance and internal control, including any whistleblowing issues.

The Board also takes a report from the Group General Counsel and Company Secretary on legal, HR, commercial and corporate governance matters at each Board meeting.

In between Board meetings, the Directors receive updates from the Chairman or the Group General Counsel and Company Secretary to advise them of any significant matters affecting the Group or its performance.

During the year the work carried out by the Board included:

- Strategy.
- Considering regular reports on KPIs from the Group Chief Executive.
- A review of risk and internal control.
- Consideration of recommendations from the Board Committees.
- Scrutiny of reports from the Group Chief Executive, Group Finance Director, Group General Counsel and Company Secretary and senior management at each Board meeting.
- Considering regular reports on health and safety matters from the Group Chief Executive and approval of the health and safety targets for FY23.
- Approval of major land purchases.
- Board evaluation.
- Approval of debt facility agreements.
- Receiving presentations from the four Regional Chairmen on the performance of the divisions under their responsibility.
- Receiving presentations from Finance, HR, IT, Procurement, Sales and Marketing, Commercial and Technical Head Office departments.
- Receiving presentations on sustainability and approval of corporate responsibility targets for FY23 from the Better with Bellway Leadership Team.
- Approval of the Better with Bellway strategy.
- Approval of signing up to the Building Safety Pledge.
- Approval of the Group's tax strategy.
- Approval of major IT expenditure.
- Approval of the Group's insurance programme.
- Approval of the Group's Slavery and Human Trafficking Statement for 2021.
- Approval of the Annual Report and Accounts for 2020/21.
- Approval of the preliminary announcement, interim results and trading updates.
- Recommending the final dividend for 2020/21 to be approved by shareholders.
- Approval of the interim dividend for 2021/22.
- Defence document review and meeting with corporate advisors.
- Crisis protocol review.
- Approval of HR (including Equality, Diversity and Inclusion) KPIs.
- Receiving regular updates on legacy apartment schemes where fire safety improvements may be required or where works are planned or underway.

Division of Responsibilities continued

Training and development

The Board receives appropriate training and updates on various matters relevant to its role and responsibilities. Training needs are reviewed as part of the performance evaluation process through the Board's skills matrix and on an ongoing basis.

Due to the recent appointment of John Tutte as Chairman, the annual board evaluation was moved to the September board meeting. Following this year's evaluation no specific training needs were identified.

Non-Executive Directors attend external training sessions designed specifically for non-executives and members of Board Committees as and when required.

Board balance and independence

The roles of Chairman and Group Chief Executive are separate, with a clear division of responsibilities, ensuring a balance of responsibility and authority at the head of the Group.

The Company considers all of its Non-Executive Directors, including the Chairman, to be independent, as defined in the Code. Each of the Independent Non-Executive Directors has, at all times, acted independently of management and has no relationship that would materially affect the exercise of his or her independent judgement and decision-making.

The Senior Independent Director is Denise Jagger, with whom shareholders may raise any queries or concerns they may have.

Whenever any Director considers that he or she is interested in any contract or arrangement to which the Group is or may be a party, due notice is given to the Board. No such instances have arisen during the year.

The Board Committees

The Board has formally constituted Audit, Nomination and Remuneration Committees. The terms of reference for these Committees are available either on request from the Group General Counsel and Company Secretary, at the AGM or on our website: www.bellwayplc.co.uk.

Other Committees of the Board are formed to perform certain specific functions as and when required.

The work carried out by each of the Board Committees during the year is described in the reports of the Committee Chairs which follow.

Board Committee on Non-Executive Directors' Remuneration

The Board Committee on Non-Executive Directors' Remuneration comprises the Executive Directors and is chaired by the Group Chief Executive.

This Committee meets at least once a year. Last year it met on one occasion to review the fees and terms of appointment of the Non-Executive Directors (excluding the Chairman) and received advice from the Group General Counsel and Company Secretary and external remuneration consultants when required.

Nomination Committee Report
Composition, Succession and Evaluation

"The Committee's continued focus during the year has been on the action plan to improve engagement and diversity within the Group."

John Tutte
Chairman of the Nomination Committee

Membership and meeting attendance

Director	Date appointed to the Committee	Number of meetings attended during the year
John Tutte (Chairman)	1 March 2022, appointed Committee Chairman on 1 April 2022	1/1
Paul Hampden Smith (Chairman)	1 August 2013, appointed Committee Chairman on 1 November 2018, resigned 31 March 2022	1/1
Denise Jagger	1 August 2013	2/2
Jill Caseberry	1 October 2017	2/2
Ian McHoul	1 February 2018	2/2
Sarah Whitney	1 September 2022	0/0

Focus areas for 2021/22

- To focus on Board succession, in particular for the Chairman and a Non-Executive Director, taking into account the recommendations from the Parker Review and the FTSE Women's Leaders Review.
- To continue our work to improve diversity across the Group.
- With support from the Executive Management Team and Group HR, to continue to develop the succession plan for those immediately below Board level.

Focus areas for 2022/23

- To focus on Board succession, in particular for the Senior Independent Director, taking into account the recommendations of the FTSE Women's Leaders Review.
- To consider expanding the number of Non-Executive Directors appointed to the Board.
- To continue our work to improve diversity across the Group.
- With support from the Executive Management Team and Group HR, to continue to develop the succession plan for those immediately below Board level.

Responsibilities and terms of reference

The main areas of the Nomination Committee's (the 'Committee') respons bilities are:

- To review the structure, size and composition of the Board, in accordance with the Board's Diversity Policy, and recommend to the Board any changes it considers appropriate. This encompasses membership of the Board Committees and the reappointment, if appropriate, of Non-Executive Directors at the end of their term of office.
- To consider succession planning not only within the Board but also immediately below Board level and ensure appropriate plans are in place.
- To identify candidates to fill Board vacancies and nominate these to the Board for approval. Appointments to the Board are made on merit using a formal, rigorous and transparent process against objective criteria recommended by the Committee. These criteria take into account the skills, knowledge and experience of existing members of the Board and the importance of diversity, in all its aspects, within the Board. The Committee is aware of the recommendations of the Parker Review and will continue to take these into consideration when making future Board appointments. The appointment of a Non-Executive Director is for a specified term and reappointment is not automatic, rather it is made on the recommendation of the Committee.
- To consider diversity and inclusion targets for the Group.
- To carry out an annual performance evaluation of the Committee and review the results of the Board performance evaluation in relation to the composition of the Board.

The Committee meets at least twice a year and operates under its own terms of reference. These have been agreed by the Board and are available at www.bellwayplc.co.uk/investor-centre/governance/committees.

The members of the Committee are shown in the table to the left.

Activities in 2021/22

- Appointment of the Chairman. Following a rigorous appointment process, I was appointed as Chairman of the Board, bringing with me over 40 years of housebuilding experience.
- The preparation for the appointment of a Non-Executive Director to the Board in September 2022. The Committee recognised the importance of gender and ethnic diversity as part of the succession plan, and worked with an agency to identify a diverse pool of candidates. The Committee will continue to work towards increasing the diversity of the current Board.
- Continued our work to improve diversity across the Group, taking into account the recommendations from the Parker Review and the FTSE Women's Leaders Review.
- The Committee's continued focus during the year has been on the action plan to improve engagement and diversity within the Group. Building on the success of the 2021 Bellway Graduate Recruitment Programme, we continue to look for the opportunities to recruit female candidates and candidates from an ethic minority where possible, which helps drive diversity within Bellway and provides possible leaders of the future.

Nomination Committee Report continued

- Planning for Board succession with regard to the recommendations of the FCA and the Parker Review.
- Presentation from the Group HR Director on equality, diversity and inclusion across the Group and the proposed action plan for further improvement.
- Also during the year, the Committee continued to develop, with support from the Executive Management Team and Group HR Director, the succession plan for those immediately below Board level. This exercise will look to promote diversity and inclusion where possible.

The Committee had oversight of the following activities undertaken by the Group General Counsel and Company Secretary with support from the Group HR Director.

- Equality, diversity and inclusion e-learning continues to be issued to employees and forms part of the mandatory training a new employee must undertake. 86% of employees have completed this training within three months of joining Bellway.
- Introduction and implementation of a new Recruitment Policy, to help promote diversity and inclusion across the group.
- Supporting the development of the company's network 'Balance', which was launched in May 2021 with a focus on gender diversity and with targeted areas for progress relating to increasing awareness around agile and flexible working and core hours, reviewing family friendly provisions/policies to ensure that they are competitive, including reviewing the range of PPE to suit all genders.
- Partnering with external charities and organisations to promote diversity and inclusion.
- Rolling out talent and succession planning training to senior leaders and line-managers, focused on developing graduates as part of our three-year talent strategy.
- Continuing to work with the Regional Chairs and Managing Directors to develop progression and retention plans for key employees within each division, promoting diversity where possible.

Focus in 2022/23

- Finalising the succession of the Senior Independent Director whose nine year tenure ended on 31 July 2022. A successor will be appointed in advance of the AGM.
- To continue our work to improve diversity across the Group, taking into account the recommendations from the Parker Review, the FCA Diversity and Inclusion Policy Statement, and updated The FTSE Women's Leaders Review.

Director and employee profile

The following tables show the gender and ethnicity split in the Group as at 31 July 2022. Ethnic diversity was reported for the first time in 2021, more detail on the Group's efforts to improve diversity can be found on page 40:

	Male No.	Male %	Female No.	Female %	Total No.	Total %
Board of Directors	4	67	2	33	6	<1
Executive Committee and direct reports	12	71	5	29	17	<1
Senior managers	131	78	37	22	168	6
Other employees	1,967	69	884	31	2,851	94
Total	**2,114**	**69**	**928**	**31**	**3,042**	**100**

	Asian or Asian British	Black or Black British	Mixed/Multiple Ethnicity	Other Ethnic/Arab	White British/ European/ Non European	Any other ethnic group	Prefer not to say	Not specified
Board of Directors	0	0	0	0	6	0	0	0
Executive Committee and direct reports	0	0	1	0	16	0	0	0
Monthly paid employees	51	32	22	7	2,222	4	28	6
Weekly paid employees	1	10	3	1	625	0	7	0
Total	**52**	**42**	**26**	**8**	**2,869**	**4**	**35**	**6**

John Tutte
Chairman

17 October 2022

Audit Committee Report

Audit, Risk and Internal Control

> The Committee supports the Board in achieving the objectives of the corporate governance framework.

Ian McHoul
Chairman of the Audit Committee

Membership and meeting attendance

Director	Date appointed to the Committee	Number of meetings attended during the year
Ian McHoul (Chairman)	1 February 2018, appointed Committee Chairman on 12 December 2018	3/3
Denise Jagger	1 August 2013	3/3
Jill Caseberry	1 October 2017	3/3
Sarah Whitney	1 September 2022	0/0

Main focus in 2021/22

- Reviewed the performance of the external auditor following their first audit cycle.
- Reviewed internal controls and risk management.
- Ensured that the Group has appropriate disclosures as required by the TCFD.
- Considered the assessment and disclosure of significant risk and profit items, including legacy building safety expense.

Focus areas for 2022/23

- Ensuring the Group has appropriate internal audit resource.
- Continue to assess significant risk and profit items for the Group.
- Ensuring that the Group continues to have the appropriate disclosures as required by the TCFD in the 2023 Annual Report and Accounts.

I am pleased to present our Audit Committee Report and to provide you with an update of the work undertaken by the Audit Committee (the 'Committee') during the period. The update sets out how we have discharged our responsibilities and provided assurance on the integrity of the 2022 Annual Report and Accounts, alongside an insight into key areas considered.

The Committee supports the Board in achieving the objectives of the corporate governance framework, with its principal activities focused on:

- the integrity of financial reporting;
- the quality of narrative reporting;
- the quality and effectiveness of internal controls and risk management systems;
- procedures relating to the prevention and detection of fraud and br bery;
- risk and internal audit; and
- external audit.

Committee governance

During the year the Committee comprised three independent non-executive directors, who have significant and diverse experience. I believe that between us we have an appropriate and relevant combination of experience and knowledge. Sarah Whitney joined the Committee on 1 September 2022.

I am a Chartered Accountant, currently Chairman of Vindenum P.L.C. and Chair the Audit Committee of Youngs & Co.'s Brewery P.L.C. Previously I served Scottish & Newcastle plc from 1998 to 2008, first as Finance Director of Scottish Courage and later as Group Finance Director of Scottish & Newcastle plc, before becoming Chief Financial Officer of Amec Foster Wheeler plc until 2017. The Board considers that I have recent and relevant financial experience as required by the Corporate Governance Code (the 'Code'). As part of the effectiveness review, the Nomination Committee has also confirmed that it is confident that the collective and broad experience of the members enables us to act effectively as an Audit Committee.

Further information on the experience and knowledge of the Committee members is included in the Directors' biographies on pages 86 and 87.

In line with the terms of reference, there were three meetings of the Committee during the year, scheduled in line with the Group's financial reporting timetable, and all members of the Committee attended each meeting.

The Chairman, Group Chief Executive, Group Finance Director, Group General Counsel and Company Secretary, Group Financial Controller and Group Risk Director attend meetings by invitation. In addition, the Group IT Director and Head of Infrastructure presented at one meeting in the period. The Committee is supported by the Deputy Group Company Secretary who acts as Secretary to the Committee.

Representatives of Ernst & Young LLP ("EY") attended all meetings during the year where they also met with the Committee independently of management. No significant concerns were raised during the discussions between the external auditors and the Committee. I also had further discussions, independently of each other, with the Group Finance Director, Group Risk Director and external auditor and reported relevant information to other members of the Committee.

Detailed papers are prepared and circulated in advance of Committee meetings by both management and the external auditor, thereby allowing informed discussions, challenge, and decision making to take place.

Audit Committee Report continued

Responsibilities and terms of reference

A comprehensive version of the Committee's terms of reference is available on the Group's website at www.bellwayplc.co.uk/investor-centre/governance/committees.

A review of the terms of reference during the period determined that they remain appropriate and in line with best practice, reflecting the Committee's responsibilities in line with both the Code and other regulations.

Main activities during the year

The activities undertaken at the October 2022 meeting concluded the Committee's activities in relation to the Group's financial reporting for the year ended 31 July 2022.

The main activities performed by the Committee at these meetings are described below:

Meeting date	Activities
October 2021	The Committee: • Reviewed the final draft of the 2021 Annual Report and Accounts, together with a report produced by EY which detailed their findings both on areas of key financial reporting matters and other areas of audit focus. • Concluded that the 2021 Annual Report and Accounts presented a fair, balanced and understandable assessment of the Group's position and prospects after considering reports from both internal audit and the external auditor. The Committee recommended the 2021 Annual Report and Accounts to the Board for approval. • Reviewed the draft viability statement to appear in the 2021 Annual Report and Accounts, together with the supporting assumptions and financial forecasts. • Received a paper on significant judgemental areas prepared by management, including the controls, and provided appropriate challenge. • Reviewed a paper which analysed notable one-off items, both those separately disclosed on the face of the income statement or otherwise, that affected profit during the year and provided challenge of the treatment of these. • Considered and challenged management about the use of APMs and whether they were appropriate or whether GAAP measures would be more relevant. • Considered a paper produced by management setting out management's assessment in relation to potential risks associated with legacy building safety improvements and work that will be performed and whether appropriate provisions and disclosures were included in the financial statements of the Group, including the contingent liability note. • Reviewed a paper produced by management setting out which improvements suggested by the FRC had been incorporated into the 2021 Annual Report and Accounts, and the rationale for those that had not been. • Reviewed and approved the Slavery and Human Trafficking Statement 2021. • Reviewed a paper produced by management setting out the main controls for preventing and detecting fraud. • Reviewed and challenged a Risk and Internal Audit update. • Considered whether the interaction between the internal audit and risk function and external auditor during the period had been appropriate. • Reviewed and considered the effectiveness of the internal audit function. • Considered the findings of the performance evaluation of the Committee. • Held a private meeting with EY and the Group Risk Director.
January 2022	The Committee: • Received and challenged a risk management update from the Group Risk Director and reviewed the Risk Management Policy. • Received and challenged an update on internal audit activities undertaken, reviewed the Internal Audit Charter and provided feedback on the proposed 2022 Internal Audit plan. • Reviewed the terms of reference of the Committee, number of meetings and skills and experience of the Committee. No items were identified that needed to be updated. • Reviewed the Group's policies and procedures in relation to Whistleblowing, Anti-Bribery and Corruption, Anti-Slavery and Data Protection. • Assessed the performance of the external auditor, including obtaining an explanation from EY in relation to the firmwide annual Audit Quality Inspection findings compared to their peers and understanding the effect, if any, these had on the Bellway audit. • Held a private meeting with EY and the Group Risk Director.

Meeting date	Activities
March 2022	The Committee: • Considered a paper produced by management setting out management's assessment of significant risk and profit items, including legacy building safety improvements and incremental site related COVID-19 costs, and whether appropriate provisions, disclosures and narrative were included in the Interim Announcement. • Reviewed, discussed, and challenged a paper produced by management setting out the rationale for preparing the Interim Announcement on a going concern basis. The paper incorporated a sensitivity analysis based on the Group's internal forecasts. • Reviewed the final draft of the 2022 Interim Announcement. • Challenged EY's audit plan, including the proposed Group, subsidiary, and divisional materiality for the 2022 audit. • Reviewed the Independent Auditor Policy. • Reviewed and challenged a risk management and internal audit update. • Reviewed and approved the Group's Corporate Criminal Offence Policy. • Reviewed compliance with the Group policies for half year ended 31 January 2022. • Reviewed the Group's response to the Investment Association priorities for 2022 annual reports. • Held a private meeting with EY and the Group Risk Director.
October 2022	The Committee: • Reviewed the final draft of the 2022 Annual Report and Accounts, together with a report produced by EY which detailed their findings both on areas of key financial reporting matters and other areas of audit focus. • Concluded that the 2022 Annual Report and Accounts presented a fair, balanced and understandable assessment of the Group's position and prospects after considering reports from both internal audit and the external auditor. The Committee recommended the 2022 Annual Report and Accounts to the Board for approval. • Reviewed the draft viability statement to appear in the 2022 Annual Report and Accounts, together with the supporting assumptions and financial forecasts. • Received a paper on significant judgemental areas prepared by management, including the controls, and provided appropriate challenge. • Reviewed a paper which analysed notable one-off items, both those separately disclosed on the face of the income statement or otherwise, that affected profit during the year and provided challenge of the treatment of these. • Considered and challenged a paper produced by management setting out the accounting approach used for the legacy building safety provision and related expense following the signing of the Building Safety Pledge in April 2022. This consisted of understanding the approach taken in identifying apartment blocks dating back to April 1992 that could fall within the scope of the Pledge, cost estimates applied, inflation and discounting assumptions along with ensuring the associated disclosures are clear and understandable. The Committee challenged managements' cost and inflation assumptions, including considering a sensitivity paper, and believed managements proposed assumptions to be appropriate. • Considered and challenged management about the use of APMs and whether they were appropriate or whether GAAP measures would be more relevant. • Reviewed a paper setting out the TCFD disclosure requirements and how they have been satisfied by Bellway. • Reviewed and approved the Slavery and Human Trafficking Statement 2022. • Reviewed a paper produced by management setting out the main controls for preventing and detecting fraud. • Reviewed and challenged a risk management and internal audit update. • Considered whether the interaction between the Group risk and audit function (internal audit) and external auditor during the period had been appropriate. • Reviewed and considered the effectiveness of the Group risk and audit function. • Considered the findings of the performance evaluation of the Committee. • Held a private meeting with EY and the Group Risk Director.

Audit Committee Report continued

Integrity of financial reporting

Significant financial reporting matters

In carrying out its duties, the Committee is required to assess whether suitable accounting policies have been adopted and to challenge the robustness of significant financial matters that affect the Annual Report and Accounts. This process includes reviewing and challenging papers produced by management and confirming whether the policies and judgements remain appropriate for the Group.

The Committee consider the following to be the most significant financial reporting matters based on their potential effect on the Group's financial statements:

- Revenue recognition;
- Cost of sales recognition;
- Carrying amount of land and work in progress;
- Going concern;
- Legacy building safety improvement provision; and
- Net legacy building safety expense disclosure.

The table below sets out the matters considered and the action performed by the Committee during the year in relation to these significant financial reporting matters of the Group.

Key financial matters	Action performed by the Committee	Conclusion
Revenue recognition		
Matter considered		
Revenue of £3,536.8 million has been recognised in the period. The majority of housing revenue is recognised on a point in time basis either i) when the completed dwelling is transferred to the customer; or ii) when the home is build complete and all material contractual obligations have been satisfied. For a small number of contracts, revenue is recognised over time from the point that the land is irrevocably transferred to the customer.	The Committee understood the Group's revenue recognition policy. Management outlined the existing systems and controls surrounding revenue recognition. The Committee discussed these controls, challenging management where appropriate. The external auditor explained to the Committee that they had assessed the design effectiveness of key controls surrounding revenue recognition, summarised the output of data analytics in identifying unusual trends and provided an explanation of the detailed substantive testing performed. The Committee also reviewed a summary prepared by EY explaining the findings from their work testing the design of the Group's systems and controls pertaining to revenue recognition.	Following enquiries with management and the external auditor, the Committee concluded that there are appropriate systems and internal controls in place to ensure revenue is recognised appropriately, and that the Group's revenue recognition policy has been properly applied in these financial statements.
Cost of sales (before net legacy building safety expense) recognition		
Matter considered		
Cost of sales (before net legacy building safety expense) of £2,749.8 million has been recognised on housing and other revenue. Cost of sales for completed housing sales is recognised based on the latest whole site/phase margin, which is derived as part of the site/phase valuation process. These valuations are updated frequently throughout the life of the site/phase and include both actual and forecast selling prices, land costs and construction costs. The forecast costs and revenues are estimates and are inherently uncertain due to potential changes in market conditions.	The Committee understood the Group's gross profit recognition policy. Management outlined the existing systems and controls surrounding gross profit recognition and the valuation process. The Committee discussed these controls, challenging management where appropriate. The external auditor explained to the Committee that they had assessed the design effectiveness of key controls surrounding gross profit recognition and the valuation process, summarised the output of data analytics in identifying unusual trends and provided an explanation of the detailed substantive testing performed. The Committee also reviewed a summary prepared by EY explaining the findings from their work testing the design of the Group's systems and controls pertaining to the valuation process.	Following enquiries with management and the external auditor, the Committee concluded that there are appropriate systems and internal controls in place to assess and quantify both actual and forecast selling prices and costs, and that the Group's profit recognition policy is appropriate and has been properly applied in these financial statements.

Key financial matters	Action performed by the Committee	Conclusion
Carrying amount of land and work-in-progress		
Matter considered Land and work-in-progress are the most significant assets on the Group's balance sheet and at 31 July 2022 had a book value of £4,311.2 million. The carrying value of land and work-in-progress is affected by both the revenue recognition and profit recognition policies of the Group. In addition, all inventory is held at the lower of cost and net realisable value, which is determined by the whole site/phase margin as set out in the 'cost of sales recognition' section. The risk for any site/phase, currently trading or not, is that the whole site/phase margin may be negative resulting in a net realisable value that is below cost. Divisional management review all sites/phases to ensure any with a forecast negative whole site/phase margin have an appropriate provision, and this has been re-assessed at regular intervals during the year.	The Committee reviewed and understood the Group's methodology in reviewing the carrying value of the Group's land and work-in-progress and the surrounding controls. Management provided a summary of the work undertaken which was considered by the Committee. The external auditor explained to the Committee the work they performed in relation to the carrying value of the Group's land and work-in-progress. This included the procedures identified in relation to profit recognition and a review of the latest site/phase valuation for all sites/phases active during the year and those that are yet to commence production.	Following enquiries with management and the external auditor, the Committee concluded that there are appropriate systems and internal controls in place to assess the carrying value of the Group's land and work-in-progress, and that the carrying value of these assets in the financial statements is appropriate.
Going concern		
Matter considered The financial statements have been prepared on a going concern basis. If the financial statements were not prepared on this basis, significant adjustments and presentational changes would be required to the balance sheet.	The Committee reviewed a paper produced by management setting out detailed forecasts and adverse scenarios compared to a base case forecast. These were then compared against the Group's banking facilities to show the expected headroom and bank covenant compliance and to determine whether the Group could continue to meet its liabilities as they fall due. Further details in relation to the Group's going concern and viability assessment can be found on pages 77 and 78.	Following a review of this paper and challenge of both management and the external auditor, the Committee concluded that the going concern basis of preparation continues to be appropriate in the context of the Group's expected funding and liquidity position.
Legacy building safety improvement provision		
Matter considered Legacy building and safety improvement provisions totalling £441.5 million were recognised in the balance sheet as at 31 July 2022.	The Committee reviewed a paper setting out the IAS 37 requirements for recognising a provision, and how this applies following the signing of the Building Safety Pledge in April 2022. The paper set out the approach taken in identifying apartment blocks dating back to April 1992 that could fall within the scope of the Pledge, cost estimates applied, inflation and discounting assumptions along with ensuring the associated disclosures are clear and understandable. The Committee challenged management's cost and inflation assumptions, and after considering a sensitivity paper concluded management's proposed assumptions to be appropriate.	Following a review of this paper and challenge of management and the external auditor, the Committee concluded that the legacy building safety improvement provision held in the balance sheet and the associated disclosures are appropriate.

Audit Committee Report continued

Key financial matters	Action performed by the Committee	Conclusion
Net legacy building safety expense disclosure		
Matter considered A net legacy building safety expense of £346.2 million has been recognised in the year. Separate disclosure is required on the face of the income statement when, in the opinion of the Board, a transaction is material by size or nature and of such significance that it is necessary to give a proper understanding of the results.	The Committee reviewed and understood the accounting and presentational requirements of IFRSs relating to the separate disclosure of material items of income or expense that could affect decisions made by the primary users of the Annual Report and Accounts. The Committee reviewed a paper produced by management using the above framework, which set out the treatment of whether the net legacy building safety expense should be disclosed separately. The Committee ensured consistent principles were established and applied, and that the external auditor agreed with the conclusions reached prior to the approval of the Interim Statements. The Committee provided careful consideration to the judgements made in the presentation and disclosure of the net legacy building safety expense, ensuring the Annual Report and Accounts as a whole provides a balanced view, including the presentation of GAAP measures and APMs.	Following enquiries with management and the external auditor, the Committee concluded that the net legacy building safety expense is appropriately presented and disclosed in the financial statements.

Viability statement

In accordance with provision 31 of the Code and the FRC guidance on Risk Management, Internal Control and Related Financial and Business Reporting, the Committee challenged management on the assumptions, methodology and timespan that the viability statement covers.

A paper by management was considered by the Committee which set out the resilience of the Group to the emerging and principal risks and uncertainties to various adverse sensitivities. The base case and scenarios incorporated the anticipated costs arising from adopting the Future Homes Standard. These scenarios included a reduction in both the total number of legal completions and private average selling price, with both sales and administrative overheads, land spend, and construction spend reducing accordingly. The results were then compared to the Group's financing facilities to ensure sufficient headroom exists and to determine whether the Group could continue to meet its liabilities as they fall due.

The paper concluded that the viability statement and going concern basis of preparation is appropriate. This was then recommended to the Board for approval.

Quality of narrative reporting

2022 Annual Report and Accounts: fair, balanced and understandable

Group Risk and Audit provided a paper to the Committee to assist them in concluding whether the 2022 Annual Report and Accounts are fair, balanced, and understandable. This independent review of the Annual Report and Accounts ensured the various components satisfied the requirements when read as a whole. This review also considered whether feedback provided by shareholders in respect of the 2021 Annual Report and Accounts has been reflected.

In addition, the Committee performed a comprehensive review of the Annual Report and Accounts considering items such as:

Fair	Balanced	Understandable
The Annual Report and Accounts provide a comprehensive review of the Group's strategy and activities during the year which is consistent with the business model.	The Annual Report and Accounts provide a balanced view of the performance and position of the entity, with both significant positive and negative points disclosed.	The Annual Report and Accounts are clear and understandable and have consistent messaging throughout.
The narrative section is both consistent throughout and also with the financial results and performance.	The key accounting judgements considered by the Committee are appropriately disclosed and are consistent with those considered by EY.	There are clear links between the strategy and KPIs.
Market conditions are clearly descr bed, and the emerging and principal risks and uncertainties are both accurate and complete.		The KPIs and APMs have remained consistent and there has been no change in the methodology.
All material transactions and issues faced by the Group are included within the financial statements and disclosed where required.		

The Committee concluded that the 2022 Annual Report and Accounts, when taken as a whole, are fair, balanced and understandable.

ESG and climate risk considerations

ESG and climate risks are considered by the Board due to their importance, although the associated disclosure requirements, processes and controls are separately reviewed by the Committee. The Committee is aware of the increasing significance of ESG reporting matters with the Group having established road map for climate risk disclosures relating to its Annual Report and Accounts. This, along with regular updates from EY since October 2021, has enabled the Committee to review and assess the additional disclosures included in the 2022 Annual Report and Accounts, when The Task Force on Climate-related Financial Disclosures ('TCFD') became mandatory.

Quality and effectiveness of internal controls and risk management systems

The Committee is respons ble for reviewing and assessing the Group's internal controls and risk management systems and providing guidance on these to the Board. The Board is responsible for reviewing the effectiveness of the system of internal controls.

Throughout the year the risk register for the Group has been reviewed and updated by management on a quarterly basis. This review includes ensuring the completeness of risks, assessing their likelihood, their impact, and the effectiveness of the control environment to mitigate the risks.

Risk is considered by the Board, with a full review of the risk register taking place throughout the business at least annually. The internal control and risk management process only reduces the risk of material misstatement or loss and does not eliminate this risk completely.

The emerging and principal risks facing the Group, which are described in the Strategic Report on pages 79 to 83, are regularly reviewed and cover all aspects of Bellway's operations including land acquisition, planning, construction, health and safety, sales, HR, IT, and legal and regulatory compliance.

The continuing role of the Board is, on a systematic and ongoing basis, to review the key emerging and principal risks inherent in the business, the operation of the systems and controls necessary to manage such risks and their effectiveness, and to satisfy itself that all reasonable steps are being taken to mitigate these risks.

The key areas of control are as follows:

- The Board has agreed a list of key risks which affect the Group, that are reviewed throughout the year and has considered the extent to which the measures taken by the Group mitigate those risks.
- The acquisition of land and land interests is initiated by divisional management and reviewed by the appropriate Regional Chair prior to submission to Head Office for approval. All land acquisitions must achieve minimum financial acquisition criteria and are subject to approval by the executive directors and in certain circumstances, approval by the Board.
- A comprehensive monitoring and reporting system is in place including annual budgets, monthly forecasting, and management reporting, incorporating variance analysis and commentary. This is produced by divisional management and reviewed by the Regional Chairmen and functional heads at Head Office. Summaries are also provided to the Executive Directors.
- Monthly divisional board meetings are held to review divisional performance, which are attended by the Regional Chairmen. The Executive Directors attend certain divisional board meetings on a regular basis during the year, and this is supplemented with Regional Chairman visits to divisions.
- Site/phase valuations are produced periodically throughout the life of a site/phase, with a summary of the actual and forecast costs and revenues produced at a divisional level prior to review by the divisional management team and Head Office team.
- Regular visits to sites by in-house health and safety teams and external consultants to monitor health and safety standards and performance.
- A central treasury function operates at Head Office ensuring the appropriate financing is obtained for the Group as a whole.
- A number of the Group's key functions are dealt with centrally. These include taxation, pensions, insurance, IT, legal, HR, regulatory compliance and company secretarial functions. This centralisation ensures a consistent approach and the appropriate range of skills to manage these specialised areas.

Audit Committee Report continued

Throughout the year, the Committee received reports from the Group Risk and Audit team on the following areas of focus:

Review	Focus and outcomes
Legal completions (half-year and year-end) 2 reviews	Testing of legal completions is undertaken on a bi-annual basis to check that transactions have been recorded and recognised in the correct period, with appropriate supporting documentation. For FY22, this work provided positive assurance that the processes operate effectively and prevent the occurrence of cut-off issues.
Divisional compliance 13 reviews	These reviews assess whether the design and operation of accounting and commercial processes in trading divisions is compliant with the requirements of key Group policies. Findings and recommendations have resulted in policy improvement, updated procedural guidance, and focused training for divisional management.
Building safety risk assessment 1 review	This risk assessment offered a number of recommendations to further strengthen the Group's policies, training and audit arrangements over fire safety.
GDPR compliance risk assessment 22 site visits	This risk assessment focused on the paper-based records held within sales offices and site compounds, including the need to collate such information, and storage and disposal processes. No material recommendations were raised.
IT security 1 review	This review assessed the Group's cyber controls using methodology based on Center for Internet Security best practices for securing systems and data. Recommendations were made allowing the Group to further strengthen its robust IT infrastructure and security controls.
Journals (half-year and year-end) 2 reviews	Testing of journals is undertaken on a bi-annual basis to check the validity and accuracy of a sample of transactions and confirm that appropriate journal reviews are being undertaken by the trading divisions. For FY22, only administrative improvement opportunities were identified.
Modern slavery – subcontractors 1 review (plus 5 site visits)	This review included a risk assessment of the Group's subcontractor population, considering factors that may pose a greater threat of modern slavery, followed by an audit of trades at five sites. The work provided positive assurance that the Group takes its responsibilities surrounding modern slavery seriously and raised minor recommendations which have further enhanced third-party onboarding and induction processes.

Where any control recommendations are made by the external auditors, these are considered, and where relevant are implemented to further strengthen the control environment.

Procedures relating to the prevention and detection of fraud and bribery

Whistleblowing

The Group's Whistleblowing Policy is well publicised at all locations and allows all employees and members of the supply chain to raise concerns in confidence to either the Group General Counsel and Company Secretary, Deputy Group Company Secretary or, alternatively, an independent third party. The Group encourages employees and members of the supply chain to raise any concerns in an open and honest way. These concerns could be in relation to possible wrongdoing in financial reporting, breaches of Group policies and procedures, or other matters such as harassment, bullying, money laundering, modern slavery, or discrimination.

All whistleblowing reports are reviewed and confidentially investigated by senior, independent personnel and the findings are reported to the Board.

During the year the Committee approved minor changes to the Whistleblowing Policy.

Bribery Act

The Group's Anti-Bribery and Corruption Policy and procedures are circulated throughout the Group and are included on the Group's intranet.

Internal audit

Testing of processes which help the Group prevent and detect fraud is undertaken as part of a rolling programme throughout the year by the Group risk and audit function and is focused in the following areas: bank reconciliations, employee expenses, payments, journal transactions, sales completions, site valuations and supplier bank details.

Risk and internal audit

The Group has a risk and audit function which, in part, performs internal audit reviews. The Group Risk Director has a direct reporting line into both the Group Finance Director and myself. During the year the Group risk and audit function undertook a number of internal audit reviews, utilising specialists from within relevant functions. The Group Risk Director provided the Committee with a summary of the findings together with recommendations to further enhance the control environment. A register is maintained centrally which monitors progress against any system and control enhancements to ensure they are implemented appropriately and in a timely and controlled manner.

External audit

Audit performance and effectiveness

The external auditor of the Group is EY. Their performance is regularly reviewed by both management and the Committee, and this is done formally on an annual basis.

The Committee considered a paper produced by management which used the FRC practice aid 'Audit Quality – Practice aid for Audit Committees' as a basis.

The review consisted of:

- Considering the robustness and appropriateness of EY's approach to auditing the significant risk areas facing the Group.
- Considering whether EY's materiality proposal for the 2020/21 financial year, which was the most up-to-date information held at the date of review, was set at an appropriate level for the component parts of the Group.
- Discussions with management who were involved in the financial reporting processes.
- An understanding of the findings of the Audit Quality Inspection ('AQI') results that were published by the FRC on 23 July 2021, following their inspection of audit firms including EY. This included understanding whether any of the fundings would have affected the Bellway audit.
- An understanding of the Audit Quality Review ('AQR') and internal EY quality review findings, specifically in relation to the engagement partner, Mark Morritt.
- Considering EY's independence, objectivity, and professional scepticism.
- Reviewing the performance of EY against their audit strategy for the 2020/21 financial year, the most recent completed audit cycle, and their interaction with the Committee during the process.
- Considering where EY have added value and demonstrated proactivity.

Following this review, the Committee recommended to the Board, which is in turn recommending to the shareholders, that EY be re-appointed as auditor of the Group.

Auditor rotation

The Committee acknowledges the provisions contained in the Code in respect of audit tendering. In conformance with these requirements, Bellway will be required to tender the external audit no later than for the 2030 financial year end.

Auditor independence and non audit fees

The Independent Auditor Policy, which seeks to preserve the independence of the external auditor by defining those non-audit services which the external auditor may and may not provide, was reviewed during the year.

Any engagement with the external auditor needs to be approved, in advance, by the Audit Committee.

The Group's external auditor is only engaged to provide statutory audit services.

For an analysis of fees paid to EY see note 4 to the accounts.

The ratio of non-audit fees for the year to the external audit fee was 0:1. The Committee considers EY to be independent and EY, in accordance with professional ethical standards, provided the Committee with written confirmation of its independence throughout the year. The Committee monitors all fees paid to the external auditor at each Committee meeting.

The Group has a policy which includes certain restrictions on the recruitment of employees from the external auditor.

The Committee confirms there are no independence issues in relation to the external auditor and that these policies have been adhered to throughout the year.

Audit Committee evaluation and effectiveness

During the year the Committee assessed both the performance of the Committee as a whole and that of its individual members utilising a questionnaire that was internally facilitated. No major areas of improvement were identified.

Following a review of these results, I consider the Committee to be effective and it provides a robust and independent oversight over the financial reporting, narrative reporting, internal control and risk management, fraud and bribery prevention and detection, internal audit, and external audit activities of the Group. The Committee has an appropriate and complementary set of skills and experience that enables it to deliver the aforementioned activities.

Ian McHoul
Chair of the Audit Committee

17 October 2022

Remuneration Report

> The Committee continues to operate a remuneration structure… which it considers closely aligns management interests with those of stakeholders.

Jill Caseberry
Chair of the Remuneration Committee

Annual Statement

Dear Shareholder

I am pleased to present the Report of the Remuneration Committee (the 'Committee'). This report consists of this Annual Statement and the Annual Report on Remuneration for the 2021/22 financial year, which will be subject to a single advisory shareholder vote at the forthcoming AGM.

Performance and reward in 2021/22

The Committee continues to operate a remuneration structure based on the three core elements of basic salary, annual cash bonus, subject to the deferral policy, and a share-based long-term incentive plan, which it considers closely aligns management interests with those of stakeholders.

The Group has delivered a positive set of results, consistent with its growth strategy. The number of housing completions rose by 10.5% to 11,198 (2021 – 10,138), underlying operating profit rose to £653.2 million[2,3] (2021 – £531.5 million). Underlying earnings per share increased by 19.9% to 420.8p[2,3] per share (2021 – 350.9p) and underlying RoCE increased to 19.4%[2,3] (2021 – 16.9%).

To reflect a material increase in our Group Finance Director's responsibilities his salary was increased by 5% on 1 February 2022. Keith took on respons bility for delivering the Board agreed sustainability and ESG strategy through our new Better with Bellway sustainability strategy and we are very satisfied that these responsibilities are being well managed.

Better with Bellway addresses the key sustainability risks and opportunities unique to Bellway, ensuring that the Group is aligned to national and international standards and responding to the views of our stakeholders. It enables the Board to set suitably ambitious goals and KPIs, set Science Based Targets, increase our reporting transparency, further improve the overall quality of disclosure, and continue to build stakeholder trust.

The Company has awarded the Executive Directors a bonus payment of 118.32% of basic salary, however, the long-term incentive plan awarded in November 2019 will not vest based on performance over the three financial years to 31 July 2022. The Committee considers that the bonus outcome is reflective of the strong performance of the Group and the Executive Directors during the 12-month period to 31 July 2022. The Committee also recognises that the long-term incentive plan (LTIP) not vesting is reflective of the challenging regulatory environment over the period. The Committee determined that there was no reason to exercise its powers of discretion in relation to either the bonus or LTIP outcomes, which were considered to be in line with individual contribution and the overall Company performance during the respective performance periods.

As we disclosed last year, whilst not a requirement of the policy at the time, the Group Chief Executive voluntarily agreed to invest all of the FY21 bonus he would receive above 90% of salary (after paying tax and national insurance) in Bellway shares which would be kept for a minimum of three years.

During the year, the Committee approved the grant of PSP Awards to the Executive Directors which will vest to the extent TSR and EPS performance conditions are met over the period to 31 July 2024, with any shares delivered being subject to a further two-year holding period. Details of these awards are set out on pages 112 and 113.

How we will implement the Remuneration Policy in 2022/23

At our AGM last year, shareholders approved the renewal of our Directors' Remuneration Policy. The Committee consider the current policy to be operating effectively, providing a balance between fixed pay and the short and long-term incentives which provide a robust link between pay and performance. The Committee has however been reviewing how the Policy should operate for the year ahead and is proposing to make the changes described below. As disclosed in the 2021 Report, the Policy and its operation are considered to be in line with the principles set out in Provision 40 of the UK Corporate Governance Code 2018.

There will be a 4% increase to the Executive Directors' salaries in 2022/23 which is lower than the level of average increase to the workforce in general, given the challenging inflationary environment. As previously noted, the pension rates for the Directors will be aligned with those of the workforce at the end of 2022, at 10% of salary, with the workforce pension rates having recently been increased to this level. All other benefits remain unchanged.

We plan to retain the overall weighting of the profit, land bank and ESG measures for the annual bonus. Within the ESG measures we plan on marginally increasing the weighting on achievement of 5-star[6] homebuilder. The small increase will come from a reduction in the weighting on employee engagement from 7.5% to 5%.

Health and safety performance will be taken into account as part of the Committee's overall assessment of the bonus payment, which it does every year before making a final determination.

Mandatory deferral of any bonus earned above 100% of salary into Bellway shares for three years was introduced by the 2021 Remuneration Policy. This structure for deferral recognises that the bonus opportunity for Executive Directors is below the mid-market level for both housebuilding companies and UK listed companies of similar size to Bellway. However, if an Executive Director's shareholding is below the target of 200% of salary, then they are encouraged to build that holding through share purchases as well as retaining shares they earn through our incentive plans. Our policy also normally requires this level of shareholding to be retained for two full years after leaving Bellway for whatever reason.

The Committee believes that the manner in which it sets and operates this policy is clear to executives and is aligned to our corporate culture. We operate it with regard to risks inherent in the business and marketplace, providing the opportunity for executives to earn rewards in a manner which is proportionate to the value delivered against clear targets.

The Committee has been reviewing both the performance measures and opportunity under the long-term incentive plan, to ensure they are aligned to our future strategy and provide appropriate levels of opportunity respectively.

Having operated with only relative TSR for a number of years, we introduced underlying EPS as a performance measure this financial year and advised shareholders that we would plan to also introduce a three-year environmental target for carbon reduction in our supply chain. Having looked at the other possible measures and listened to shareholder feedback we feel that it would be appropriate to also include return on capital employed (RoCE) to increase the focus on the efficient use of capital over the longer-term.

Environmental

We are working on reducing the carbon generated within the business and have identified that 99% of our carbon footprint is within the supply chain for housebuilding. Actions required to reduce this will take a number of years and go out beyond the end of the next three-year LTIP performance cycle. We do not feel this is therefore the most suitable measure this year. In the interim, we propose to use two measures which directly have an important impact on the environmental sustainability of the business. The Committee feels these measures are more suitable for the longer-term than the annual incentive as their achievement requires actions to be planned and achieved over multiple years.

- Scope 1 and 2 emissions - We have set our goal for 2030 of reducing these by 46% from the 2019 level of 25,715 tonnes. As this target has an eight-year delivery period we propose to set a threshold target that equals 3/8th of the 46% reduction (17.3% reduction by 2025). This creates a straight line between now and 2030 for the achievement of our goal. A stretch target of a 25% reduction will also be set to incentivise earlier delivery of the total 46% reduction.
- Waste reduction - We have set our goal for reducing waste in each housing unit built by 20% by 2025 from a starting point of 8.90 tonnes (measured in July 2021). We propose to set a threshold to stretch range of reducing by 17.5% to 22.5% (1.56 to 2.0 tonnes) per housing unit in FY25.

RoCE

Efficient use of capital is important for Bellway to maintain a balanced focus on both profitability and land bank investment. This has not been a feature of incentives at Bellway, but we now feel that it should be. The Committee plans to set a target range of 14% to 19% for FY25 and disclose a reconciliation for the definition of adjusted RoCE in our annual report. Adjusted RoCE for the current financial year on a consistent basis of calculation is 16.4%.

Increase in opportunity

When we introduced the higher LTIP limit of 200% of salary in the Policy last year, we undertook to consult with leading shareholders before implementing any increase. Our intention is now to make that increase for the Chief Executive and Group Finance Director, having consulted with shareholders on the proposals and who were generally supportive of the changes. We have been aware for a number of years that total incentive opportunity at Bellway has lagged behind the housebuilding and UK listed market generally. We last increased the annual grant level from 130% to 150% of salary in 2017/18, and whilst the Committee dœs not adjust remuneration packages at Board level to slavishly follow the market, we feel now that the gap in incentive opportunity is unhealthy. We believe that the targets that we have set are more challenging to achieve than those set in recent prior years. We will also assess whether a scale back in the normal grant level is appropriate based on the share price at the time of grant, compared to recent years' prices, or whether to impose a windfall gain test after the grant instead.

The Committee engaged with shareholders and employees with regards to executive remuneration during the year. We engaged with the largest shareholders and advisory bodies with respect to the changes to the implementation of the Policy including with respect to (i) the change to the metrics and weightings under the bonus and LTIP; (ii) the salary increase for the Group Finance Director and (iii) the increase in LTIP opportunity for both Executive Directors. Shareholders were overall supportive of the changes.

The Committee also engaged with employees through Employee Listening Groups where the governance of executive remuneration at Bellway was explained along with how the arrangements align with the workforce pay policies. Employee feedback was, in particular, positive in respect of the introduction of ESG metrics into the LTIP.

Concluding remarks

The Committee continues to monitor changes in best practice and corporate governance to ensure the policy, how it is operated, and our disclosures remain appropriate. We are grateful for the support from our shareholders at the 2021 AGM with c.97% support for the Policy and c.98% support for the Annual Report on Remuneration and we hope you are supportive of the approach we have taken during these unprecedented times and will support the resolutions approving this report at the 2022 AGM.

Jill Caseberry
Chair of the Remuneration Committee

17 October 2022

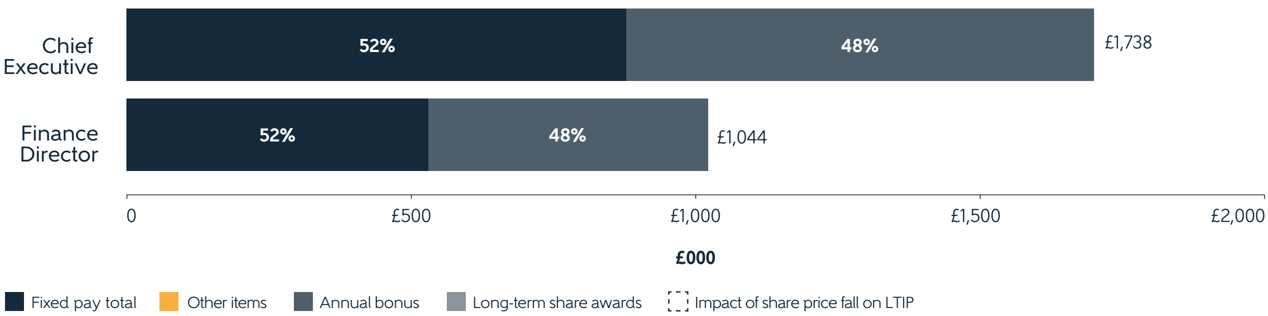
Remuneration Report continued

Remuneration at a glance

How remuneration links to our strategy (see pages 14 and 15 for details of our performance).

Strategic objective	Link to remuneration	Metric	Performance against metric
Earnings growth and driving down costs	Annual bonus and future long-term incentive plan awards	Underlying operating profit	Achieved
Volume growth and focus on RoCE	Annual bonus	Sufficient land bank of plots with DPP	Achieved
Customer First	Annual bonus	Retain 5-star[6] homebuilder status	Achieved
Customer First	Annual bonus	Overall customer satisfaction score	Partly Achieved
Employee Engagement	Annual bonus	Results of Employee Engagement Survey	Achieved
Customer First and responsible employer/developer	Underpin to annual bonus	Overall health and safety performance	Achieved
Value creation through capital and dividend growth	Long-term incentive plan	Relative TSR against two comparator groups	Not achieved

How our Executive Directors were paid during 2021/22



Bonus outcomes see page 110

The 2021/22 bonus was based on financial and strategic targets.

Strategic objective	Weighting (% of salary)	Threshold (25% pays out)	Maximum value (100% pays out)	Actual[(a)]	Payment (% of maximum)	Payment (% of salary)
Operating profit (underlying)	80.0%	£555.0 million	£600.0 million	£662.5 million	100%	80.0%

Strategic objectives and performance against target		Threshold (25% pays out)
Land bank	The land bank of plots with DPP (available for completion in the following financial year) exceeded the maximum target and an award of 20% of salary was achieved.	Achieved in full – 20% of salary awarded.
Customer First	We retained our 5-star[6] homebuilder status.	Achieved in full – 5% of salary awarded.
	The Group's 9-month customer satisfaction score in 2022 was 82.1% compared with the base of 79.4%.	Achieved – 5% of salary awarded.
	The Group's overall customer satisfaction score in 2022 was 86.9% compared with the base of 86.8%.	Partly achieved – 0.82% of salary awarded.
	The Group's employee engagement score, relating to Customer First, in 2022 was 96.0% compared with the base of 94.0%.	Achieved – 2.5% of salary awarded.
Employee Engagement	The Group's employee engagement score in 2022 was 96% compared with the base of 87%.	Achieved – 5% of salary awarded.

Note:

a. For underlying operating profit and land bank bonus purposes, targets and outcomes include our share of joint ventures.

b. Underlying p ofit excludes exceptional items of income and expenditure, for example costs and recoveries associated with legacy building safety expense. This removes any incentive to delay or reduce spending on life-critical fire safety remedial works.

LTIP outcomes **see page 111**

The PSP awards granted in 2019/20 were based on a three-year TSR performance for the period to 31 July 2022.

Metric	Performance condition	Threshold target	Stretch target	Actual	% Vesting
50% of awards	Relative TSR against an index of peer housebuilders	-5.2% TSR (median)	17.3% TSR (median +22.5%)	-11.6% Bellway TSR	0%
50% of awards	Relative TSR against the FTSE 250 (excluding financial services companies and investment trusts)	Rank 71 (median)	Rank 36 (upper quartile)	Rank 83 Bellway	0%
Total					**0%**

Annual Report on Remuneration

Committee membership and activity

The Committee met seven times during the year and details of the Committee members and their attendance are set out in the table below.

Membership and meeting attendance

Director	Date appointed to the Committee	Number of meetings attended during the year
Jill Caseberry (Chair)	1 October 2017 (appointed as Committee Chair on 13 December 2017)	7/7
John Tutte	1 March 2022	3/3
Paul Hampden Smith	1 August 2013 (resigned on 31 March 2022)	5/5
Denise Jagger	1 August 2013	7/7
Ian McHoul	1 February 2018	7/7
Sarah Whitney	1 September 2022	0/0

The operation of the Committee is conducted by reference to its terms of reference which have been prepared to comply with relevant statutory, regulatory and corporate governance requirements and best practice and are available at www.bellwayplc.co.uk/investor-centre/governance/committees.

None of the Committee members have a personal financial interest, other than as shareholders, in the matters to be decided. There are no conflicts of interest arising from cross-directorships and no day-to-day involvement in running the business.

The Committee appointed Korn Ferry as independent external advisers, following a competitive tender process, on 1 January 2019. Korn Ferry do not provide any other services to the Company other than to the Remuneration Committee and the Board Committee on Non-Executive Directors' Remuneration. They are members of the Remuneration Consultants Group and abide by its Code of Conduct. The Committee is satisfied that Korn Ferry are independent. The total fee paid to Korn Ferry for advice to the committees during the year was £40,963 (2021 – £68,616) which was charged on a time and material basis. The Committee also benefited from advice received from the Group General Counsel and Company Secretary on issues other than those relating to his own remuneration.

The remuneration of the Non-Executive Directors (apart from the Chairman) is determined by the Board Committee on Non-Executive Directors' Remuneration, which comprises the Executive Directors. It also receives advice from the Group General Counsel and Company Secretary, and Korn Ferry.

Main focus in 2021/22

- Approved the long-term incentive awards vesting levels for the 2021/22 financial year.
- Approved the 2020/21 Remuneration Report.
- Approved the 2020/21 financial year bonus payments for the Executive Directors and the Group General Counsel and Company Secretary.
- Set the bonus targets for the 2021/22 year.
- Engaged with employees on executive remuneration through the Employee Listening Groups.
- Made awards under the long-term incentive scheme.
- Reviewed and determined the remuneration packages for the Executive Directors and the Group General Counsel and Company Secretary, and the first tier of management below Board level.
- Reviewed remuneration policies for senior management below Board level and the wider workforce.

Remuneration Report continued

Focus areas for 2022/23

- Approve the long-term incentive awards vesting levels for the 2021/22 year for the Executive Directors and the Group General Counsel and Company Secretary.
- Approve the 2021/22 Remuneration Report.
- Set the bonus targets for the 2022/23 year.
- Approve the 2021/22 financial year bonus payments for the Executive Directors and the Group General Counsel and Company Secretary.
- Engage with employees on executive remuneration through the Employee Listening Groups.
- Make awards under the long-term incentive scheme.
- Review and determine the remuneration packages for the Executive Directors and the Group General Counsel and Company Secretary, and the first tier of management below Board level.
- Review remuneration policies for senior management below Board level and the wider workforce.

Implementation of Remuneration Policy in 2021/22

The auditor is required to report on the information contained in the following part of this report, as noted on the relevant sections.

Salary and fees for the year ended 31 July 2022

For 2021/22, Jason Honeyman received a salary of £711,048 and Keith Adey received a salary of £423,572.

Annual bonus for the year ended 31 July 2022

The annual bonus is payable in November 2022 for performance during the year ended 31 July 2022. The performance targets for the 2021/22 bonus comprised of underlying operating profit and three strategic targets. Any bonus earned above 100% of salary will be deferred into shares which cannot be sold for three years.

The actual bonus payment against underlying operating profit was determined on the following basis:

Strategic objective	Weighting (% of salary)	Threshold (25% pays out)	Maximum value (100% pays out)	Actual[a]	Payment (% of maximum)	Payment (% of salary)
Operating profit (underlying)	80.0%	£555.0 million	£600.0 million	£662.5 million	100%	80.0%

Underlying operating profit including our share of joint ventures grew by 22.3% to £662.5 million which is above the maximum threshold.

The basis for payment of the actual bonus against the three strategic measures is set out below:

Strategic pillar	Objectives and performance against target	Opportunity and score
Land bank	Level of land bank plots with detailed planning permission ('DPP') (available for completion in the following financial year) to ensure our growth aspirations are not frustrated by land shortages in future years. A threshold payment of 5% of salary would be triggered for a threshold number of plots with DPP, with an additional 1% payment for further improved performance, up to a maximum of 20% of salary. The land bank targets are commercially sensitive and will be disclosed one year in arrears.[b]	Maximum – 20% of salary
	The land bank of plots with DPP (available for completion in the following financial year) exceeded the maximum target and an award of 20% of salary was achieved.	Achieved in full – 20% of salary awarded.
Customer First	Retention of 5-star[6] homebuilder status (as measured by the HBF).	Maximum – 5% of salary
	We retained our 5-star[6] homebuilder status.	Achieved in full – 5% of salary awarded.
	9-month customer satisfaction score (as measured by NHBC): A threshold payment of 1.25% of salary would be triggered for a threshold score of 79.4%, with an additional bonus opportunity on a straight-line basis for further improvement in the score, up to a maximum of 5% of salary for a score of at least 81.0%.	Maximum – 5% of salary
	The Group's customer satisfaction score in 2022 was 82.1% compared with the base of 79.4%.	Achieved in full – 5% of salary awarded.
	Overall customer satisfaction score (as measured by NHBC): A threshold payment of 0.63% of salary would be triggered for a threshold score of 86.8%, with an additional bonus opportunity on a straight-line basis for further improvement in the score, up to a maximum of 2.5% of salary for a score of at least 87.8%.	Maximum – 2.5% of salary

Strategic pillar	Objectives and performance against target	Opportunity and score
	The Group's customer satisfaction score in 2022 was 86.9% compared with the base of 86.8%.	Partially achieved – 0.82% of salary awarded.
Employee Engagement	The Group's employee engagement score relating to Customer First: A threshold payment of 0.63% of salary would be triggered for a threshold score of 94.0% with an additional bonus opportunity on a straight-line basis for further improvement in the score up to a maximum of 2.5% of salary for a score of at least 95.5%.	Maximum – 2.5% of salary
	The Group's employee engagement score relating to Customer First in 2022 was 96.0% compared with the base of 94.0%.	Achieved in full – 2.5% of salary awarded
	Employee engagement scores (as measured by the June 2022 employee survey): A threshold payment of 1.25% of salary would be triggered for a threshold score of 87.0%, with an additional bonus opportunity on a straight-line basis for further improvement in score, up to a maximum of 5% of salary for a scores of at least 89.5%.	Maximum – 5% of salary
	The Group's employee engagement score in 2022 was 96.0% compared with the base of target 87.0%.	Maximum – 5% of salary

Notes:

a. For underlying operating p ofit and land bank bonus purposes, targets and outcomes includes our share of joint ventures.

b. The 2020/21 base target was set at 10,000 plots with a maximum target of 10,500 plots. The actual performance achieved was 11,715 plots.

Health and safety performance is taken into account by the Committee as part of its overall assessment of the bonus payment, and the Committee has discretion to reduce the overall bonus payment if it considers that health and safety standards have been unsatisfactory. The Committee is satisfied with the health and safety standards over the year.

Long-term incentives vesting in respect of performance period ended 31 July 2022

The PSP awards granted in 2019/20 were based on a three-year TSR performance for the period to 31 July 2022. In line with the 2021 Remuneration Policy, any bonus earned above 100% of salary will be deferred into shares which cannot be sold for three years. The applicable vesting percentages will be as follows:

Metric	Performance condition	Threshold target	Stretch target	Actual	% Vesting
50% of awards	Relative TSR against an index of peer housebuilders comprising Barratt Developments PLC, The Berkeley Group plc, Crest Nicholson Holdings plc, Persimmon plc, Redrow plc, Taylor Wimpey plc and Vistry Group plc ('Index'): 25% of this part of an award vests at the median, increasing pro-rata, to full vesting at median +22.5% (+7.5% p.a.).	-5.2% TSR (median)	17.3% TSR (median +22.5%)	-11.6% Bellway TSR	0%
50% of awards	Relative TSR against the FTSE 250 (excluding financial services companies and investment trusts): 25% of this part of an award vests at median, increasing pro-rata, to full vesting at the upper quartile.	Rank 71 (median)	Rank 36 (upper quartile)	Rank 83 Bellway	0%
Total					**0%**

Regardless of TSR performance, the Committee may adjust the level of vesting (including to nil) to such extent as it considers appropriate to ensure the level of vesting is a true reflection of the overall performance of the Company over the performance period.

As the TSR performance thresholds have not been met, the Committee agreed there were no circumstances that warranted the exercise of discretion. As a result, no awards will vest in November 2022.

Remuneration Report continued

Single figure of total remuneration (audited)

		Salary and fees [a] £	Taxable benefits[b] £	Pension[c] £	Annual bonus £	Sub total £	Long term incentives[d] £	Other items[e] £	Total £	Total fixed remuneration £	Total variable remuneration £
Non executive Chairman											
John Tutte	**2022**	**108,333**				**108,333**			**108,333**	**108,333**	
	2021	–	–	–	–	–	–	–	–	–	–
Paul Hampden Smith	**2022**	**152,282**				**152,282**			**152,282**	**152,282**	
	2021	221,340	–	–	–	221,340	–	–	221,340	221,340	–
Executive directors											
Jason Honeyman	**2022**	**711,048**	**43,797**	**142,210**	**841,312**	**1,738,367**			**1,738,367**	**897,055**	**841,312**
	2021	689,000	49,293	137,800	822,804	1,698,897	294,780	4,495	1,998,172	876,093	1,122,079
Keith Adey	**2022**	**423,572**	**34,410**	**84,714**	**501,170**	**1,043,866**			**1,043,866**	**542,696**	**501,170**
	2021	400,427	33,311	80,085	478,190	992,013	218,317	–	1,210,330	513,823	696,507
Non executive directors											
Denise Jagger	**2022**	**71,776**				**71,776**			**71,776**	**71,776**	
	2021	69,550	–	–	–	69,550	–	–	69,550	69,550	–
Jill Caseberry	**2022**	**71,776**				**71,776**			**71,776**	**71,776**	
	2021	69,550	–	–	–	69,550	–	–	69,550	69,550	–
Ian McHoul	**2022**	**71,776**				**71,776**			**71,776**	**71,776**	
	2021	69,550	–	–	–	69,550	–	–	69,550	69,550	–
Total	**2022**	**1,610,563**	**78,207**	**226,924**	**1,342,482**	**3,258,176**			**3,258,176**	**1,915,694**	**1,342,482**
	2021	1,519,417	82,604	217,885	1,300,994	3,120,900	513,097	4,495	3,638,492	1,819,906	1,818,586

Notes:

a. Paul Hampden-Smith retired as Chairman on 1 April 2022, John Tutte was appointed to the Board on 1 March 2022 and took over as Chairman upon Paul's retirement. Their fees reflect their service during the financial year.

b. Taxable benefits include car allowance and health insurance and £9,387 for Jason Honeyman which relates to hotel and travel costs.

c. Pension includes both payments in lieu of pension of £221,591 and contributions to a defined contribution scheme of £5,333. None of the directors are members of the Group's defined benefit scheme and only Keith Adey was a member of the defined contribution scheme for part of the year.

d. The value of long-term incentives in 2022 is nil as the threshold performance targets for the 2019 PSP awards were not met and as a result the awards lapsed in full. The 2021 figures for Jason Honeyman and Keith Adey have been adjusted to reflect the actual share prices at the dates of vesting, which took place after the pub ication of last year's report.

e. Other items refer to the discount on the awa ds, during the year stated, under the Group's all-employee savings-related share option scheme.

Directors' share-based rewards and options (audited)

Details of all directors' interests in the Company share-based reward schemes are shown.

Jason Honeyman

Scheme	Awards/ options held at 1 August 2021	Granted/ awarded during the year	Exercised during the year	Lapsed during the year	**Awards/ options held at 31 July 2022**	Exercise price/ market price at date of award (p)	Date of grant/ award	Exercisable/ capable of vesting from
PSP[a]	**28,909**	–	(9,264)	(19,645)		2,750.0	22.10.2018	22.10.2021
PSP[b]	**30,667**	–	–	–	**30,667**	3,370.0	16.10.2019	16.10.2022
PSP[c]	**39,005**	–	–	–	**39,005**	2,317.0	27.10.2020	27.10.2023
2013 SRSOS[f]	**771**	–	–	–	**771**	2,333.0	04.12.2020	01.02.2024
PSP[d]		33,216	–	–	**33,216**	3,211.0	26.10.2021	26.10.2024
Totals	**99,352**	33,216	(9,264)	(19,645)	**103,659**			

Keith Adey

Scheme	Awards/ options held at 1 August 2021	Granted/ awarded during the year	Exercised during the year	Lapsed during the year	**Awards/ options held at 31 July 2022**	Exercise price/ market price at date of award (p)	Date of grant/ award	Exercisable/ capable of vesting from
PSP[(a)]	**21,413**	–	(6,862)	(14,551)		2,750.0	22.10.2018	22.10.2021
PSP[(b)]	**17,823**	–	–	–	**17,823**	3,370.0	16.10.2019	16.10.2022
2013 SRSOS[(f)]	**621**	–	–	–	**621**	2,414.4	03.12.2018	01.02.2024
2013 SRSOS[(f)]	**356**	–	–	–	**356**	2,528.0	03.12.2019	01.02.2023
PSP[(c)]	**22,668**	–	–	–	**22,668**	2,317.0	27.10.2020	27.10.2023
PSP[(d)]		19,304	–	–	**19,304**	3,211.0	26.10.2021	26.10.2024
Totals	**62,881**	19,304	(6,862)	(14,551)	**60,772**			

Notes:

a. The performance period was 1 August 2018 – 31 July 2021. The TSR perfo mance condition was in two parts. Half was measured by reference to the median of a group of UK housebuilde s comprising Barratt Developments PLC, The Berkeley G oup plc, Crest Nicholson Holdings plc, Persimmon plc, Redrow plc, Taylor Wimpey plc and Vistry Group ('Housebuilders' Index'). If Bellway's TSR matched that of the median of the companies in that group, 25% of the awards would vest. Full vesting would be achieved for at least a 7.5% per annum outperformance of the median (22.5% in total). The other half was measured by reference to the companies in the FTSE 250 Index (excluding financial services companies and investment trusts). Awards would start to vest at 25% if Bellway's TSR matches the median of the companies in the group, increasing on a straight- ine basis so that full vesting would be achieved if Bellway's TSR reached the upper quartile. Rega dless of TSR performance, no part of an award will vest unless the Committee is satisfied that there has been an improvement in the underlying financial performance of the Company over the performance period. The first part of the performance condition was vested at 0% and the second at 57.4%, so 28.72% of these awards vested. Dividend equivalent shares were also de ivered to the participants in respect of the shares vesting (J Honeyman: 963 shares / K Adey: 713 shares).

b. The performance period for the awards granted in October 2019 finished on 31 July 2022. Details of the vesting of these awards which will take place after this Report is pub ished are set out in full under the heading 'Long-term incentives vesting in respect of performance period ended 31 July 2022' above.

c. The performance period is 1 August 2020 – 31 July 2023. The awa ds are subject to the same TSR performance condition set out in note a above, and these awards are also subject to clawback p ovisions.

d. On 26 October 2021, awards of performance shares under the PSP were made to Jason Honeyman and Keith Adey, equal to 150% of their respective salaries at the date of grant. The face values on grant of these awa ds were therefore £1,066,566 and £619,851 respectively. The performance period is 1 August 2021 – 31 July 2024. The performance condition was in three equal parts. The first part is measured by reference to the median of a group of UK housebuilde s comprising Housebuilders' group (33% weighting) comprising Barratt Developments, The Berkeley Group, Crest Nicholson Holdings, Persimmon, Red ow, Taylor Wimpey and Vistry Group ('Housebuilders' Index'). If Bellway's TSR matches that of the median of the companies in that group, 25% of the awards would vest. Full vesting would be achieved for at least a 7.5% per annum outperformance of the median (22.5% in total). The second part is measured by reference to the companies in the FTSE 350 Index (excluding financial services companies and investment trusts). Awards would start to vest at 25% if Bellway's TSR matches the median of the companies in the group, increasing on a straight- ine basis so that full vesting would be achieved if Bellway's TSR reaches the upper quartile. The thi d part is measured by reference to EPS. Awards would start to vest at 25% if Bellway's EPS reaches a threshold of 383.5p, increasing on a straight- ine basis so that full vesting would be achieved if Bellway's EPS reaches 435.9p. Regardless of TSR performance, the Committee may adjust the level of vesting (including to nil) to such extent as it considers appropriate to ensure the level of vesting is a true reflection of the ove all perfo mance of the Company over the performance period. These awards are also subject to clawback provisions.

e. All of the above awards set out in notes a-d were granted for nil consideration.

f. Further details of the 2013 SRSOS are shown in the summary of outstanding share options in note 23 to the accounts.

g. The value of long-term incentive plan awards for the executive directors which were exercised in the year and those which will become exercisable in 2022/23 are shown in the single figure of total remuneration table on page 112.

h. The market price of the ordinary shares at 31 July 2022 was 2,446p and the closing range during the year was 2,070p to 3,526p.

Payments to past directors (audited)

No past director received any payments from the Company during the year.

Payments for loss of office (audited)

No payments have been made in respect of loss of office during the 2021/22 financial year.

Statement of directors' shareholdings and share interests (audited)

The directors' interests (including family interests) in the ordinary share capital of the Company as at 31 July 2022 are set out below:

Scheme	**Beneficially owned at 31 July 2022[(c)]**	% basic salary held by executive directors in shares[(a)(b)]	Shareholding target of 200% of basic salary met?	Beneficially owned at 31 July 2021	Outstanding and unvested PSP awards	Outstanding and unvested share options	Share options exercised in the year
Jason Honeyman	**34,777**	141	In progress	26,503	**102,888**	771	9,264
Keith Adey	**78,188**	532	Yes	74,558	**59,795**	977	6,862
John Tutte	**20,000**	N/A	N/A	–	**N/A**	N/A	N/A
Denise Jagger	**2,462**	N/A	N/A	2,462	**N/A**	N/A	N/A
Jill Caseberry	**470**	N/A	N/A	470	**N/A**	N/A	N/A
Ian McHoul	**2,000**	N/A	N/A	–	**N/A**	N/A	N/A

Notes:

a. Executive Directo s are required to accumulate a minimum shareholding equivalent to 200% of basic salary. Within a period of three months of appointment an Executive Director must acquire a minimum of 1,000 ordinary shares in the Company and must retain at least 50% of any shares vesting under the PSP, after allowance for paying tax, until the requisite number of shares has been accumulated. Jason Honeyman joined the Board in September 2017 so has not yet had sufficient time to build the target shareholding from vesting share awards. Jason agreed to invest all bonus he received in FY22 above 90% of salary (after paying tax and national insurance) in Bellway shares.

b. The % shareholding is based on salaries as at 31 July 2022 using the average share price for the year.

c. Includes shares owned by partner.

d. There has been no change in any of the above interests between 31 July 2022 and the date of this report.

Remuneration Report continued

The following section of this report is not required to be audited.

Implementation of Remuneration Policy in 2022/23

This section sets out how the Company will implement the Remuneration Policy for the 2022/23 financial year. Full details of how each element will operate are set out in the Remuneration Policy table later in this report.

The Committee has taken into account the remuneration and related policies for the rest of the workforce generally and engaged with the workforce through the Employee Listening Groups when setting the 2022/23 targets for the Executive Directors.

Basic salaries

The Committee has awarded Jason Honeyman and Keith Adey salary increases of 4.0% which are below the level of the average for 2022/23. Therefore, from 1 August 2022, Jason's salary was increased to £739,490 p.a., and Keith's salary was increased to £451,259 p.a.

Annual bonus

For the 2022/23 financial year, the bonus opportunity will continue to be limited to 120% of basic salary. The performance conditions relate to a stretching target of underlying operating profit, including Bellway's share of joint ventures (with a maximum payment of 80% of basic salary achievable) and the following strategic performance measures which provide a maximum bonus opportunity of 40% of basic salary.

Strategic measure	Objectives	Score
Land bank	Increase in the land bank of plots with DPP (available for completion in the following financial year) in the year to 31 July 2022 to ensure our growth aspirations are not frustrated by land shortages in future years.	Maximum – 20% of salary
Sustainability Customer First	This will be in four parts: • 7.5% of salary for retaining 5-star[6] homebuilder status (as measured by the HBF). • 7.5% of salary linked to 9-month post completion customer satisfaction score (as measured by the HBF). The nine-month customer satisfaction score element is assessed based on the question 'would you recommend Bellway to a friend?'. This measure is used as it reflects a metric by which the performance of each division is managed by the Executive Directors.	Maximum – 15% of salary
Sustainability Employee Engagement	Targets relating to the annual employee engagement survey.	Maximum – 5% of salary

In the event that the threshold profit criterion is not met, no bonus will be payable under the strategic targets. Health and safety performance will be taken into account as part of the Committee's overall assessment of the bonus payment.

The Committee would have discretion if, for example, health and safety standards have been unsatisfactory, or there has been a major safety failure, to reduce the overall bonus payment and could, in exceptional cases, reduce the overall bonus payment to nil. Maintaining a strong health and safety record remains a critical objective and this bonus structure allows for health and safety to have a greater influence on annual bonus outcomes.

In line with the 2021 Remuneration Policy, any bonus earned above 100% of salary is required to be deferred into shares which cannot be sold for three years.

The actual annual bonus performance targets are considered to be commercially sensitive at this time, and the Committee will disclose these retrospectively in next year's annual report on remuneration, provided they are no longer commercially sensitive.

Long-term incentives

In line with the rationale set out in the Statement from the Committee Chair, the Company anticipates making a grant under the PSP in October 2022 with a face value equivalent up to 200% of salary to the Executive Directors. Awards will vest to the executive directors after three years, subject to the achievement of performance conditions with any shares vesting subject to a two year holding period.

The performance conditions for the 2022/23 Awards will be based on (i) underlying EPS[2,3], (ii) TSR versus a group of peer housebuilders, (iii) TSR versus the FTSE 350 constituents and, for the first time, (iv) Adjusted RoCE and (v) ESG, with a 20% weighting on each metric.

The targets for Adjusted EPS and adjusted RoCE measure performance in 2024/25. In setting the targets the Committee considered analysts consensus figures, internal forecasts and the impacts expected from the new Residential Property Developer Tax (RPDT) from April 2022 and the end of Help-to-Buy.

Regardless of the vesting outcome the Committee may adjust the level of vesting (including to nil) to such extent as it considers appropriate to ensure the level of vesting is a true reflection of the overall performance of the Company over the performance period.

Metric	Performance condition (25% to 100% straight line vesting)	Threshold target	Stretch target
20% of opportunity	Underlying EPS in 2024/25. (Calculated using underlying profit and the current tax rates.)	409.7p	463.8p
20% of opportunity	Relative TSR against a group of peer housebuilders comprising Barratt Developments PLC, The Berkeley Group plc, Crest Nicholson Holdings plc, Persimmon plc, Redrow plc, Taylor Wimpey plc and Vistry Group PLC.	Median	Median +7.5% p.a.
20% of opportunity	Relative TSR against the FTSE 350. (Excluding financial services companies and investment trusts.)	Median	Upper Quartile
20% of opportunity	Underlying Return on Adjusted Capital Employed. (Adding back land creditors and legacy building safety provisions to Capital Employed.)	14%	19%
10% of opportunity	Reduction in scope 1 and 2 emissions. 25% of this part of an award vests at a reduction in tonnes by 17.3%, increasing pro-rata, to full vesting at a reduction in tonnes by 25% measured by emissions for 2024/25.	4,436 tonnes reduction	6,429 tonnes reduction
10% of opportunity	Reduction in waste per completed unit. 25% of this part of an award vests at a reduction in tonnes by 17.5%, increasing pro-rata, to full vesting at a reduction in tonnes by 22.5% for 2024/25 compared to 2021/22.	1.56 tonnes reduction	2.01 tonnes reduction

Chairman and Non-Executive Director fees from 1 August 2022

Director	Fee from 1 August 2021 £	% increase	Fee from 1 August 2022 £
Non-Executive Chairman fee	228,423	**13.82%**	**260,000**
Non-Executive Director fee	60,063	**4.06%**	**62,500**
Senior Independent Non-Executive Director,	11,713	**0.32%**	**11,750**
Audit and Remuneration Committee Chair fees	11,713	**15.26%**	**13,500**

The Company's Articles of Association specify an annual limit on Non-Executive Director fees of £500,000. This excludes the fees for the Chairman and additional fees payable to the Senior Independent Non-Executive Director and to Committee Chairs. Shareholder approval is required to amend this limit. A benchmarking exercise was performed during the year to align fees to the wider FTSE 250.

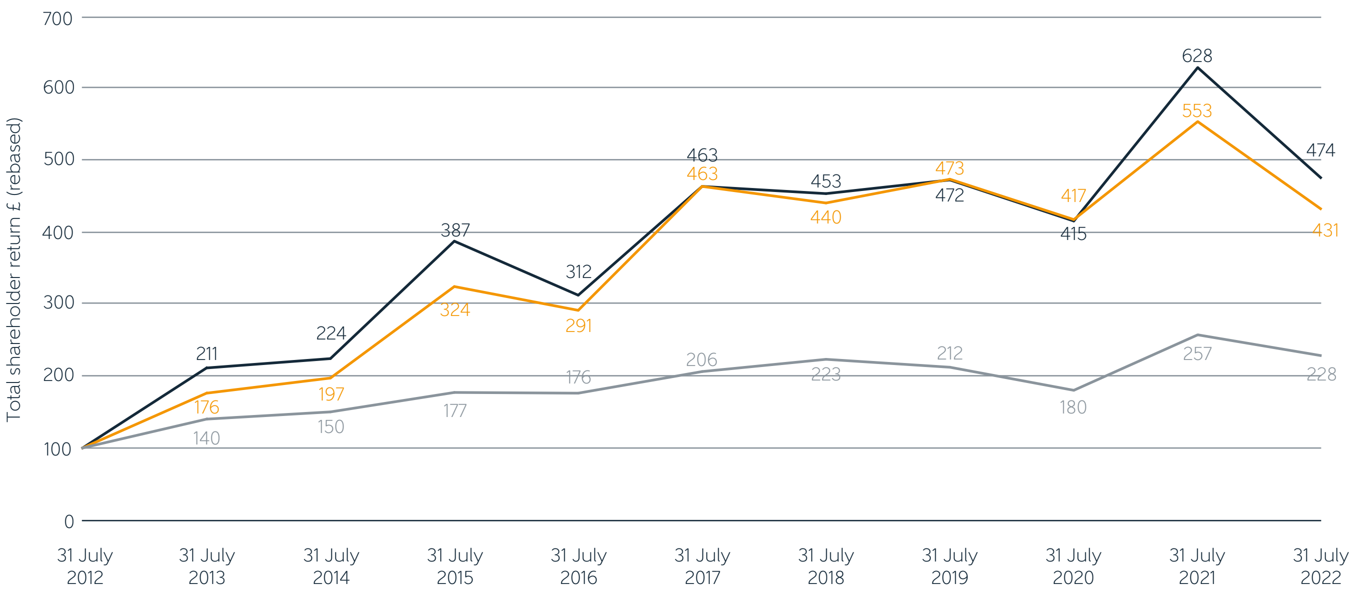
Remuneration Report continued

Performance graph and table

The graph below shows the TSR performance over the past ten years of the Company, the FTSE 250 Index and the bespoke Housebuilders' Index (as defined in note a on page 113). The FTSE 250 Index has been selected as the most appropriate 'broad equity market index' as the Company has been a constituent of the FTSE 250 Index over this period. The bespoke Housebuilders' Index has been selected as these companies have been used for the Company's long-term incentive plans.

This graph shows the value, as at 31 July 2022, of £100 invested in Bellway on 31 July 2012 compared with the value of £100 invested in the FTSE 250 Index and £100 invested equally in each of the other housebuilders, who form part of the Housebuilders Index. The other points plotted are the values at intervening financial year ends.

Total shareholder return



Source: Datastream (Refinitiv Datastream) — Bellway — Housebuilder's Index — FTSE 250 Index

Group Chief Executive total remuneration

The table below sets out the total remuneration for the Group Chief Executive over the same ten-year period as for the chart overleaf, together with the percentage of annual bonus paid and the vesting of long-term incentives as a percentage of the maximum (relating to the performance periods ending in that year).

	2013	2014	2015	2016	2017	2018[c]	2019[d]	2020	2021	**2022**
Total remuneration (£000)	1,243[a]	1,450	1,960	2,785	3,468	1,737	1,220	1,110	1,998[b]	**1,738**
Annual bonus paid (as % of maximum)	100.0%	91.6%	88.8%	95.8%	93.8%	0.0%	76.7%	0.0%	99.5%	**98.6%**
PSP vesting (as a % of maximum)	0.0%	50.0%	50.0%	100.0%	100.0%	99.8%	30.6%	47.7%	28.7%	**0%**

Notes:

a. John Watson held the role of G oup Chief Executive up until 31 January 2013 and Ted Ayres was Group Chief Executive for the remainder of the financial year f om 1 February 2013 to 31 July 2013. The total remuneration for the period as Group Chief Executive was £714,053 for John Watson and £528,500 for Ted Ayres.

b. Restated as per footnote d to the table on page 112.

c. Ted Ayres was absent during the 2017/18 financial year due to ill health and so the figures shown are lower than would normally be expected if he had been at work during the year.

d. Jason Honeyman was appointed as Group Chief Executive on 1 August 2018.

Percentage change in remuneration of directors compared to workforce

The table below shows the annual percentage change in base salary, benefits and bonus between FY19 and FY22 in respect of the Directors of the Company and the average for all other employees. Over time, the percentage change over five years will eventually be disclosed.

	% Change in salary/ fees FY21 FY22[(a)]	% Change in benefits FY21 FY22	% Change in bonus FY21 FY22	% Change in salary/ fees FY20 FY21	% Change in benefits FY20 FY21	% Change in bonus FY20 FY21	% Change in salary/ fees FY19 FY20	% Change in benefits FY19 FY20	% Change in bonus FY19 FY20
All other employees[(b)]	+6.0	+8.4	+83.2	+1.6	+8.3	-79.9	+2.6	+8.7	+17.8
J Honeyman (Group Chief Executive)[(c)]	+3.2	-11.2	+2.6	+3.4	+9.8	+100	+25.6	+38.5	-100
K Adey (Group Finance Director)	+5.6	+3.3	+5	+3.4	+0.3	+100	-1.4	+2.4	-100
J Tutte (Chair)[(d)]	+100	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
P Hampden Smith (Chair)[(e)]	-31.2	n/a	n/a	+3.4	n/a	n/a	+31.4	n/a	n/a
D Jagger (INED)	+3.2	n/a	n/a	+3.4	n/a	n/a	+2.3	n/a	n/a
J Caseberry (INED)	+3.2	n/a	n/a	+3.4	n/a	n/a	-1.4	n/a	n/a
I McHoul (INED)	+3.2	n/a	n/a	+3.4	n/a	n/a	+4.4	n/a	n/a

Notes:

a. The comparative figures used for the Board are the actual salary and fees paid as per the Single figure of remuneration table on page 112.

b. All other employee figures are calculated on a cash basis.

c. Upon appointment as Group Chief Executive, the Board had agreed a salary increase for Jason Honeyman to be implemented for the financial year beginning August 2019. Details of Jason's benefits are included in note b page 112.

d. John Tutte was appointed as Non Executive Chairman during the financial year, having joined Bellway on the 1 March 2022.

e. Paul Hampden Smith resigned as Non Executive Chairman on the 31 March 2022.

CEO pay ratio

We are publishing our CEO pay ratio figures for the financial years 2018/19, to 2021/22. Over time, ten-year ratios will eventually be disclosed.

		Upper quartile			Median			Lower quartile		
Financial year	Method	Pay ratio	Total pay and benefits £	Salary component £	Pay ratio	Total pay and benefits £	Salary component £	Pay ratio	Total pay and benefits £	Salary component £
2018/19	A	19:1	62,168	50,200	28:1	42,845	22,647	40:1	29,858	23,305
2019/20	A	18:1	60,675	24,400	27:1	40,415	22,000	43:1	25,580	25,200
2020/21	A	31:1	65,866	52,279	45:1	44,864	40,556	68:1	29,886	24,750
2021/22	**A**	**25:1**	**70,036**	**62,311**	**36:1**	**48,662**	**29,438**	**54:1**	**32,148**	**24,561**

The pay ratios have been calculated as at 31 July 2022 using Option A of the Regulations, that is, the full-time equivalent pay and benefits for all of our employees to identify those employees on the quartiles. Option A has been selected as it is the most statistically accurate method of calculation. Employee benefits include company car, car allowance, private medical, employer pension contributions and share option gains. All payments are included on a cash basis, with the exception of the annual bonus for the Group Chief Executive. The annual bonus earned during the 2021/22 financial year, which is expected to be paid in November 2022, has been approved for the Group Chief Executive, there is not an accurate estimate for all other staff, therefore cash bonus paid during the year (relating to the 2020/21 financial year) has been used in the calculations. The decrease in the CEO pay ratio in the current year is driven by the current year LTIP opportunity not vesting.

Jason Honeyman was appointed as Group Chief Executive on 1 August 2018, with a phased increase to his salary implemented in the 2019/20 financial year, this resulted in a lower CEO pay ratio in 2018/19. Due to COVID-19 no bonuses were paid in the 2019/20 financial year, this led to a further fall in the CEO pay ratio.

Remuneration Report continued

Importance of remuneration relative to dividends and section 106 and CIL payments

The table below shows the relative expenditure of the Group in respect of employee remuneration, dividends and section 106 and CIL payments, together with the percentage change in each, for the financial years ended 31 July 2021 and 31 July 2022. The Directors have chosen dividends and section 106 and CIL payments as comparators to employee costs as they consider that these demonstrate the relative importance of the remuneration of its employees to the returns the Group generates to shareholders and the contribution it makes to developing communities through section 106 and CIL payments

	2022 £m	2021 £m	% change
Employee costs[(a)]	**167.0**	159.9	4.4
Dividends[(b)]	**172.4**	144.9	19.0
Section 106 and CIL payments[(c)]	**117.2**	71.3	64.4

Notes:
a. Employee costs are calculated as wages and salaries, bonus and taxable benefits (including the directors).
b. The dividend figures shown are the interim and final dividends paid or payable for the relevant financial year less forfeited dividends (see note 20 to the accounts).
c. The section 106 and CIL payments figures are calculated from invoices received for these payments.

Dilution limits/shares held in Trust to satisfy awards

The Bellway Employee Share Trust (1992) (the 'Trust') holds market-purchased shares to satisfy awards made under some of the Company's executive and employee share schemes. As at 31 July 2022 the Trust held 331,115 shares. It is the Company's current intention to use new issue shares to satisfy awards made under the PSP. Awards made under the deferred bonus plans (to which the executive directors are not elig ble) must be satisfied using market-purchased shares. The SRSOS uses new issued shares. The Company's share plans comply with the IA guidance on dilution limits and the position as at 31 July 2022 was:

Limit of 5% in any ten years under all executive share plans	Actual 0.92 %
Limit of 10% in any ten years under all share plans	Actual 0.86 %

Statement of voting at AGMs

The votes cast by proxy at AGMs in relation to resolutions regarding directors' remuneration are set out in the table below:

	Directors' Remuneration Policy (binding vote at AGM on 6 December 2021)		**Remuneration Report (advisory vote at AGM on 6 December 2021)**	
	Number of votes	**% of votes cast**	**Number of votes**	**% of votes cast**
For	89,540,335	96.95	91,041,126	98.37
Against	2,815,436	3.05	1,505,145	1.63
Total votes cast (excluding votes withheld)	**92,355,771**	**100.00**	**92,546,271**	**100.00**
Votes withheld	206,210		15,710	

At the AGM on 16 December 2022, the Company's shareholders will have an advisory vote on the Remuneration Report.

On behalf of the Board

Jill Caseberry
Chair of the Remuneration Committee

17 October 2022

Directors' Remuneration Policy

This part of the remuneration report provides a summary of the Directors' Remuneration Policy which was approved by shareholders at the AGM on 6 December 2021. Factual data has been updated where appropriate (e.g. details of service contracts). A full version of the policy, as approved by shareholders, can be found in the Annual Report and Accounts for 2021 on the Company's website.

Policy principles

The Directors' Remuneration Policy is aligned with the principles within the 2018 UK Corporate Governance Code and these principles are taken into account in its implementation:

Principles	Considerations within the Policy
Clarity: remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	We clearly communicate our approach to remuneration in this report and in all communications with shareholders whilst providing transparency in our rationale. This also allows straightforward engagement with the wider workforce.
Simplicity: remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	We have structured the Remuneration Policy to be as simple as possible, within the confines of ensuring arrangements are in line with the business strategy, have a robust link between pay and performance and are designed with consideration of investor expectations.
Risk: remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	We mitigate against these risks through a carefully designed policy which includes a balance between financial and non-financial bonus metrics, a Performance Share Plan which is based on long-term performance, deferral of a portion of the annual bonus into shares, and shareholding requirements. The Committee also has the ability to apply discretion and clawback provisions if incentive payment levels are inappropriate.
Predictability: the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.	We carefully consider the range of likely performance outcomes for incentive plans when setting performance target ranges and at the time of assessment would use discretion where necessary if the formulaic result is considered inappropriate.
Proportionality: the link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	The opportunity under incentive plans is determined based on a proportion of salary with the quantum determined to ensure that there is an appropriate link between pay and performance. The performance conditions applying to the incentives are aligned with the Company's strategy and are reviewed on an annual basis to consider whether they are working effectively. There are provisions to override the formula-driven outcome of incentive plans and clawback provisions to ensure that there is not reward for poor performance.
Alignment to culture: incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	The annual bonus is based on both financial and non-financial metrics aligned with the strategy incentivising the profitability of the Company whilst maintaining a focus on our customers and the quality of our service.

Objectives of Remuneration Policy

The aim of the Committee is to ensure that the Company has competitive remuneration packages in place that will promote the long-term success of the Company and motivate executive directors in the overall interests of shareholders, the Group, its employees and its customers.

The Committee has a policy of paying a level of remuneration comparable with that at a peer group of similar UK housebuilding businesses, subject to experience and performance.

The Committee uses this comparative approach to benchmarking with caution, recognising the relatively few direct housebuilding comparators, their differing size and the risk of an upward ratchet effect with any peer-based analysis. The structure of the package has been designed to ensure that the performance-related elements of remuneration (annual bonus and long-term incentives) constitute a significant proportion of an executive's potential total remuneration package, but are only receivable if stretching performance targets are achieved.

The structure of the performance conditions for annual bonus and long-term incentives has been designed to provide a strong link to the Group's performance, namely a focus on maximising profit in a sustainable fashion and producing superior shareholder returns, thereby generating a strong alignment of interest between senior executives and shareholders. The two-year post-vesting holding period which applies to the long-term incentive plan (which also applies to good leavers) reinforces that alignment.

Remuneration Report continued

Decision-making process

The Committee is responsible for the determination of the Directors' Remuneration Policy and how it is implemented. In addressing this responsibility the Committee works with management and external advisers to develop proposals and recommendations. The Committee considers the source of information presented to it, analyses the detail and ensures that independent judgement is exercised when making decisions. Information is independently verified where there are conflicts of interest and no individual is present when their remuneration is being discussed.

Consideration of employment conditions elsewhere in the Group

We have commenced using our Employee Listening Groups to provide an opportunity to engage with the workforce on executive remuneration and for employees to raise issues which are reported to the Board. This is one of the UK Corporate Governance Code's requirements. In determining the elements of remuneration for the Executive Directors, the Committee takes into consideration the pay and conditions of employees throughout the Group as a whole, paying particular attention to the levels of basic pay increase awarded to the workforce generally.

All elig ble employees, including the Executive Directors, can join the Group's savings-related share option scheme, have life assurance benefits and have access to pension arrangements. A significant proportion of employees benefit from health insurance, a company car or car allowance and are elig ble to participate in a discretionary bonus scheme.

The Committee is regularly updated of any significant policy changes for the workforce generally and management below Board level in particular.

Clawback/malus

The time period over which clawback/malus will apply to bonuses in respect of bonus years commencing and PSP awards granted after 1 August 2018 is at any time before the third anniversary of payment of bonus or vesting of PSP award, as relevant.

Incentive plan discretions

The Committee will operate the annual bonus plan and PSP in accordance with their respective rules. As part of the rules the Committee holds certain discretions which are required for both an efficient operation and administration of these plans, and are consistent with standard market practice. Any use of the discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

Policy table

This section of the report describes the key components of each element of the remuneration arrangements for executive and non-executive directors.

Component and link to strategy	Operation	Maximum opportunity	Framework to assess performance
Salary			
To be market competitive and therefore assist in recruiting, retaining and motivating high quality executives. Reflects individual role and experience.	Salaries are normally reviewed in July each year and changes normally take effect from 1 August. They are typically determined by reference to market levels of a peer group of similar UK housebuilding businesses, taking account of salaries at other companies of a similar size, and by taking account of the role, performance, and experience of the individual, Company performance, salary increases throughout the rest of the business and economic conditions. Where salaries of new executive directors are positioned below market levels, the Committee's policy is to progress these over time, with increases potentially higher than for the general workforce, as experience is gained, subject to performance.	No prescribed maximum. Increases are normally in line with the average for the workforce generally. Increases may be below or above this e.g. due to promotion, change in responsibility or experience, role change or a significant change in the size, value and/ or complexity of the Company. Salaries are set out in the Annual Report on Remuneration.	In addition to the reviews by the Chairman, as part of the annual Board evaluation, the performance of the executives and the Company is kept under continuous review by the Board.

Component and link to strategy	Operation	Maximum opportunity	Framework to assess performance
Pension			
To provide a structure and value that is market competitive.	Pension contributions into the Company's Group Self Invested Personal Pension Plan and/or a salary supplement in lieu of pension contributions.	Up to 20% of salary. The rate for current Directors will be aligned with that of the workforce at the end of 2022.	Not applicable.
Benefits			
To provide a range and value that is market competitive.	Typically comprises car or car allowance, life assurance and health insurance. Other benefits may be provided where appropriate. Any expenses incurred in carrying out duties will be fully reimbursed by the Company including any personal taxation associated with such expenses.	Not applicable.	Not applicable
Annual bonus			
To reward achievement with a combination of financial and non financial operational based performance targets in accordance with Group KPIs.	Annual bonuses are normally payable in cash in November following the year end on 31 July, subject to the achievement of performance targets that were set at the start of the financial year. The Company operates a recovery mechanism which allows the Company to clawback some or all of the payments made under the variable components of an individual's remuneration, in the following circumstances: (i) material misstatement of results; (ii) error in assessing a performance condition; (iii) gross misconduct by the individual; (iv) in the case of corporate failure; or (v) in the case of material reputational damage. Any bonus over 100% of base salary will be deferred into shares which will have to be held for three years.	120% of basic salary maximum	The bonus may be based on a combination of financial and strategic objectives, with financial performance accounting for a majority of the overall bonus opportunity. The Committee determines the choice of measure(s) and their weighting for each year to ensure alignment with the Board's priorities and Company strategy over the short to medium-term. The level of pay-out at threshold for financial metrics will not be more than 40% of maximum, and varies for non - financial metrics. Full vesting will take place for equalling or exceeding maximum, subject to the health and safety underpin. The Committee has discretion to adjust the payment outcome to ensure it reflects the individual's contr bution and/ or the overall performance of the Company over the performance period. Details of the performance measures used are set out in the Annual Report on Remuneration.

Remuneration Report continued

Component and link to strategy	Operation	Maximum opportunity	Framework to assess performance
Share ownership guideline for Executive Directors			
To align executive directors' interests with those of shareholders.	Executive directors are required to accumulate a minimum shareholding equivalent to 200% of basic salary. This level, or if lower the actual shareholding on departure, must be maintained for at least two years post departure. Within a period of three months of appointment an Executive Director must acquire a minimum of 1,000 ordinary shares in the Company and must retain at least 50% of any shares awarded under the PSP, after allowance for paying tax, until the requisite number of shares has been accumulated. If personal circumstances make this difficult, the Committee would exercise discretion.	Not applicable.	Not applicable.
Long-term incentives ('PSP')			
To encourage long term value creation, aid retention, encourage shareholding and promote alignment of interests with shareholders.	The Company operates a PSP as its primary long-term incentive. Annual awards of nil-cost options or conditional awards may be made under the PSP to the Executive Directors, at the discretion of the Committee. Awards normally vest three years after grant, subject to the achievement of stretching performance targets. Dividend equivalents (in cash or shares) may be payable, and will only accrue during the vesting and holding period on awards that ultimately vest. The Company operates recovery and withholding mechanisms which allow the Company, in exceptional circumstances, to clawback some or all of the payments made, or recover unvested awards, in the following circumstances: (i) material misstatement of results; (ii) error in assessing a performance condition; (iii) gross misconduct by the individual; (iv) in the case of corporate failure; or (v) in the case of material reputational damage. A minimum holding period of two years applies to awards post vesting.	200% of basic salary.	PSP awards are subject to stretching three-year targets. No more than 25% of a part of an award will vest at threshold with full vesting taking place for equalling or exceeding maximum targets set. The Committee has discretion to adjust the vesting outcome in exceptional circumstances to ensure it is a true reflection of the overall performance of the Company over the performance period. Further details of the performance metrics applying to the awards are set out in the Annual Report on Remuneration.

Component and link to strategy	Operation	Maximum opportunity	Framework to assess performance
All-employee share schemes			
To encourage employees to build a stake in the future of the Company.	The Executive Directors can participate in any HMRC approved all-employee plans operated by the Company.	Subject to prevailing HMRC limits.	Not applicable.
Chairman and Non-Executive Directors			
To set appropriate fees in light of the time commitment, responsibilities, wider market and best practice.	The Chairman's fee is determined by the Remuneration Committee. The remuneration of the Non-Executive Directors is determined by the Board Committee on Non-Executive Directors' Remuneration, which comprises the executive directors. Fee levels are normally reviewed annually, taking into account the time commitment and responsibilities of the roles including membership or chairmanship of Board committees and the level of fees for similar positions in comparable companies. Non-Executive Directors are not normally entitled to any taxable benefits or pension. They do not participate in any bonus or long-term incentive plans and they are not entitled to compensation on termination of their arrangements, other than normal notice provisions of three months given by either party. Travel, accommodation and other related expenses incurred in carrying out the role will be paid by the Company including any personal taxation associated with such expenses.	The aggregate of NED fees is set out in the Articles of Association and is currently £500,000 p.a.	The performance of the Non-Executive Directors is assessed by the Chairman. The Senior Independent Non-Executive Director reviews the performance of the Chairman in conjunction with the Directors.

For the avoidance of doubt, under this Directors' Remuneration Policy, authority is given to the Company to honour any commitments entered into with current or former directors that is consistent with the approved remuneration policy in force at the time the commitment was made (or, if made before the current policy was approved, as have been disclosed previously to shareholders), or was made at the time when the relevant individual was not a director of the Company. Details of any payments made to former directors will be set out in the Annual Report on Remuneration as they arise.

Remuneration Report continued

Approach to recruitment remuneration

In arriving at a total package and in considering the quantum for each element of the package, the Committee will take into account the skills and experience of the candidate and the market rate for a candidate of that experience, as well as the importance of securing the preferred candidate.

Element	General policy	Detail
Salary	At a level required to attract the most appropriate candidate.	Discretion to pay lower basic salary with incremental increases, potentially higher than for the general workforce, as new appointee becomes established in the role.
Pension and benefits	In accordance with Company policies.	Additional benefits in relation to recruitment may be provided where considered appropriate, for example, relocation expenses or allowances, legal fees and other recruitment-related costs may be payable. Any new director's pension contributions will be in line with the wider workforce. The current employer pension contribution rate is between 5% and 10% of salary.
Bonus	In accordance with existing schemes.	Depending on the timing of recruitment, bespoke targets could be introduced for an individual within the maximum individual limits of the annual bonus plan applicable at the time. Pro-rating would be applied as appropriate for intra-year joiners.
Long term incentives (PSP)	In accordance with Company policies and maximum limits in the PSP rules.	An award may be made in the year of joining or, alternatively, the award can be delayed until the following year. Targets would normally be the same as for other directors and grant levels consistent within the permitted individual maximum under the rules of the plan and this policy.
Buyout of forfeited remuneration	The Committee may make an award in cash or shares to replace deferred or incentive pay forfeited by an executive leaving a previous employer (and, if required, by relying on the flexibility provided in the Listing Rules to grant such replacement awards).	Awards would, where possible, be consistent with the awards forfeited in terms of the vehicle, structure, vesting periods, expected value and performance conditions.

Service contracts and loss of office payment policy

The details of the executive directors' service contracts are as follows:

Executive Director	First appointed as a Director	Current contract commencement date	Notice period from employer	Notice period from executive
Jason Honeyman	1 September 2017	1 August 2018	6 months	6 months
Keith Adey	1 February 2012	1 February 2012	12 months	6 months

Our policy is that notice periods for Executive Directors should be no longer than 12 months.

The Executive Directors may accept external appointments provided that such appointments do not, in any way, prejudice their ability to perform their duties as Executive Directors of the Company. The extent to which any Executive Director is allowed to retain any fees payable in respect of such appointments, or whether such fees are remitted to the Company, will be assessed on a case-by-case basis. Neither of the Executive Directors currently holds any outside appointments.

Our policy is that notice periods for Non-Executive Directors should be no longer than three months, save in the case of the Chairman whose notice period may extend to six months.

Currently, all Non-Executive Directors have letters of appointment with the Company for no more than three years, subject to annual reappointment at the AGM, with a three-month notice period by either side. The appointment letters for the Chairman and Non-Executive Directors provide that no compensation is payable on termination, other than fees accrued and expenses.

Executive Director	First appointed as a Director	Current letter of appointment commencement date	Current letter of appointment end date
John Tutte	1 March 2022	1 March 2022	28 February 2025
Denise Jagger	1 August 2013	1 August 2019	31 July 2022
Sarah Whitney	1 September 2022	1 September 2022	31 August 2025
Jill Caseberry	1 October 2017	1 October 2017	30 September 2023
Ian McHoul	1 February 2018	1 February 2021	31 January 2024

The overriding principle for payments on loss of office will be to honour contractual remuneration entitlements. The Committee would determine, on an equitable basis, the appropriate treatment of performance-linked elements of the package, taking account of the circumstances, in accordance with the rules of each respective plan. Failure will not be rewarded.

The Company may pay statutory claims. Reasonable costs of legal expenses incurred by the Director may be reimbursed by the Company by making direct payment to the professional adviser.

Element	Bad leaver[a]	Departure on agreed terms[b]	Good leaver[c]
Salary, pension and benefits (after cessation of employment)	Nil.	Up to 12 months' basic salary, benefits and pension. Payments may be phased and subject to offsetting against alternative income from elsewhere during the notice period. The Company may pay in lieu of notice an amount equivalent to 12 months' salary, pension and benefits.	Apart from death, the Company may pay up to 12 months' basic salary, benefits and pension, less any period of notice worked. Payments may be phased and subject to offsetting against alternative income from elsewhere during the notice period. The Company may pay in lieu of notice an amount equivalent to 12 months' salary, pension and benefits.
Annual bonus	No bonus payable.	For the proportion of the financial year worked, bonus may be payable pro-rata, subject to performance, at the discretion of the Committee. There will be no bonus payment in respect of any period of notice not worked.	For the proportion of the financial year worked, bonus may be payable pro-rata, subject to performance, at the discretion of the Committee.
PSP (and SMP awards granted in 2014 or before)	All awards, including those which have vested but are unexercised will lapse immediately upon cessation of employment.	Awards will lapse upon cessation of employment, unless the Committee decides otherwise, in which case awards may vest. Where employment ends before the vesting date, awards may vest at the normal time (other than by exception) to the extent that the performance conditions have been satisfied. The level of vested award will be reduced, pro-rata, based upon the period of time after the grant date and ending on the date of cessation of employment, relative to the three-year performance period unless the Committee, acting fairly and reasonably, decides that such a scaling back is inappropriate in any particular case.	Awards may be exercised within 12 months of the vesting date. Where employment ends before the vesting date, awards may be exercised at the normal vesting time (other than by exception) and only to the extent that the performance conditions have been satisfied. The level of vested award will be reduced, pro-rata, based upon the period of time after the grant date and ending on the date of cessation of employment, relative to the three-year performance period unless the Committee, acting fairly and reasonably, decides that such a scaling back is inappropriate in any particular case.
Other payments	Nil.	Depending upon circumstances, the Committee may consider payments in respect of an unfair dismissal award, outplacement support and assistance with legal fees.	The Company may pay for outplacement support and assistance with legal fees.

Notes:

a. For example, normal resignation f om the Company or termination for cause (e.g. discip inary issues).

b. This may cover a range of circumstances such as business reorganisation, changes in reporting structure, change in requirements for the role, termination as a result of a failure to be re-elected at an AGM, etc.

c. Leaver for compassionate reasons such as death, injury, disabi ity or retirement, with the agreement of the employer.

Directors’ Report

“ The Directors have proposed a final ordinary dividend for the year ended 31 July 2022 of 95.0p per share. ”

Simon Scougall
Group General Counsel and Company Secretary

The Directors of Bellway p.l.c. present their report in accordance with section 415 of the Companies Act 2006.

Bellway p.l.c. is the holding company of the Bellway group of companies and is a UK publicly listed company whose shares are traded on the London Stock Exchange. The main trading company is Bellway Homes Limited and this and all other subsidiaries and joint arrangements of the Group are listed in note 26 to the accounts.

The following table sets out where information can be found which is required to be reported on in the Directors’ Report, but has been included elsewhere in the Annual Report and Accounts, and is simply cross-referenced here to avoid repetition.

Topic	Page number
Directors	86 to 87
Appointment and replacement of directors	92 and in the Articles
Directors’ interests	113
Future developments	29 of the Strategic Report
Group undertakings	173
Environmental issues	42 to 61 of the Strategic Report
s172 statement/reporting	65 of the Strategic Report
Greenhouse gas emissions	44 of the Strategic Report
Whistleblowing	104
Financial risk management	75 to 78 of the Strategic Report
Going concern	77 of the Strategic Report

Results and Dividends

The profit for the year attributable to equity holders of the parent company amounts to £242.6 million (2021 – £390.7 million).

The Directors have proposed a final ordinary dividend for the year ended 31 July 2022 of 95.0 per share (2021 – 82.5p). This has not been included within creditors as it was not approved by shareholders before the end of the financial year. The Directors recommend payment of the final dividend on Wednesday 11 January 2023 to shareholders on the Register of Members at the close of business on Friday 2 December 2022.

Dividends paid during the year comprise the final dividend of 82.5p per share in respect of the year ended 31 July 2021, together with an interim dividend in respect of the year ended 31 July 2022 of 45.0p per share.

Directors’ indemnities and Directors’ and officers’ liability insurance

The Company carries appropriate insurance cover in respect of possible legal action being taken against its Directors, Officers and senior employees. The Articles provide the Directors and Officers with further protection against liability to third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of this report.

Major interests in shares

As at 31 July 2022 and as at the date of this report, the Company had been notified under DTR 5 of the following interests, amounting to 3% or more of the voting rights in the issued ordinary share capital of the Company:

Topic	As at 31 July 2022		As at 17 October 2022	
	Number of shares with voting rights	**% total voting rights**	Number of shares with voting rights	% total voting rights
BlackRock Inc	**Below 5%**		6,631,353	5.36
Credit Suisse Securities (Europe) Ltd	**3,890,282**	**3.38**	3,890,282	3.38
Dimensional Fund Advisors LP	**6,148,373**	**4.99**	6,148,373	4.99
Polaris Capital Management	**5,053,537**	**4.09**	5,053,537	4.09

Post balance sheet events

The Company acquired 100% of the ordinary share capital of Rosconn Strategic Land Limited on 12 October 2022 for £24.8 million cash consideration.

Earlier this month, the Group also signed up to the Developers' Pact with the Welsh Government. Similar to the Pledge, this is a commitment to remediate buildings over 11 metres in height with life critical fire safety issues, which were constructed in Wales since 1992. Reflecting our ongoing and responsible UK-wide approach to legacy building safety, the expected cost of the remediation works in Wales was probable at the year end and is included in our provision at 31 July 2022.

Information on those third parties with which the Company has contracts or arrangements essential to its business

The Company is party to a number of debt agreements with major clearing banks. The withdrawal of such facilities could have a material effect on the financing of the business. There are no other arrangements that the Group considers to be critical to the performance of the business.

Takeovers directive and change of control

The Company is party to a number of banking agreements that may be terminable in the event of a change of control of the Company. On a change of control, any outstanding options and awards granted under the Group's share schemes would become exercisable, subject to any performance conditions being met.

Share capital

The Company's total issued share capital, as at 31 July 2022, consisted of 123,486,260 ordinary shares of 12.5p each. Further details of the issued capital of the Company can be found in note 18 to the accounts. The rights and obligations attaching to the ordinary shares in the Company are set out in the Articles of Association (the 'Articles'). Copies of the Articles can be obtained from Companies House or by writing to the Group General Counsel and Company Secretary at the Company's registered office.

Restrictions on the transfer of shares

The restrictions on the transfer of shares are set out in the Articles. In compliance with the Company's Share Dealing Code, Company approval is required for Directors, certain employees and those persons closely associated with them to deal in the Company's ordinary shares. No person has special rights of control over the Company's share capital. There has been no amendments to these procedures during the year.

Rights in relation to the shares held in the employee benefit trust

The voting rights on shares held in the Bellway Employee Share Trust (1992) in relation to the Company's employee share schemes are exercisable by the trustees.

Restrictions on voting rights

Details of the deadlines for exercising voting rights are set out in the Articles. The Directors are not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or on voting rights.

Amendments to the Articles

The Company may amend its Articles by passing a special resolution at a general meeting of its shareholders.

Powers of the Board

The business and affairs of the Company are managed by the Directors, who may exercise all such powers of the Company as are, not by law or by the Articles, required to be exercised by the Company in general meetings. Subject to the provisions of the Articles, all powers of the Directors are exercised at meetings of the Directors which have been validly convened and at which a quorum is present.

Allotment of shares

During the year, 89,838 new ordinary shares were issued to satisfy awards made under the Company's employee share schemes. The Directors have authority to allot shares within limits agreed by shareholders. Details of the renewal of this authority, including the resolutions which seek to renew this authority, are set out in the Notice of Meeting of the AGM, to be held on Friday 16 December 2022.

Purchase of the Company's own shares

The Company was given authority at the AGM on 6 December 2021 to purchase its own ordinary shares. As at the date of this report, no market purchases have been made by the Company. This authority will expire at the end of the forthcoming AGM. Details of the renewal of this authority, including the resolution which seeks to renew this authority for a further year, are set out in the Notice of Meeting of the AGM.

Listing Rules

There are no disclosures required by LR9.8.4 that apply to the Company.

Accountability and audit

The Going Concern Statement, Long-Term Viability Statement and the Statement of Directors' Respons bilities in respect of the Annual Report and Accounts are shown on pages 77, 91 and 92 respectively.

The Audit Committee, whose role is detailed on page 97 and 98, has meetings at least twice a year with the Company's auditor, Ernst & Young LLP.

Directors' Report continued

People

The important role that our people perform is descr bed throughout the Strategic Report. In addition, following the introduction of Better with Bellway, which is our new responsible and sustainable approach to our business, we aim to be an employer of choice, with a safe, diverse, and inclusive environment. More details are included with the Better with Bellway section.

The following disclosures provide additional information on how we treat our people and how we engage with them.

We are an equal opportunities employer. It is our policy to develop and apply, throughout the Group, procedures and practices which are designed to ensure that equal opportunities are provided to all of our employees, or those who seek employment with the Group, irrespective of their age, colour, disability, ethnic origin, gender, marital status, nationality, parental status, race, religion, belief or sexual orientation.

All employees, whether part-time, full-time or temporary, are treated fairly and equally. Selection for employment, promotion, training or other matters affecting their employment is on the basis of aptitude and ability. All employees are supported and encouraged to develop to their full potential and the talents and resources of the workforce are fully utilised to maximise the efficiency of the organisation. Training at each division is planned and monitored through an annual training plan.

It is our policy to give full and fair consideration to the employment needs of disabled persons (and persons who become disabled whilst employed by the Group) and to comply with any current legislation with regard to disabled persons.

The importance of good communications with employees is recognised by the Directors and senior management team. Employee Listening Groups are held on a regular basis to engage in open communication and a newsletter is issued to all of our employees. Each division maintains good employee relations using a variety of means appropriate to its own particular needs, with guidance when necessary from Group Head Office.

All new employees, when eligible, are automatically entered into the Group's pension arrangements. In addition, we operate a savings-related share option scheme and have discretionary bonus arrangements in place. We also provide life assurance cover to all of our employees, offer a private medical scheme (depending on seniority) and offer childcare vouchers.

Health and safety at work

We promote all aspects of health and safety throughout our operations in the interests of employees, subcontractors, suppliers, customers and visitors to our sites and premises. This is now further supported by our new sustainable approach, Better with Bellway, and the 'Building Quality Homes, Safely' pillar. More details can be found within the Better with Bellway section.

Health and safety issues are considered at each Board meeting and are addressed in the Strategic Report, and on our website at www.bellwayplc.co.uk/corporate-responsibility. The Board receives external advice and training from specialist advisers on both the Directors' and the Company's regulatory obligations.

Auditor

In accordance with section 489 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditor of the Company is to be proposed at the forthcoming AGM.

AGM – special business

Five resolutions will be proposed as special business at the AGM to be held on Friday 16 December 2022. Explanatory notes on these resolutions are set out in the Notice of Meeting of the AGM.

Disclosure of all relevant information to the auditor

The Directors who held office at the date of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and that each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given, and should be interpreted in accordance, with the provisions of section 418 of the Companies Act 2006.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable United Kingdom law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have elected to prepare the Group and parent company Financial Statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 Group and the company and of the profit or loss of the Group and the company for that period.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, Group Financial Statements are required to be prepared in accordance with international financial reporting standards (IFRS) as adopted by the UK.

In preparing these Financial Statements the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures, when compliance with the specific requirements in IFRS is insufficient, to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- In respect of the Group Financial Statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the UK have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- In respect of the parent company Financial Statements, state whether UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis, unless it is appropriate to presume that the Company and/or the Group will not continue in business.

The Directors are respons ble for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions, and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Company and the Group Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations. The Directors are respons ble for the maintenance and integrity of the corporate and financial information included on the company's website.

The Board consider the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy.

Directors' responsibility statement (DTR 4.1)

The Directors confirm, to the best of their knowledge:

- That the consolidated Financial Statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the UK, give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole;
- That the Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- That they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

By order of the Board

Simon Scougall
Group General Counsel and Company Secretary

17 October 2022

Independent Auditor's report to the members of Bellway p.l.c.

Opinion

In our opinion:

- Bellway p.l.c.'s Group financial statements and parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 July 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.

We have audited the financial statements of Bellway p.l.c. (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 July 2022 which comprise:

Group	Parent Company
Consolidated balance sheet as at 31 July 2022	Balance sheet as at 31 July 2022
Consolidated income statement for the year then ended	Statement of changes in equity for the year then ended
Consolidated statement of comprehensive income for the year then ended	Statement of cash flows for the year then ended
Consolidated statement of changes in equity for the year then ended	Related notes 1 to 29 to the financial statements including a summary of significant accounting policies
Consolidated statement of cash flows for the year then ended	
Related notes 1 to 29 to the financial statements, 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.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and parent 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 as applied to listed public interest entities, and we have fulfilled our other ethical respons bilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent Company and we remain independent of the Group and the parent Company in conducting the audit.

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. Our evaluation of the directors' assessment of the Group and parent Company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Group's financial close process, we obtained an understanding of management's going concern assessment process and challenged management to ensure key factors were considered in their assessment. We obtained an understanding of each of management's modelled scenarios, including the base case, the reasonable downside case and the reverse stress test case. The reverse stress test case has been prepared to illustrate severe and unrealistic assumptions which achieve or nearly achieve a break case i.e. where the Group runs out of cash or breaches a debt covenant.
- We assessed the appropriateness of the duration of the going concern assessment period to 31 July 2024 and considering the existence of any significant events or conditions beyond this period based on our procedures on the Group's business plan, cash flow forecasts and from knowledge arising from other areas of the audit.
- We obtained management's going concern calculations, including the cashflow forecast for the going concern period through to 31 July 2024 and tested these for arithmetical accuracy.
- We assessed the historical accuracy of the forecasting and challenged the appropriateness of the key assumptions in management's forecasts, including the impact of housing completions and average selling price on revenue generation. We also assessed these against information from the Office of National Statistics, with consideration to trends in respect of house price inflation, noting no contradictory indicators. We considered the appropriateness of the methods used to calculate the cash flow forecasts and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an appropriate assessment of going concern.
- We verified inputs into the cash flow forecasts and debt facility terms and reconciled the liquidity position as at 31 July 2022. We further reviewed borrowing facilities to confirm both their availability to the Group and the forecast debt repayments through the going concern assessment period and to validate that there are only three financial covenants in relation to the available facilities.

- We obtained the reverse stress testing and downside cases prepared by management and assessed the plausibility of these. We did this by challenging the assumptions made and considering indicators of contradictory evidence.
- We considered any mitigating factors included in the downside case scenarios that are within control of the Group. This includes assessment of the Group's operating and non-operating cash outflows relating to discretionary bonus payments and dividend payments and evaluating the Group's ability to control these outflows as mitigating actions if required.
- We subjected the reasonable downside model to additional stress testing to confirm management has considered a balanced range of outcomes in their assessment of going concern.
- We assessed management's considerations related to any material climate change impacts in the going concern period, including incorporation of the expected costs of applying the Future Homes Standard during the period of going concern assessment.
- We reviewed the Group's going concern disclosures included in the annual report and accounts in order to assess whether the disclosures were appropriate and appropriately described the assessment management performed and the key judgements taken.

Our key observations:

- The directors' assessment forecasts that the Group will maintain sufficient liquidity throughout the going concern assessment period in the base case scenario. Under management's reverse stress test scenario (which includes a significant investment in land, increasing land creditors to £800m, followed by a reduction in private homes completions of 50% and average selling prices on private homes reducing by 20% in following 12 months), liquidity headroom is nearly eliminated in June 2024.
- Other than the impact of the Future Homes Standard, we have not identified any material climate-related risks that should be incorporated into the Group's forecasts to 31 July 2024.

Based on the work we 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 a period to 31 July 2024 from when the financial statements are authorised for issue.

In relation to the Group and parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the respons bilities 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.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of Bellway p.l.c. and its components. • The components where we performed full scope audit procedures accounted for 99% of profit before tax, adjusted for the estimated one-off impact of the £300.0 million Building Safety Pledge recorded in the year, 99% of Revenue and 99% of Total assets.
Key audit matters	• Inappropriate revenue recognition; • Inappropriate cost of sales recognition and valuation of work-in-progress and land on sites under development; and • Inappropriate recognition of legacy building safety improvement provisions.
Materiality	• Overall Group materiality of £30.7 million represents 5% of profit before tax, adjusted for the estimated one-off impact of the £300.0 million Building Safety Pledge recorded in the year.

An overview of the scope of the parent company and group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each Company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements.

We take into account size, risk profile, the organisation of the Group, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each component.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 11 reporting components of the Group, we selected 2 components covering entities which represent the principal business units within the Group.

For the 2 components selected ("full scope components") which were selected based on their size or risk characteristics, we performed an audit of the complete financial information.

The full scope components accounted for 99% (2021: 99%) of the Group's profit before tax, adjusted for the estimated one-off impact of the £300.0 million Building Safety Pledge recorded in the year, 99% (2021: 99%) of the Group's Revenue and 99% (2021: 99%) of the Group's Total assets.

The remaining 9 components together represent 1% of the Group's profit before tax, adjusted for the estimated one-off impact of the £300.0 million Building Safety Pledge recorded in the year. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements. The statutory audits of these 8 components were performed concurrently with the Group audit

Independent Auditor's report to the members of Bellway p.l.c. continued

Changes from the prior year

There are no changes to our scoping from the prior year.

Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact Bellway p.l.c. The Group has determined that the most significant future risks from climate change on their operations will be from evolving legal and regulatory requirements (e.g. Updated Part L requirements within building regulations, the Future Homes Standard and the Environment Act), market pressures over supply chain resource shortages and insufficient development of more efficient products and technologies to deliver climate-resilient homes. These are explained on pages 34-64 in the Better with Bellway section, and specifically within pages 46-53 in the required Task Force for Climate related Financial Disclosures, which form part of the "Other information" rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained on page 148 in the Basis of Preparation note, governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK adopted international accounting standards. In the Task Force for Climate related Financial Disclosures on pages 50-52 supplementary narrative explanation of the impact of reasonably poss ble changes in key assumptions have been provided.

As part of our audit, we have made enquiries of management to understand the extent of the potential impact of climate change risk on the Group's financial statements. We have performed a risk assessment of how climate risks facing the Group, particularly with the requirements to meet evolving legal and regulatory requirements (e.g. Updated Part L requirements within building regulations and the Future Homes Standard) on the valuation of land and work in progress under development, and understood the Group's strategy to address these risks that may affect the financial statements and our audit. We also held discussions with our own climate change professionals to challenge our risk assessment.

On the basis of our risk assessment, our audit effort in considering climate change was focused on evaluating management's assessment of the impact of climate risk, physical and transition, and ensuring that the effects of material climate risks disclosed on pages 50-52 have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows. Specifically, we considered this in the timing and nature of future cost assumptions underpinning the valuation of land and work in progress under development. We did this by understanding how future cost estimates were included within the site margin calculation in respect of the costs of applying the updated Part L building regulations for units without foundations constructed prior to June 2023, and applying the Future Homes Standard for units without foundations constructed prior to June 2025 (for full compliance). Details of our procedures and findings on cost of sales recognition and valuation of work-in-progress and land on sites under development are included in our key audit matters below. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

We have read the climate related information within the Annual Report, which included the Group's adoption of climate related disclosures as recommended by the Task Force for Climate related Financial Disclosures and considered consistency with the financial statements and our audit knowledge.

Whilst the Group have stated their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050, the Group are currently unable to determine the full future economic impact on their business model beyond the viability assessment period, operational plans and customers to achieve this and therefore as set out above the potential impacts are not fully incorporated in these financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Inappropriate revenue recognition Refer to the Audit Committee Report (page 97); Accounting policies and Notes 1 and 8 of the Consolidated Financial Statements (pages 148, 150 and 158) The Group has reported: • Revenues of £3,536.8 million (2021: £3,122.5 million) • Trade receivables of £47.5 million (2021: £17.0 million). We identified a specific risk of fraud and error in respect of inappropriate revenue recognition arising from sales transactions being recorded ahead of performance obligations being satisfied, being legal or practical completion. There is a risk that management may recognise revenue in advance of legal or practical completion of plot sale through inappropriate application of cut off or manual postings recording revenue in an earlier period than appropriate. We focused our procedures on the occurrence of revenue and existence of trade receivables. There is no change in our risk assessment from the prior year.	Walkthrough and controls • We performed walkthroughs of each significant class of revenue transactions which consists of private sales and housing association sales, and other income relating to part exchange sales and assessed the design effectiveness of key transaction controls. Timing of revenue recognition • We applied a data analytics approach which allowed us to interrogate full populations of revenue transactions across all divisions to focus on any anomalies and unusual trends in respect of timing. This work has also enabled us to obtain assurance through a 3-way correlation between sales, accounts receivables and cash postings. We tested this correlation through a sample of revenue transactions from cash entries to source documentation. We also searched for associated identification of transactions which were processed outside of the expected transaction flow. • We reviewed the output of the work performed by internal audit in respect of revenue recognised on plot completions 2 weeks prior and 2 weeks post the year end. We do not rely on the work performed by internal audit, therefore in line with our identified audit risk, we tested items classified as higher risk and agreed these items to completion statements to confirm the performance obligation was satisfied in advance of year end. • We performed test of details in relation to unit sales at year end. We agreed a sample of transactions pre-year end and post year end to legal or practical completion statements or evidence of cash receipts. We selected these transactions randomly to incorporate unpredictability within our testing. We confirmed that revenue recognition is appropriate based on the performance obligation being satisfied when practical completion takes place. Management override • We performed inquiries of management at Group and divisions regarding awareness of instances of fraud. We extended these inquiries beyond the finance team and inquired with Group General Counsel and Company Secretary, Regional Chairs and the Divisional Director teams. • We performed specific procedures in relation to manual journals impacting revenue. We focused on entries with specific characteristics, such as journals from outside normal revenue patterns and those with unusual descriptions. Examples of items reviewed were part exchange and Help-to-Buy transactions.	We did not identify any evidence of material misstatement in the revenue of £3,536.8 million recognised in the year as a result of inappropriate revenue recognition, application of cut-off or management override.

Independent Auditor's report to the members of Bellway p.l.c. continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Inappropriate recognition of cost of sales margin and valuation of work in progress and land on sites under development Refer to the Audit Committee Report (pages 100 and 101); Accounting policies and Notes 3 and 7 of the Consolidated Financial Statements (pages 153 and 156 to 157) The Group has reported: • Cost of sales before net legacy building safety expense of £2,749.8 million (2021: £2,470.6 million) • Land £2,786.4 million (2021: £2,483.9 million) • Work-in-progress of £1,524.8 million (2021: £1,431.4 million) • Showhomes £107.0 million (2021: £115.1 million) The site margin applied to plot sales includes assumptions regarding forecast revenue and costs which are subject to estimation uncertainty. There is a risk that costs of sales and margin recognised in the financial statements and resulting valuation of work in progress including land in respect of sites under development, may be misstated if the site margin is incorrectly determined, whether arising from fraud or error. There is no change in our risk assessment from the prior year.	Walkthrough and controls • We performed a walkthrough of management's transaction controls in place covering the monitoring and updating of certain site valuations to assess design effectiveness. • We attended and observed the valuation meeting at 12 divisions held closest to year end. As part of this, we observed the level of review applied by management in evaluating assumptions within site valuations. • We confirmed that management action logs were reviewed at the valuation meetings attended. This included ensuring the process which is undertaken to challenge the margin, forecast costs to complete and any other factors that could impact on the margin was followed in accordance with the Group commercial policy. Testing appropriateness of assumption underpinning site margin • We utilised data analytics in order to identify higher risk sites based on certain risk indicators. We identified certain sites for testing and performed the following procedures where appropriate: • We assessed management's inputs into projected future selling prices by developing an expectation of revenue at a plot level, utilising historical sales experience and considering the impact of trends in house price inflation. We assessed this using the average selling price on sold plots, based on house types and square footage. Where necessary we further corroborated exceptions to advertised plot release prices and/or selling prices recorded in the Bellway sales system. • We assessed management's inputs into projected costs on a site by site basis. We did this by a detailed review of the cost estimate and sampling key elements to supporting documentation including sub-contractor orders, quotations, tender documentation and invoices. We also obtained supporting correspondence with suppliers in respect of price increases and variations where relevant. • We enquired of management regarding their assessment of the impact of climate change on the forecast costs to complete. In order to assess the reasonableness of their assumptions, we selected a sample of sites with construction phases beyond FY23, to assess for those sites impacted by the Future Homes Standard and/or Part L of updated building regulations, that the application of future homes cost assumptions were appropriately reflected within the valuations. • We performed specific procedures to assess whether there were material movements recorded in the final stages of site adjustments, the net impact of this was not material. • We tested a sample of developments where the last plot was sold during FY22 and compared the final site margin to the previous quarterly valuation. • We performed specific procedures to assess whether there have been any material movements in the site margins post-year end. Where we identified sites with margin adjustments, the net impact of this was not material. • We performed inquiries of Regional Chairmen and the Divisional Director teams to further understand any other specific risks.	We are satisfied the cost of sales margin and valuation of WIP and land on sites under development is appropriate.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Inappropriate recognition of legacy building safety improvement provisions Refer to the Audit Committee Report (pages 98); Accounting policies and Notes 2 and 10 of the Consolidated Financial Statements (pages 151 and 159) The Group has reported: • Net legacy building safety provision of £441.5m (2021: £115.5m) • Net legacy building safety expense of £346.2 million (2021: £51.8 million) There is estimation uncertainty and subjectivity in determining the most likely costs which will be required in order to remediate affected properties based on the latest legal interpretation and government guidance. The risk has increased in the current year due to changes in government guidance and a significant increase in the quantum of the Group's provision.	Walkthrough and controls • We performed a walkthrough of management's transaction controls in place over monitoring and updating the legacy building safety improvement provision to assess design effectiveness. • We attended the fire panel meeting closest to year end for divisions identified with actual or potential remediation obligations. As part of this, we observed the level of review applied by management in evaluating the status of live and pending projects (known claims) and challenging assumptions, including estimates provided by third party consultants. underpinning the amounts recognised relating to live projects within management's provision calculation. Understanding basis for recognition of provision • We read and understood the relevant laws and regulations including recently published government guidance. • We reviewed management's fire project accounting paper to understand management's rationale which supports the recognition of a provision. We obtained an understanding of management's commitment through the Building Safety Pledge, to fund, undertake or procure, at its own cost, all necessary remediation or mitigation work to address life-critical fire safety arising from the design, construction or refurbishment defects on buildings above 11 metres which Bellway played a role in developing or refurbishing that have been built over the last 30 years. • We challenged management's assessment against the requirements of IAS 37, agreed assumptions to third party support such as correspondence with external fire consultants, where applicable Testing the basis of management's provision calculation • We obtained management's fire provision schedule showing the brought forward fire provision, amounts spent and recovered, amounts further provided or released, new sites, additional amounts recognised in respect of the Building Safety Pledge and final year end provision, and understood significant movements. • We performed procedures on sites with known claims. We tested movements in the year, agreeing significant costs and recoveries to supporting documentation and agreed assumptions to third party support where available. We tested items of cash spend incurred in the year in excess of our testing threshold to supporting invoices, contractor certification or payment applications. • We obtained an understanding the methodology of valuation reports, through discussion with external consultants. This was in order to understand and challenge the basis of estimates made and to discuss the status of the most material provisions. We assessed the scope of the consultants work in accordance with government guidance. As part of our procedures, we assessed the objectivity, experience and competency of management's external specialist.	Based on the procedures performed, including testing of key movements, direct inquiry of management's expert and engaging EY Insurance Risk and Actuarial specialists in the audit of assumptions underpinning management's provision calculation, we are satisfied that the resultant year end net provision of £441.5m is fairly stated.

Independent Auditor's report to the members of Bellway p.l.c. continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
	Testing the basis of management's provision calculation continued • We performed testing on management's assumptions, with support from EY Insurance Risk and Actuarial specialists, regarding the costs of remediation per plot, the number of plots to be remediated, the time period for the work to be completed and the discount factor applied to the overall provision. • We performed sensitivity analysis on the provision in order to establish whether these could give rise to material variances. • In order to assess the completeness of properties identified within management's calculation, we reconciled the number of legally completed plots in the last 30 years to management records. For a sample of completions, we performed audit testing to external sources to corroborate that these properties are appropriately included. • We further performed divisional inquiries with all Regional Chairs and Divisional Finance teams to understand latest obligations. We did not identify any further known or potential issues to be included in management's provision calculation. **Disclosures within the financial statements** • We assessed the appropriateness of the disclosures included within the Financial Statements in relation to provisions and contingent liabilities, including the disclosure of the assumptions and associated sensitivities in relation to the key sources of estimation uncertainty.	

In the current year we included a new key audit matter in relation to risk in respect of inappropriate recognition of the legacy building safety improvement provision. As a result of evolving government legislation/guidance and the significant increase in the quantum of the Group's provision, we have introduced this as a key audit matter.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined final materiality for the Group to be £30.7 million (2021: £23.1 million), which is 5% of profit before tax, adjusted for the estimated one-off impact of the £300.0 million Building Safety Pledge recorded in the year (2021: 5% of Profit before tax). We believe that profit before tax, adjusted for the impact of the estimated £300.0 million Building Safety Pledge recorded in the year, provides us with an appropriate basis of materiality that is appropriately focused on the users of the financial statements. The basis for materiality has changed year on year to adjust for the current year one-off impact of the Building Safety Pledge.

We determined materiality for the parent Company to be £2.2 million (2021: £2.6 million), which is 0.5% (2021: 0.5%) of Total assets.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2021: 50% due to first year audit) of our planning materiality, namely £23.0 million (2021: £11.6 million).

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £4.6 million to £21.9 million (2021: £1.3 million to £8.7 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £1.5 million (2021: £1.1 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 129, including the Strategic Report, the Directors' Report, the Remuneration Committee Report and Corporate Governance reporting, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements dœs 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, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

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 the 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 parent Company financial statements and the part of the Directors' Remuneration Report to be audited 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

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 77;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 77;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 128 and 129;
- Directors' statement on fair, balanced and understandable set out on page 129;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 79 to 83;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 103; and;
- The section describing the work of the audit committee set out on pages 97 to 105.

Independent Auditor's report to the members of Bellway p.l.c. continued

Responsibilities of directors

As explained more fully in the directors' respons bilities statement set out on page 128, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 respons bility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards, the Companies Act 2006 and UK Corporate Governance Code), tax legislation, employment law, health and safety legislation, fire and building safety legislation including Building Safety Pledge.

- We understood how the Group is complying with those frameworks by making inquiries with management, internal audit and those responsible for legal and compliance procedures and the Group General Counsel and Company Secretary. We corroborated our enquiries through our review of Board minutes and review of Group compliance with policies and processes. We obtained and reviewed legal correspondence to support our audit procedures and to assess management positions reported in respect of legacy building safety improvements.
- We assessed the susceptibility of the Group financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it was considered there was a susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and 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 fraud and error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on manual consolidation journals, and journals indicating large or unusual transactions based on our understanding of the business; enquiries of Group management and internal audit; and focused testing, as referred to in the key audit matters section above. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards, UK legislation and the UK Corporate Governance Code 2018.

A further description of our respons bilities 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.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Company on 11 December 2020 to audit the financial statements for the year ending 31 July 2021 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 2 years.
- The audit opinion is consistent with the additional report to the Audit Committee.

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..

Mark Morritt (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Newcastle upon Tyne
17 October 2022

Accounts

Primary statements

Accounting Policies

Notes to the Financial Statements

Performance for the year

Taxation

Working capital

Investing activities

Financing

Shareholder capital

Directors and employees

Contingencies, related parties and subsidiaries

Other information

Key to financial statement icons

Throughout the financial statements the below icons are used and they represent the following:

Accounting policy

The accounting policies set out within the financial statements have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

Accounting estimate

The Directors consider these areas to be the major sources of estimation that have been made in these financial statements.

Accounting judgement

The Directors consider these to be the major judgements that could have a significant effect on the financial statements when applying the Group's accounting policies.

Group Income Statement
for the year ended 31 July 2022

	Note	2022 £m	2021 £m
Revenue	1	**3,536.8**	3,122.5
Cost of sales	3	**(3,094.0)**	(2,522.4)
Analysed as:			
Underlying cost of sales		**(2,749.8)**	(2,470.6)
Adjusting item: net legacy building safety expense	2	**(344.2)**	(51.8)
Gross profit		**442.8**	600.1
Other operating income	4	**25.3**	54.6
Other operating expenses	4	**(25.1)**	(54.9)
Administrative expenses		**(134.0)**	(120.1)
Operating profit	4	**309.0**	479.7
Finance income	16	**1.6**	0.6
Finance expenses	16	**(15.7)**	(11.7)
Analysed as:			
Underlying finance expenses		**(13.7)**	(11.7)
Adjusting item: unwinding of discount on the legacy building safety provision	2	**(2.0)**	–
Share of result of joint ventures	13	**9.3**	10.4
Profit before taxation		**304.2**	479.0
Income tax expense	6	**(61.6)**	(88.3)
Profit for the year*		**242.6**	390.7
Earnings per ordinary share Basic	5	**196.9p**	316.9p
Earnings per ordinary share Diluted	5	**196.2p**	315.8p

* All attributable to equity holders of the parent.

Adjusting items

	Note	2022 £m	2021 £m
Gross profit			
Gross profit per the Group Income Statement		**442.8**	600.1
Adjusting item: net legacy building safety expense	2	**344.2**	51.8
Underlying gross profit		**787.0**	651.9
Operating profit			
Operating profit per the Group Income Statement		**309.0**	479.7
Adjusting item: net legacy building safety expense	2	**344.2**	51.8
Underlying operating profit		**653.2**	531.5
Profit before taxation			
Profit before taxation per the Group Income Statement		**304.2**	479.0
Adjusting item: net legacy building safety expense	2	**346.2**	51.8
Underlying profit before taxation		**650.4**	530.8
Profit for the year			
Profit for the year per the Group Income Statement		**242.6**	390.7
Adjusting item: net legacy building safety expense	2	**346.2**	51.8
Adjusting item: tax on net legacy building safety expense	2	**(70.3)**	(9.8)
Underlying profit for the year		**518.5**	432.7

Group Statement of Comprehensive Income

for the year ended 31 July 2022

	Note	2022 £m	2021 £m
Profit for the period		**242.6**	390.7
Other comprehensive (expense)/income			
Items that will not be recycled to the income statement:			
Remeasurement (losses)/gains on defined benefit pension plans	22	**(3.5)**	8.5
Income tax on other comprehensive expense/(income)	6	**0.5**	(2.2)
Other comprehensive (expense)/income for the period, net of income tax		**(3.0)**	6.3
Total comprehensive income for the period*		**239.6**	397.0

* All attributable to equity holde s of the parent.

Accounts

Statements of Changes in Equity

at 31 July 2022

Group	Note	Issued capital £m	Share premium £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 August 2020		15.4	178.4	20.0	1.5	2,778.7	2,994.0
Total comprehensive income for the period							
Profit for the period		–	–	–	–	390.7	390.7
Other comprehensive income*		–	–	–	–	6.3	6.3
Total comprehensive income for the period		–	–	–	–	397.0	397.0
Transactions with shareholders recorded directly in equity:							
Dividends on equity shares	20	–	–	–	–	(104.7)	(104.7)
Purchase of own shares	19	–	–	–	–	(2.5)	(2.5)
Shares issued	18	–	1.4	–	–	–	1.4
Credit in relation to share options and tax thereon	6, 23	–	–	–	–	2.6	2.6
Total contributions by and distributions to shareholders		–	1.4	–	–	(104.6)	(103.2)
Balance at 31 July 2021		15.4	179.8	20.0	1.5	3,071.1	3,287.8
Total comprehensive income for the period							
Profit for the period		–	–	–	–	242.6	242.6
Other comprehensive expense*		–	–	–	–	(3.0)	(3.0)
Total comprehensive income for the period		–	–	–	–	239.6	239.6
Transactions with shareholders recorded directly in equity:							
Dividends on equity shares	20	–	–	–	–	(157.2)	(157.2)
Purchase of own shares	19	–	–	–	–	(7.4)	(7.4)
Shares issued	18	–	2.2	–	–	–	2.2
Credit in relation to share options and tax thereon	6, 23	–	–	–	–	2.8	2.8
Total contributions by and distributions to shareholders		–	2.2	–	–	(161.8)	(159.6)
Balance at 31 July 2022		**15.4**	**182.0**	**20.0**	**1.5**	**3,148.9**	**3,367.8**

* An additional breakdown is provided in the Group Statement of Comprehensive Income.

Company	Note	Issued capital £m	Share premium £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance at 1 August 2020		15.4	178.4	20.0	2.1	307.1	523.0
Total comprehensive income for the period							
Profit for the period		–	–	–	–	185.5	185.5
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the period		–	–	–	–	185.5	185.5
Transactions with shareholders recorded directly in equity:							
Dividends on equity shares	20	–	–	–	–	(104.7)	(104.7)
Purchase of own shares	19	–	–	–	–	(2.5)	(2.5)
Shares issued	18	–	1.4	–	–	–	1.4
Credit in relation to share options	23	–	–	–	–	2.6	2.6
Total contr butions by and distributions to shareholders		–	1.4	–	–	(104.6)	(103.2)
Balance at 31 July 2021		15.4	179.8	20.0	2.1	388.0	605.3
Total comprehensive income for the period							
Profit for the period		–	–	–	–	159.9	159.9
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the period		–	–	–	–	159.9	159.9
Transactions with shareholders recorded directly in equity:							
Dividends on equity shares	20	–	–	–	–	(157.2)	(157.2)
Purchase of own shares	19	–	–	–	–	(7.4)	(7.4)
Shares issued	18	–	2.2	–	–	–	2.2
Credit in relation to share options	23	–	–	–	–	3.1	3.1
Total contributions by and distributions to shareholders		–	2.2	–	–	(161.5)	(159.3)
Balance at 31 July 2022		**15.4**	**182.0**	**20.0**	**2.1**	**386.4**	**605.9**

Accounts

Balance Sheets
at 31 July 2022

	Note	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
ASSETS					
Non current assets					
Property, plant and equipment	11	**34.2**	35.7		–
Investments in subsidiaries	12		–	**43.5**	40.4
Financial assets	12	**20.9**	39.6		–
Equity accounted joint arrangements	12	**9.3**	15.7		–
Deferred tax assets	6	**0.1**	0.9		–
Retirement benefit assets	22	**7.1**	10.2		–
		71.6	102.1	**43.5**	40.4
Current assets					
Inventories	7	**4,423.6**	4,032.2		–
Trade and other receivables	8	**114.6**	82.2	**509.7**	512.3
Cash and cash equivalents	15	**375.3**	460.3	**52.8**	52.8
		4,913.5	4,574.7	**562.5**	565.1
Total assets		**4,985.1**	4,676.8	**606.0**	605.5
LIABILITIES					
Non current liabilities					
Interest-bearing loans and borrowings	15	**130.0**	130.0		–
Trade and other payables	9	**106.6**	89.7		–
Deferred tax liabilities	6	**8.9**	8.2		–
Provisions	10	**400.8**	89.0		–
		646.3	316.9		–
Current liabilities					
Corporation tax payable		**0.1**	4.0		–
Trade and other payables	9	**930.2**	1,041.1	**0.1**	0.2
Provisions	10	**40.7**	27.0		–
		971.0	1,072.1	**0.1**	0.2
Total liabilities		**1,617.3**	1,389.0	**0.1**	0.2
Net assets		**3,367.8**	3,287.8	**605.9**	605.3
EQUITY					
Issued capital	18	**15.4**	15.4	**15.4**	15.4
Share premium	19	**182.0**	179.8	**182.0**	179.8
Capital redemption reserve	19	**20.0**	20.0	**20.0**	20.0
Other reserves		**1.5**	1.5	**2.1**	2.1
Retained earnings		**3,148.9**	3,071.1	**386.4**	388.0
Total equity		**3,367.8**	3,287.8	**605.9**	605.3

Approved by the Board of Directors on 17 October 2022 and signed on its behalf by:

John Tutte
Director

Keith Adey
Director

Registered number 1372603

Parent Company Income Statement

In accordance with the provisions of section 408 of the Companies Act 2006, a separate Income Statement for the Company has not been presented. The Company's profit for the year was £159.9 million (2021 – £185.5 million).

Cash Flow Statements

for the year ended 31 July 2022

	Note	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Cash flows from operating activities					
Profit for the year		**242.6**	390.7	**159.9**	185.5
Depreciation charge	11	**6.1**	6.5		–
Profit on sale of property, plant and equipment	4		(0.7)		–
Finance income	16	**(1.6)**	(0.6)		–
Finance expenses	16	**15.7**	11.7		–
Share-based payment expense	23	**3.1**	2.6		–
Share of post tax result of joint ventures	13	**(9.3)**	(10.4)		–
Income tax expense	6	**61.6**	88.3		–
Increase in inventories		**(391.4)**	(160.3)		–
(Increase)/decrease in trade and other receivables		**(33.2)**	(12.0)	**2.6**	(79.5)
(Decrease)/increase in trade and other payables		**(104.5)**	158.1	**(0.1)**	(0.1)
Increase in provisions		**325.5**	45.7		–
Cash from operations		**114.6**	519.6	**162.4**	105.9
Interest paid		**(5.8)**	(3.0)		–
Income tax paid		**(63.8)**	(84.1)		–
Net cash inflow from operating activities		**45.0**	432.5	**162.4**	105.9
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(0.5)**	(3.3)		–
Proceeds from sale of property, plant and equipment		**0.1**	1.5		–
Increase in loans to joint ventures	12	**(2.1)**	(17.1)		–
Repayment of loans by joint ventures	12	**21.6**	33.0		–
Dividends from joint ventures	12	**15.7**	–		–
Acquisition of joint operation			(8.9)		–
Interest received		**0.5**	0.4		–
Net cash inflow from investing activities		**35.3**	5.6		–
Cash flows from financing activities					
Decrease in bank borrowings			(50.0)		–
Increase in fixed rate sterling USPP notes			130.0		–
Payment of lease liabilities		**(2.9)**	(3.4)		–
Proceeds from the issue of share capital on exercise of share options		**2.2**	1.4	**2.2**	1.4
Purchase of own shares		**(7.4)**	(2.5)	**(7.4)**	(2.5)
Dividends paid	20	**(157.2)**	(104.7)	**(157.2)**	(104.7)
Net cash outflow from financing activities		**(165.3)**	(29.2)	**(162.4)**	(105.8)
Net (decrease)/increase in cash and cash equivalents		**(85.0)**	408.9		0.1
Cash and cash equivalents at beginning of year		**460.3**	51.4	**52.8**	52.7
Cash and cash equivalents at end of year	15	**375.3**	460.3	**52.8**	52.8

Accounting Policies

Basis of preparation

Bellway p.l.c. (the 'Company') is a company incorporated in England and Wales.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 31 July. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of these entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Joint arrangements are those entities over whose activities the Group has joint control, established by contractual agreement. A joint arrangement can take two forms:

(i) Joint venture – These entities are consolidated using the equity method of accounting.

(ii) Joint operation – The Group's share of the assets, liabilities and transactions of such entities are accounted for directly as if they were assets, liabilities and transactions of the Group.

The consolidated Group financial statements have been prepared and approved by the Directors in accordance with UK adopted International Accounting Standards ('IAS') and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The parent company financial statements are prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. On publishing the Company financial statements here together with the Group financial statements, which were approved for issue on 17 October 2022, the Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these financial statements.

In preparing the Group and Company financial statements, management has considered the impact of climate change, and the possible impact of climate-related and other emerging business risks. A rigorous assessment of the impact of climate-related risks has been performed, disclosed in the Strategic Report, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures. This included an assessment of inventories and how they could be affected by measures taken to address global warming. No issues were identified that would materially impact the carrying values of the Group's assets or liabilities, or have any other material impact on the financial statements.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The accounting policies set out within the notes to the financial statements have been applied consistently to all periods presented in these consolidated financial statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chief Executive's Market and Operational Review on pages 26 to 29. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Group Finance Director's Review on pages 30 to 33 and the Directors' Report on pages 126 to 129. The Risk Management section on pages 75 to 78 sets out the Group's policies and processes for managing its capital, financial risk, and its exposure to credit, liquidity, interest rate and housing market risk.

The Group's activities are financed principally by a combination of ordinary shares and cash in hand less debt. At 31 July 2022, Bellway had net cash of £245.3 million[2] (note 15), having utilised cash of £85.0 million (note 15) during the year, including £114.6 million of cash generated from operations.

The Group has operated within all its debt covenants throughout the year, and covenant compliance was considered as part of the going concern assessment. In addition, the Group had bank facilities of £400.0 million at 31 July 2022, expiring in tranches up to December 2025. Furthermore, in February 2021 the Group entered into a contractual arrangement to issue a sterling US Private Placement ('USPP') for a total amount of £130.0 million, as part of its ordinary course of business financing arrangements, which has maturity dates in 2028 and 2031. In aggregate, the Group had committed debt lines of £530.0 million at 31 July 2022.

Including committed debt lines and cash, Bellway had access to total funds of £775.3 million, along with net current assets (excluding cash) of £3,567.2 million at 31 July 2022, providing the Group with appropriate liquidity to meet its current liabilities as they fall due.

Going concern continued

The Group's internal forecasts have been regularly updated, incorporating our actual experience along with our expected future outturn. The latest available base forecast has been sensitised, setting out the Group's resilience to the principal risks and uncertainties in the most severe but plausible scenario. The sensitivity includes a recession due to economic uncertainty and a deterioration in customer confidence. This could lead to a reduction in both the total number of legal completions and private average selling price, with overheads, land spend and construction spend reducing accordingly.

This sensitivity includes the following principal assumptions:

- Private completions in H1 FY23 are supported by the strong forward order book, but still fall to 84% of that achieved in H1 of FY22. In the 12 months to 31 January 2024, private completions reduce by around 50% compared to the 12 month pre-stress peak achieved in FY22. This is followed by a gradual recovery based on the lower base position.
- Private average selling price in H1 FY23 remains in line with internal forecasts due to the strong order book position. In the 12 months to 31 January 2024, the private average selling price reduces by 10% compared to the latest achieved pricing. This is followed by a gradual recovery based on the lower base position.
- These assumptions reflect the Group's experience in the 2008-09 Global Financial Crisis.

A number of prudent mitigating actions within the Directors' control were incorporated into the plausible but severe downside scenario, including:

- Plots in the land bank only being replaced at the same rate that they are utilised.
- Construction spend reducing in line with housing revenue.
- Dividends reducing in line with earnings.

The sensitivity analysis was modelled over the period to 31 July 2024 for the going concern assessment, but extended to the 31 July 2026 for the Directors' viability assessment. In addition to the above, several additional mitigating measures remain available to management that were not included in the scenario. These include withholding discretionary land spend and instead trading out of the substantial existing land holdings.

In the scenario, the Group had significant headroom in both its financial debt covenants and existing debt facilities and met its liabilities as they fall due. In relation to climate risks, and in particular the requirement of the Group to reduce carbon emissions, the going concern assessment is not considered to be materially affected by the Future Homes Standard.

The Directors consider that the Group is well placed to manage business and financial risks in the current economic environment. Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for the period to 31 July 2024, aligning with the first year end after the minimum 12 month assessment period, and have therefore prepared the financial statements on a going concern basis.

Effect of new standards and interpretations effective for the first time

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK adopted international accounting standards in its consolidated financial statements on 1 August 2021, with this change constituting a change in accounting framework. There was no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework, or changes in accounting policies from the transition.

The Group adopted and applied the following amendments in the year, which are relevant to its operations, none of which had a material impact on the financial statements:

- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases'.

Standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements there were a number of standards and interpretations which were in issue but not yet effective. These have not been applied in these financial statements and are not expected to have a material effect when adopted.

Notes to the Financial Statements

Performance for the year

1. Revenue

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable, net of incentives.

Private housing sales and land sales

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

Social housing

The Group reviews social housing contracts on a contract by contract basis and determines the appropriate revenue recognition based on the specific terms of each contract.

Where a contract with a housing association transfers both land and social housing on legal completion ("turnkey and plot sale contracts" which typically represents around one third of social housing revenue), there is one performance obligation and revenue is recognised in the income statement at a point in time when the homes are build complete and all material contractual obligations have been fulfilled. This is when legal title is transferred.

Where a contract with a housing association transfers legal title of land once foundations are in place ("design and build" contracts' which typically represents around two thirds of social housing revenue) and separately transfers the social housing dwellings when they are build complete, there is a judgement as to whether the sale of land is a separate performance obligation for the purposes of revenue recognition and consequentially whether revenue should be recognised over time or on a point in time basis for the social housing units. Based on the contractual terms in the majority of such contracts, notably those that enable the Group to retain control over the land regardless of the transfer of title, the Group has determined that these contracts include one performance obligation which is appropriately recognised at a point in time, when the homes are build complete and all material contractual obligations have been fulfilled.

The Group recognises revenue in the income statement over time for contracts where the control of land is irrevocably transferred to the customer before or during construction. Revenue is recognised from the point that control is irrevocably transferred to the customer.

Where revenue is recognised over time and the outcome of the contract can be estimated reliably, it is recognised based on the stage of completion of the contract at the balance sheet date. This is usually by reference to surveys of work performed to the balance sheet date. Variations to such contracts are included in revenue to the extent that they have been agreed with the customer. Where the outcome of such a contract cannot be measured reliably, revenue is recognised to the extent of costs incurred.

Incentives

Sales incentives are substantially cash in nature. Cash incentives are recognised as a reduction in housing revenue by the cost to the Group of providing the incentive.

Segmental analysis

The Executive Board (the Chief Operating Decision Maker as defined in IFRS 8 'Operating Segments') regularly reviews the Group's performance and balance sheet position at both a consolidated and divisional level. Each division is an operating segment as defined by IFRS 8 in that the Executive Board assess performance and allocates resources at this level. All of the divisions have been aggregated into one reporting segment on the basis that they share similar economic characteristics including:

- National supply agreements are in place for key inputs including materials.
- Debt is raised centrally and the cost of capital is the same at each division.
- Sales demand at each division is subject to the same macrœconomic factors, such as mortgage availability and government policy.

Additional information on average selling prices and the unit sales split between north, south, private and social has been included in the Group Finance Director's Review on pages 30 to 33. The Board dœs not, however, consider these categories to be separate reportable segments as they review the entire operations at a consolidated and divisional level when assessing performance and making decisions about the allocation of resources.

1. Revenue continued

Revenue from contracts with customers

An analysis of the Group's revenue is as follows:

	2022 £m	2021 £m
Housing revenue	**3,520.6**	3,107.1
Non-housing revenue	**16.2**	15.4
Total revenue	**3,536.8**	3,122.5

The Group's housing revenue can be analysed as follows:

(a) Private/social

	2022 £m	2021 £m
Private	**3,190.9**	2,737.3
Social	**329.7**	369.8
Total housing revenue	**3,520.6**	3,107.1

(b) North/South

	2022 £m	2021 £m
North	**1,543.9**	1,295.7
South	**1,976.7**	1,811.4
Total housing revenue	**3,520.6**	3,107.1

2. Net legacy building safety expense

Exceptional items are those which, in the opinion of the Board, are material by size or nature and of such significance that they require separate disclosure on the face of the income statement.

Exceptional items

While preparing these financial statements, a major judgement which the Directors consider could have a significant effect on the financial statements when applying the Group's accounting policies is whether items should be treated as exceptional or not, the value of such items is not considered to be an area of judgement. The Directors assessed each poss ble exceptional item against a framework incorporating the Group's accounting policy and the accounting requirements of IAS 1 'Presentation of Financial Statements' relating to the separate disclosure of material items of income or expense.

For the years ended 31 July 2022 and 31 July 2021, the Directors considered that the net legacy building safety expense satisfied the requirements to be separately disclosed on the face of the income statement.

Profit before taxation for the years ended 31 July 2022 and 31 July 2021 has been arrived at after recognising the following items in the income statement:

	2022 £m	2021 £m
Net legacy building safety expense (note 10) - cost of sales	**344.2**	51.8
Net legacy building safety expense (note 10, 16) – finance expenses	**2.0**	–
Total net legacy building safety expense	**346.2**	51.8

The income tax rate applied to the total net legacy building safety expense in the income statement is the Group's standard rate of corporation tax, 20.3% (2021 – 19.0%).

Accounts

Notes to the Financial Statements continued

2. Net legacy building safety expense continued

Bellway's continued commitment to act responsibly with regards to fire safety is reflected by the level of our prudent provisions and the actions the Group has taken since the tragic events at Grenfell in 2017. Government guidance and regulations in relation to legacy building safety have evolved since 2017 and apartment blocks are now to be assessed in accordance with the Publicly Available Specification ('PAS') 9980:2022, produced by the British Standards Institute.

In the first half of the year ended 31 July 2022 the Group set aside £19.6 million, net of recoveries, for legacy safety improvements, bringing the total provided in the period between 2017 and up to 31 January 2022 to £186.8 million. These are in relation to apartment buildings over 11 metres in height, which were generally built within our 10-to-12 year warranty period.

On 7 April 2022, as part of the Building Safety Pledge (the 'Pledge'), we announced that this commitment would be extended to a 30-year period to include buildings constructed by the Group since 5 April 1992 and to reimburse the Building Safety Fund and the ACM Fund in accordance with the principles set out in the Pledge. The Group entered into this commitment acknowledging that resident safety is of paramount importance and an additional £326.6 million, net of recoveries, was set aside in the second half of financial year 2022.

In total, for the year ended 31 July 2022 Bellway set aside a net exceptional expense of £346.2 million, in relation to legacy building safety improvements. The net charge comprises a gross expense of £347.0 million, less recoveries of £2.8 million, and an adjusting finance expense of £2.0 million in relation to the unwinding of the discount of the provision to present value.

While the Pledge relates to developments in England-only, Bellway has taken a responsible, UK-wide approach to also provide for works in relation to the small number of apartment buildings the Group has developed in Scotland and Wales, where remediation is required. Taking this into consideration, the total amount Bellway has set aside for UK legacy building safety since 2017 is £513.7 million. Costs have been provided regardless of whether Bellway still retains ownership of the freehold interest in the building or whether warranty providers have a responsibility to carry out remedial works.

Although the application of the PAS is still under consideration by both the Group and the wider industry, the Board nevertheless believes that the level of provision is robust. It has been calculated using cost estimates based on our extensive experience to date, using analysis of previously tendered works and prudent, professional estimates based on knowledge of known issues. In addition, on developments where full investigations have not yet been undertaken or cost reports obtained, costs to date on similar developments have been used to estimate the likely cost. We have also made assumptions with regards to the likely cost of resolving potential issues, that we have not yet been made aware of, on schemes covered by the extended 30-year period.

The provision calculation uses the expected timings of cash outflows which are adjusted for future estimated cost inflation in accordance with the Build Cost Information Service ('BCIS') index, a leading provider of cost and price information to the construction industry. The provision is discounted back to a present value using UK gilt rates with maturities which reflect the expected timing of cash outflows. The unwinding of this discount is charged through the income statement as an adjusting finance expense.

The majority of the cash outflow is expected to be over the next five years, although there will be some residual expenditure beyond this. The anticipated timing reflects the complex issues around remediation including identifying the works required, design and planning obligations, interpretation of PAS, liaison and negotiations with building owners, and appointment of contractors.

Notwithstanding these complexities the Group has made good progress with work now completed on 6 developments, underway on 15 developments and works due to commence on a further 3 developments by the end of the calendar year.

Total recoveries recognised since 2017 are £30.0 million. Reimbursement assets of £nil (2021 – £0.5 million) remain outstanding at the period end.

3. Cost of sales recognition

Cost of sales recognition

Cost of sales is recognised for completed house sales as an allocation of the latest whole site/phase gross margin which is an output of the site/phase valuation. These valuations, which are updated at frequent intervals throughout the life of the site/phase, use actual and forecast selling prices, land costs and construction costs and are sensitive to future movements in both the estimated cost to complete and expected selling prices. Forecast selling prices are inherently uncertain due to changes in market conditions. This is a key estimate made in the financial statements.

To determine the amount of cost of sales that the Group should recognise on its sites/phases in the year, the Group needs to allocate site/phase wide costs between all plots, both those already sold, and those plots to be sold in future periods. The Group generally allocates site/phase wide costs based on expected total revenue unless this does not reflect an appropriate apportionment of the costs. It is also necessary to estimate costs to complete on such sites/phases. In addition, the Group makes estimates in relation to future sales prices on the site/phase. The Group has a number of internal controls to assess and review the reasonableness of estimates made. If housing gross margin decreased by 200 basis points, it is estimated that the quantum of housing cost of sales would increase by around 2.6%.

4. Operating profit

4a. Part exchange properties

Part exchange properties

The purchase and subsequent sale of part-exchange properties is an activity undertaken in order to achieve the sale of a new property. The original sale of private housing is recognised at the fair value of the part-exchange property plus the cash received or receivable (note 1). The fair value of the part-exchange property is equal to the amount assessed by external valuers. The onward sale of a part-exchange property is recognised at the fair value of consideration received or receivable. As it is not considered a principal activity of the Group the income and expenses associated with this are recognised in other operating income and other operating expenses. Income is recognised in the income statement at a point in time when the performance obligations have been satisfied. This is when legal title is transferred.

All other operating income relates to the sale of part-exchange properties and all other operating expenses relate to the associated fair value of the part-exchange properties less costs to sell.

4b. Operating profit is stated after charging/(crediting)

	2022 £m	2021 £m
Staff costs (note 21)	**193.1**	184.4
Depreciation of property, plant and equipment (note 11)	**6.1**	6.5
Hire of plant and machinery	**17.1**	15.2
Profit on sale of property, plant and equipment		(0.7)

4c. Auditor's remuneration

	2022 £000	2021 £000
Audit of these financial statements	**64**	60
Amounts receivable by the auditor and its associates in respect of:		
Audit of financial statements of subsidiaries pursuant to legislation	**370**	333
Pension scheme audit	**17**	15

Amounts paid to the Company's auditor and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis. The relevant amount paid to the auditor for the audit of financial statements of joint ventures is £0.020 million (2021 – £0.015 million).

Notes to the Financial Statements continued

5. Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing earnings by the weighted average number of ordinary shares in issue during the year (excluding the weighted average number of ordinary shares held by the Trust which are treated as cancelled).

Diluted earnings per ordinary share uses the same earnings figure as the basic calculation. The weighted average number of shares has been adjusted to reflect the dilutive effect of outstanding share options allocated under employee share schemes where the market value exceeds the option price. Diluted earnings per ordinary share is calculated by dividing earnings by the diluted weighted average number of ordinary shares.

Reconciliations of the earnings and weighted average number of shares used in the calculations are outlined below:

	Earnings 2022 £m	**Weighted average number of ordinary shares 2022 No.**	**Earnings per share 2022 p**	Earnings 2021 £m	Weighted average number of ordinary shares 2021 No.	Earnings per share 2021 p
For basic earnings per ordinary share	**242.6**	**123,227,544**	**196.9**	390.7	123,306,035	316.9
Dilutive effect of options and awards		**416,029**	**(0.7)**		411,633	(1.1)
For diluted earnings per ordinary share	**242.6**	**123,643,573**	**196.2**	390.7	123,717,668	315.8

Taxation

6. Taxation

Taxation

The charge for taxation is based on the result for the year and takes into account current and deferred taxation. The charge is recognised in the income statement except to the extent that it relates to either items recognised in equity in which case it is recognised in equity or other comprehensive income in which case it is recognised in other comprehensive income.

Deferred taxation

Deferred taxation is provided for all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

6a. Income tax recognised in the income statement

	2022 £m	2021 £m
Current tax expense:		
UK corporation tax	**56.8**	89.8
Residential property developer tax for the year	**3.5**	–
Adjustments in respect of prior years	**(0.4)**	(2.8)
	59.9	87.0
Deferred tax expense:		
Origination and reversal of temporary differences	**0.8**	0.1
Effect of introduction of residential property developer tax	**0.8**	–
Increase in tax rate		1.1
Adjustments in respect of prior years	**0.1**	0.1
	1.7	1.3
Total income tax expense in income statement	**61.6**	88.3

6. Taxation continued

	2022 %	2022 £m	2021 %	2021 £m
Reconciliation of effective tax rate:				
Profit before taxation		**304.2**		479.0
Tax calculated at UK corporation tax rate	**20.3**	**61.8**	19.0	91.0
Non-taxable income and enhanced deductions	**(0.2)**	**(0.7)**	(0.2)	(1.1)
Remeasurement of deferred tax due to the increase in tax rate			0.2	1.1
Adjustments in respect of prior years – current tax	**(0.1)**	**(0.4)**	(0.6)	(2.8)
– deferred tax		**0.1**	–	0.1
Effect of residential property developer tax – deferred tax	**0.2**	**0.8**	–	–
Effective tax rate and tax expense for the year	**20.2**	**61.6**	18.4	88.3

The effective tax expense is 20.2% of profit before taxation (2021 – 18.4%).

The Finance Act 2022 received Royal Assent in February 2022 introducing a new residential property developer tax ('RPDT') which was effective from 1 April 2022 and is chargeable at 4% of profits generated from residential property development in excess of an annual threshold. RPDT was introduced by HM Treasury to obtain a contribution from the UK's largest residential property developers towards the cost of remediating defective cladding in the UK's high-rise housing stock and is expected to remain in force for up to ten years. RPDT will apply to the majority of the Group's profits. Both the standard tax rate and effective tax rate include RPDT.

It is expected that the Group's standard rate of tax, including RPDT, for the year ending 31 July 2023 will be around 25%.

6b. Tax recognised in equity and other comprehensive income

	2022 £m	2021 £m
Deferred tax recognised directly in equity and other comprehensive income:		
Credit/(charge) relating to remeasurements on the defined benefit pension scheme	**0.5**	(2.2)
Charge relating to equity-settled transactions	**(0.3)**	–

6c. Deferred taxation

The following are the deferred tax assets/(liabilities) recognised by the Group and the movements thereon during the current and prior year:

Group	Capital allowances £m	Retirement benefit assets £m	Share based payments £m	Inventory £m	Total £m
At 1 August 2020	(0.5)	(0.3)	0.5	(1.8)	**(2.1)**
Arising on acquisition of joint operation	–	–	–	(1.7)	**(1.7)**
Income statement (charge)/credit	(0.6)	(0.1)	0.4	(1.0)	**(1.3)**
Charge to statement of comprehensive income	–	(2.2)	–	–	**(2.2)**
At 31 July 2021	(1.1)	(2.6)	0.9	(4.5)	**(7.3)**
Income statement charge	(0.5)	–	(0.5)	(0.7)	**(1.7)**
Credit to statement of comprehensive income	–	0.5	–	–	**0.5**
Charge to equity	–	–	(0.3)	–	**(0.3)**
At 31 July 2022	**(1.6)**	**(2.1)**	**0.1**	**(5.2)**	**(8.8)**

Notes to the Financial Statements continued

6. Taxation continued

The following is an analysis of the deferred tax balances for financial reporting purposes:

	2022 £m	2021 £m
Share-based payments	**0.1**	0.9
Deferred tax assets	**0.1**	0.9
Capital allowances	**(1.6)**	(1.1)
Retirement benefit assets	**(2.1)**	(2.6)
Inventory	**(5.2)**	(4.5)
Deferred tax liabilities	**(8.9)**	(8.2)
Net deferred tax liability	**(8.8)**	(7.3)

The carrying amount of the deferred tax asset is reviewed at each balance sheet date and is recognised to the extent that there will be sufficient taxable profits to allow the asset to be recovered.

The deferred tax assets/(liabilities) held by the Group at the start of the current year have been revalued at the substantively enacted corporation tax rate that will be effective when they are expected to be realised. The deferred tax assets/(liabilities) have been revalued at 29% following the introduction of RPDT on 1 April 2022. The deferred tax assets/(liabilities) were previously recognised at 25% to take into account the increase in the UK corporation tax rate from 1 April 2023 that was substantively enacted in May 2021.

It is expected that the Group's standard rate of tax, including RPDT, for the year ending 31 July 2023 will be around 25%.

There are no deferred tax balances in respect of the Company.

Working capital

7. Inventories

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, in relation to work-in-progress and showhomes, comprises direct materials and, where applicable, direct labour costs and those overheads, not including any general administrative overheads, that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and overheads.

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

Options purchased in respect of land are capitalised initially at cost. Regular reviews are carried out for impairment in the value of these options and provisions made accordingly to reflect loss of value. The impairment reviews consider the period elapsed since the date of purchase of the option given that the option contract has not been exercised at the review date. Further, the impairment reviews consider the remaining life of the option, taking account of any concerns over whether the remaining time available will allow a successful exercise of the option. The carrying cost of the option at the date of exercise is included within the cost of land purchased as a result of the option exercise.

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

7. Inventories continued

Carrying amount of land held for development and work in progress

Inventories are carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and overheads. Valuations of site/phase work-in-progress are carried out at regular intervals and estimates of the cost to complete a site/phase and estimates of anticipated revenues are required to enable a development profit to be determined. Management are required to employ judgement in estimating the profitability of a site/phase and in assessing any impairment provisions which may be required. If a 10% increase was applied to the inventories net realisable provision, this would not have a material effect on the carrying value of work-in-progress and land held for development at the year end.

For both the years ended 31 July 2022 and 31 July 2021, a full review of inventories has been performed and write downs have been made where cost exceeds net realisable value. Estimated selling prices have been reviewed on a site by site/phase by phase basis and have been amended based on local management and the Board's assessment of current market conditions.

Group	2022 £m	2021 £m
Land	**2,786.4**	2,483.9
Work-in-progress	**1,524.8**	1,431.4
Showhomes	**107.0**	115.1
Part-exchange properties	**5.4**	1.8
	4,423.6	4,032.2

Inventories of £2,693.7 million were expensed in the year (2021 – £2,421.1 million).

In the ordinary course of business, inventories have been written off by a net £4.8 million in the year (2021 – £1.5 million).

Land with a carrying value of £295.6 million (2021 – £278.9 million) was used as security for land payables (note 9).

Land includes £1,812.3 million (2021 – £1,808.4 million) which is owned or unconditionally contracted by the Group and where there is an implementable detailed planning permission.

During the current year, the Group acquired 100% of the share capital of a private limited company to access land interests of £8.4 million. During the prior year, the Group acquired 100% of the share capital of two private limited companies to access land interests of £19.8 million. These acquisitions did not satisfy the requirements of a business combination, therefore the land relating to these amounts are included in 'land' in the above table.

The adoption of the Future Homes Standard in 2025, and the interim standard in 2023, is not considered to have a material effect on the carrying value of inventories as at 31 July 2022.

The Directors consider all inventories to be essentially current in nature although the Group's operational cycle is such that a proportion of inventories will not be realised within 12 months. It is not possible to determine with accuracy when specific inventory will be realised as this is subject to a number of factors including consumer demand and planning permission delays.

The Company has no inventory.

Notes to the Financial Statements continued

8. Trade and other receivables

Trade and other receivables

Trade and other receivables are stated at their fair value at the date of initial recognition and subsequently at amortised cost less allowances for impairment. Amounts recoverable on certain social housing contracts where revenue is recognised over time are included in trade receivables to the extent that they have been invoiced, or if not they are included within prepayments and accrued income, and are stated as the amount due less any foreseeable losses.

The loss allowance for amounts owed by Group undertakings is equal to the 12-month expected credit losses unless there has been a significant increase in credit risk since the date of initial recognition, in which case the loss allowance is equal to the lifetime expected credit loss. A significant increase in credit risk is deemed to have occurred if a review of available information indicates an increased probability of default.

Current receivables	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Trade receivables	47.5	17.0		–
Other receivables	59.2	58.1		–
Amounts owed by Group undertakings		–	509.7	512.3
Prepayments and accrued income	7.9	7.1		–
	114.6	82.2	509.7	512.3

The Group assesses the ageing of trade receivables in accordance with the policy on page 148. None of the trade receivables are past their due dates (2021 – £nil), and are therefore all rated as low risk.

Other receivables includes £43.7 million (2021 – £38.6 million) in relation to VAT recoverable and £nil (2021 – £0.5 million) of reimbursement assets (note 10).

Included within prepayments and accrued income are non-current prepayments of £0.5 million (2021 – £nil).

The Group has assessed expected credit losses and the loss allowance for trade and other receivables as immaterial.

The Company has assessed expected credit losses and the loss allowance for amounts owed by Group undertakings as immaterial.

9. Trade and other payables

Trade and other payables

Trade and other payables on normal terms are not interest-bearing and are stated at their nominal value. Trade payables on deferred terms, most notably in relation to land purchases, are recorded initially at the fair value of all expected future payments. The discount to nominal value is amortised over the period to settlement and charged to finance expenses.

Leases

The lease liability is initially measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option. Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability, and reducing it by the lease payments made. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability, plus any initial direct costs and an estimate of asset retirement obligations, less any lease incentives. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

The Group has elected to apply exemptions for short-term leases and leases for which the underlying asset is of low value. For these leases, payments are charged to the income statement on a straight-line basis over the term of the relevant lease.

Right-of-use assets are presented in property, plant and equipment on the balance sheet and lease liabilities are shown on the balance sheet in trade and other payables in current liabilities and non-current liabilities.

9. Trade and other payables continued

Payments on account

Payments on account, measured at amortised cost, are recorded as a liability on receipt and are released to the income statement when revenue is recognised in accordance with the Group's revenue recognition policy.

Non current liabilities

	Group 2022 £m	Group 2021 £m	**Company 2022 £m**	Company 2021 £m
Land payables	**92.3**	75.4		–
Lease liabilities	**14.3**	14.3		–
	106.6	89.7		–

Land payables of £60.8 million (2021 – £48.7 million) are secured on the land to which they relate.

The carrying value of the land used for security is £59.9 million (2021 – £48.1 million).

Current liabilities

	Group 2022 £m	Group 2021 £m	**Company 2022 £m**	Company 2021 £m
Trade payables	**284.0**	324.3		–
Land payables	**301.1**	380.4		–
Social security and other taxes	**7.2**	5.6		–
Other payables	**9.2**	9.8	**0.1**	0.2
Lease liabilities	**2.9**	2.9		–
Accrued expenses	**147.6**	133.1		–
Payments on account	**178.2**	185.0		–
	930.2	1,041.1	**0.1**	0.2

Land payables of £240.1 million (2021 – £234.4 million) are secured on the land to which they relate.

The carrying value of the land used for security is £235.7 million (2021 – £230.8 million).

Payments on account comprises deposits received in advance which are contract liabilities. Deposits received in advance are typically held for up to 18 months before the associated performance obligations are satisfied and the revenue is recognised. The majority of the contract liabilities as at 31 July 2021 have been recognised as revenue in the current year. The approximate transaction value allocated to the performance obligations that are unsatisfied at 31 July 2022 is £2,114.3 million[2] (2021 – £2,022.3 million), the majority of which is expected to be recognised as revenue during the next financial year.

10. Provisions and reimbursement assets

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past transaction or event, and it is probable that the Group will be required to settle that obligation either due to known data or based on historical data and a weighting of possible outcomes against their associated probabilities. Provisions are measured at the Directors best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to the present value using a UK risk free discount rate reflecting the period of the expected cashflow, where the effect is material.

Legacy building safety improvements

The Directors consider that their assessment and judgement of the legacy building safety improvements provision, in accordance with the Group's accounting policies, could have a significant effect on the Group's financial statements.

The Directors have established whether any remedial works are required to be performed on certain sites and if so, has then assessed whether there is a legal or constructive obligation at the balance sheet date. A legal obligation, assessed on a site by site basis, is present if Bellway is the responsible person for the site or if the building was constructed within a specified time period. A constructive obligation is present if Bellway has communicated to the involved parties (such as residents and building owners) that it will undertake the remedial works. If the Group has identified that it has a legal or constructive obligation then a provision has been recognised for the latest estimated cost of the remedial works.

This is a highly complex area with judgements in respect of the extent of those properties within the scope of Bellway's legacy building safety improvement provision and the provision could be extended should the latest interpretation of Government guidance further evolve (note 24).

Notes to the Financial Statements continued

10. Provisions and reimbursement assets continued

Legacy building safety improvements

The legacy building safety improvements provision has been established to carry out remedial corrective works on a number of schemes. Management have estimated the cost of the corrective works for the current anticipated scope, but this is inherently uncertain as the improvement works are at an early or investigative stage on most affected sites. These estimates may change over time as further information is assessed, building works progress and the interpretation of the scope of the Pledge or fire safety regulations further evolve. If:

- cost estimates increase by 5%, the provision at 31 July 2022 would increase by around £22 million.
- the discount rate increases by 100 bps, the provision at 31 July 2022 would decrease by around £12 million.

Group	Legacy building safety improvements provision £m	Reimbursement assets £m	Total £m
At 1 August 2021	(116.0)	0.5	(115.5)
Additions (note 2)	(349.5)	2.8	(346.7)
Released (note 2)	2.5	–	2.5
Utilised/(recovered)	23.5	(3.3)	20.2
Unwinding of discount (note 2)	(2.0)	–	(2.0)
At 31 July 2022	**(441.5)**		**(441.5)**

The provision is classified as follows:

	Legacy building safety improvements provision £m
Current	(40.7)
Non-current	(400.8)
Total	**(441.5)**

The Group has established a provision for the cost of performing fire remedial works on a number of legacy developments (note 2).

The Company has no provisions.

Investing activities

11. Property, plant and equipment

Property, plant and equipment

Items are stated at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is charged to the income statement on a straight-line basis over their estimated useful lives over the following number of years:

- Plant, fixtures and fittings – 3 to 10 years.
- Freehold buildings – 40 years.

Freehold land is not depreciated.

Right of use assets

The accounting policy for leases is included in note 9.

Group	Land and property £m	Plant, fixtures and fittings £m	Right of use assets £m	Total £m
Cost				
At 1 August 2020	17.5	18.1	22.0	57.6
Additions	0.3	3.0	3.2	6.5
Disposals	(1.2)	(3.8)	(1.5)	(6.5)
At 1 August 2021	16.6	17.3	23.7	57.6
Additions	0.3	1.9	3.2	5.4
Disposals	–	(3.2)	(1.7)	(4.9)
At 31 July 2022	**16.9**	**16.0**	**25.2**	**58.1**
Depreciation				
At 1 August 2020	3.0	11.8	6.1	20.9
Charge for year	0.4	2.6	3.5	6.5
On disposals	(0.5)	(3.7)	(1.3)	(5.5)
At 1 August 2021	2.9	10.7	8.3	21.9
Charge for year	0.4	2.4	3.3	6.1
On disposals	–	(2.4)	(1.7)	(4.1)
At 31 July 2022	**3.3**	**10.7**	**9.9**	**23.9**
Net book value				
At 31 July 2022	**13.6**	**5.3**	**15.3**	**34.2**
At 31 July 2021	13.7	6.6	15.4	35.7
At 31 July 2020	14.5	6.3	15.9	36.7

The Company has no property, plant and equipment.

Notes to the Financial Statements continued

12. Financial assets and equity accounted joint arrangements, and investments in subsidiaries

Investments in subsidiaries

Interests in subsidiary undertakings are valued in the Company financial statements at cost less impairment.

The subsidiary undertakings and joint arrangements in which the Group has interests are incorporated in England and Wales. In each case their principal activity is related to housebuilding. At 31 July 2022, the Group was made up of 23 subsidiaries and 7 joint arrangements. Further details are included in note 26.

Where Bellway owns 100% of the voting rights of a business, the company is considered to be controlled by Bellway and is treated as a subsidiary.

The Group and Company had the following investments or financial assets in subsidiaries and joint ventures at 31 July:

Subsidiary undertakings	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Interest in subsidiary undertakings' shares at cost		–	**43.5**	40.4
Financial assets and equity accounted joint arrangements				
Financial assets – loan to joint ventures	**20.9**	39.6		–
Interest in joint ventures – equity	**9.3**	15.7		–
	30.2	55.3		–
	30.2	55.3	**43.5**	40.4

The movement on both the equity accounted joint ventures and related financial assets during the year is as follows:

	2022 £m	2021 £m
At the start of the year	**55.3**	60.8
Increase in loans	**2.9**	17.1
Repayment of loans	**(21.6)**	(33.0)
Dividends received from equity accounted joint ventures	**(15.7)**	–
Share of result	**9.3**	10.4
At the end of the year	**30.2**	55.3

13. Joint arrangements

DFE TW Residential Limited, Cramlington Developments Limited and Leebell Developments Limited are classified as joint operations as the shareholders have substantially all of the economic benefit of the assets and fund the liabilities of the entities.

Ponton Road LLP, Fradley Residential LLP, Lambeth Regeneration LLP and Bellway Latimer Cherry Hinton LLP are classified as joint ventures as the Group has rights to the net assets of the arrangements rather than the individual assets and liabilities.

The Group's share of the joint ventures' net assets/(liabilities) and income/(expenses) are made up as follows:

	2022					2021				
	Ponton Road LLP £m	**Fradley Residential LLP £m**	**Bellway Latimer Cherry Hinton LLP £m**	**Other joint ventures £m**	**Total £m**	Ponton Road LLP £m	Fradley Residential LLP £m	Bellway Latimer Cherry Hinton LLP £m	Other joint ventures £m	Total £m
Current assets	**4.7**	**15.9**	**36.9**	**2.8**	**60.3**	36.6	10.0	41.7	1.9	90.2
Current liabilities	**(2.4)**	**(1.8)**	**(26.6)**	**(2.8)**	**(33.6)**	(27.4)	(2.5)	(23.2)	(1.9)	(55.0)
Non-current liabilities		**(5.4)**	**(12.0)**		**(17.4)**	–	(0.7)	(18.8)	–	(19.5)
Share of net assets/(liabilities) of joint ventures	**2.3**	**8.7**	**(1.7)**		**9.3**	9.2	6.8	(0.3)	–	15.7
Revenue	**49.0**	**9.2**			**58.2**	54.9	7.7	–	–	62.6
Costs	**(40.2)**	**(7.2)**			**(47.4)**	(45.7)	(6.1)	–	–	(51.8)
Operating profit	**8.8**	**2.0**			**10.8**	9.2	1.6	–	–	10.8
Interest		**(0.1)**	**(1.4)**		**(1.5)**	–	(0.1)	(0.3)	–	(0.4)
Share of result of joint ventures	**8.8**	**1.9**	**(1.4)**		**9.3**	9.2	1.5	(0.3)	–	10.4
Share of dividends paid to joint venture partners	**(15.7)**				**(15.7)**	–	–	–	–	–

Guarantees relating to the overdrafts of the joint arrangements have been given by the Company (see note 24).

The Group has assessed expected credit losses and the loss allowance for joint venture financial assets as immaterial.

14. Commitments

Capital commitments

Group	**2022 £m**	2021 £m
Contracted not provided		0.5
Authorised not contracted	**1.5**	–

Company

The commitments of the Company were £nil (2021 – £nil).

Notes to the Financial Statements continued

Financing

15. Net cash

Cash and cash equivalents

Cash and cash equivalents are defined as cash balances in hand and in the bank (including short-term cash deposits). The Group utilises bank overdraft facilities, which are repayable on demand, as part of its cash management policy. As a consequence, bank overdrafts are included as a component of net cash and cash equivalents within the cash flow statement.

Interest bearing loans and borrowings

Interest-bearing loans and borrowings are stated at their fair value at the date of initial recognition and subsequently at amortised cost.

15a. Reconciliation of net cash flow to net cash

Group	2022 £m	2021 £m
(Decrease)/increase in net cash and cash equivalents	**(85.0)**	408.9
Decrease in bank borrowings		50.0
Increase in fixed rate sterling USPP notes		(130.0)
(Decrease)/increase in net cash from cash flows	**(85.0)**	328.9
Net cash at 1 August	**330.3**	1.4
Net cash at 31 July	**245.3**	330.3

Company	2022 £m	2021 £m
Increase in net cash and cash equivalents		0.1
Increase in net cash from cash flows		0.1
Net cash at 1 August	**52.8**	52.7
Net cash at 31 July	**52.8**	52.8

15b. Analysis of net cash

Group	At 1 August 2021 £m	Cash flows £m	At 31 July 2022 £m
Cash and cash equivalents	460.3	(85.0)	**375.3**
Fixed rate sterling USPP notes	(130.0)	–	**(130.0)**
Net cash	330.3	(85.0)	**245.3**

Company	At 1 August 2021 £m	Cash flows £m	At 31 July 2022 £m
Cash and cash equivalents	52.8	–	**52.8**
Net cash	52.8	–	**52.8**

16. Finance income and expenses

Finance income and expenses

Finance income includes interest receivable on bank deposits.

Finance expenses includes interest on bank borrowings and fixed rate sterling USPP notes. The discounting of both the deferred payments for land purchases and provisions produces a notional interest payable amount and this is also charged to finance expenses.

	2022 £m	2021 £m
Interest receivable on bank deposits	0.5	–
Net interest on defined benefit asset	0.1	–
Other interest receivable	1.0	0.6
Finance income	**1.6**	0.6

	2022 £m	2021 £m
Interest payable on bank loans and overdrafts	2.5	3.1
Interest payable on fixed rate sterling USPP notes	3.4	1.6
Interest on deferred term land payables	7.3	6.5
Unwinding of the discount on the legacy building safety provision	2.0	–
Interest payable on leases	0.5	0.5
Finance expenses	**15.7**	11.7

The unwinding of the discount on the legacy building safety provision is an adjusting item (note 2).

17. Financial instruments

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, or when the Group has transferred those rights and substantially all the risks and rewards of the asset. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Land purchased on deferred terms

The Group sometimes acquires land on deferred payment terms. In accordance with IFRS 9 'Financial Instruments' the creditor is initially recorded at fair value, being the price paid for the land discounted to present day, and subsequently at amortised cost. The difference between the nominal value and the initial fair value is amortised over the deferred term to finance expenses, increasing the land creditor to its full cash settlement value on the payment date.

The maturity profile of the total contracted cash payments in respect of amounts due on land creditors at the balance sheet date is as follows:

	Balance at 31 July £m	Total contracted cash payment £m	Within 1 year or on demand £m	1–2 years £m	2–5 years £m	More than 5 years £m
At 31 July 2022	**393.4**	**401.5**	**304.6**	**72.2**	**18.7**	**6.0**
At 31 July 2021	455.8	459.7	382.3	67.0	10.4	–

Notes to the Financial Statements continued

17. Financial instruments continued

The maturity profile of the total contracted payments in respect of financial liabilities (excluding amounts due on land creditors shown separately above) is as follows:

	Balance at 31 July £m	Total contracted cash payment £m	Within 1 year or on demand £m	1–2 years £m	2–5 years £m	More than 5 years £m
Trade and other payables (excluding lease liabilities)	293.2	293.2	293.2	–	–	–
Fixed rate sterling USPP notes	130.0	153.2	3.4	3.4	10.3	136.1
Lease liabilities	17.2	18.9	3.3	3.3	7.1	5.2
At 31 July 2022	**440.4**	**465.3**	**299.9**	**6.7**	**17.4**	**141.3**
Trade and other payables (excluding lease liabilities)	334.1	334.1	334.1	–	–	–
Fixed rate sterling USPP notes	130.0	156.6	3.4	3.4	10.3	139.5
Lease liabilities	17.2	19.1	3.4	2.9	7.2	5.6
At 31 July 2021	481.3	509.8	340.9	6.3	17.5	145.1

The imputed interest rate on land payables reflects market interest rates available to the Group on floating rate bank loans at the time of acquiring the land.

At the year end, the Group had £400 million (2021 – £420.0 million) of undrawn bank facilities available.

Cash and cash equivalents

This comprises cash held by the Group and short-term bank deposits with a maturity date of less than one month.

The amount of cash and cash equivalents for the years ended 31 July 2022 and 31 July 2021 for both the Group and the Company are shown in note 15.

At 31 July 2022 the average interest rate earned on the temporary closing cash balance, excluding joint ventures, was 0.43% (2021 – 0.02%).

Fair values

The carrying values of financial assets and liabilities reasonably approximate their fair values.

Financial assets and liabilities by category

The carrying values and fair values of the financial assets and liabilities of the Group and the Company are as follows:

	Group 2022 £m	Group 2021 £m	**Company 2022 £m**	Company 2021 £m
Loans and receivables	**127.6**	114.7	**509.7**	512.3
Cash and cash equivalents	**375.3**	460.3	**52.8**	52.8
Financial liabilities at amortised cost	**(833.8)**	(937.1)	**(0.1)**	(0.2)
	(330.9)	(362.1)	**562.4**	564.9

Reconciliation of liabilities arising from financing activities

Group	At 1 August £m	Net cash flows £m	New leases £m	Disposals £m	Interest £m	**At 31 July £m**
Fixed rate sterling USPP notes	130.0	(3.4)	–	–	3.4	**130.0**
Lease liabilities	17.2	(2.9)	3.2	(0.8)	0.5	**17.2**
At 31 July 2022	**147.2**	**(6.3)**	**3.2**	**(0.8)**	**3.9**	**147.2**
Bank borrowings	50.0	(50.0)	–	–	–	–
Fixed rate sterling USPP notes	–	130.0	–	–	–	130.0
Lease liabilities	17.1	(3.4)	3.2	(0.2)	0.5	17.2
At 31 July 2021	67.1	76.6	3.2	(0.2)	0.5	147.2

Cash flows relating to interest are included within interest paid in cash flows from operating activities, within the cash flow statement.

There were no liabilities arising from financing activities within the Company.

17. Financial instruments continued

Bank facilities

The Group had bank facilities of £400.0 million as at 31 July 2022 (2021 – £420.0 million) which expire during the course of the following financial years:

	Group 2022 £m	Group 2021 £m	**Company 2022 £m**	Company 2021 £m
By 31 July 2022		125.0		–
By 31 July 2023	**50.0**	50.0		–
By 31 July 2024	**245.0**	245.0		–
By 31 July 2025	**30.0**	–		–
By 31 July 2026	**75.0**	–		–
	400.0	420.0		–

Fixed rate sterling USPP notes

During the prior year the Group entered a contractual arrangement to issue fixed rate sterling USPP notes for a total amount of £130.0 million, as part of its ordinary course of business financing arrangements. This USPP debt has a weighted average fixed coupon of 2.7%, is fully drawn down at year end and expires during the course of the following financial years:

	Group 2022 £m	Group 2021 £m	**Company 2022 £m**	Company 2021 £m
By 31 July 2028	**80.0**	80.0		–
By 31 July 2031	**50.0**	50.0		–
	130.0	130.0		–

Capital management

The Group is financed through the proceeds of issued ordinary shares, reinvested profits and cash in hand less debt. The following table analyses the capital structure:

	Group 2022 £m	Group 2021 £m	**Company 2022 £m**	Company 2021 £m
Equity	**3,367.8**	3,287.8	**605.9**	605.3
Net debt		–		–
Capital employed	**3,367.8**	3,287.8	**605.9**	605.3

Risks

Details of the risks relating to financial instruments are set out in the Risk Management section on page 76.

Shareholder capital

18. Issued capital

Classification of equity instruments and financial liabilities issued by the Group

Equity instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium exclude amounts in relation to those shares.

Notes to the Financial Statements continued

18. Issued capital continued

Group and Company

	2022 Number 000	2022 £m	2021 Number 000	2021 £m
Allotted, called up and fully paid 12.5p ordinary shares				
At start of year	**123,396**	**15.4**	123,346	15.4
Issued on exercise of options	**90**		50	–
At end of year	**123,486**	**15.4**	123,396	15.4

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19. Reserves

Own shares held by ESOP trust

Transactions of the Company-sponsored ESOP trust are included in both the Group financial statements and the Company's own financial statements. The purchase of shares in the Company by the trust are charged directly to equity.

Share premium

This reserve is not distributable.

Own shares held

The Group and Company holds shares within the Bellway Employee Share Trust (1992) (the 'Trust') for participants of certain share-based payment schemes as outlined in note 23. The cost of these is charged to retained earnings. During the period 268,240 (2021 – 105,967) shares were purchased by the Trust and the Trust transferred 38,978 (2021 – 47,923) shares to employees and Directors. The number of shares held within the Trust and on which dividends have been waived, at 31 July 2022 was 331,115 (2021 – 101,853). These shares are held within the financial statements at a cost of £8.9 million (2021 – £2.4 million). The market value of these shares at 31 July 2022 was £8.1 million (2021 – £3.3 million).

Capital redemption reserve

On 7 April 2014 the Company redeemed 20,000,000 £1 preference shares, being all of the preference shares in issue. An amount of £20.0 million, equivalent to the nominal value of the shares redeemed, was transferred to a capital redemption reserve on the same date. This reserve is not distributable.

20. Dividends on equity shares

Dividends

Dividends on equity shares are recognised as a liability in the period in which they are approved by the shareholders. Interim dividends are recognised when paid.

	2022 £m	2021 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 July 2021 of 82.5p per share (2020 – 50.0p)	**101.8**	61.6
Interim dividend for the year ended 31 July 2022 of 45.0p per share (2021 – 35.0p per share)	**55.4**	43.1
	157.2	104.7
Proposed final dividend for the year ended 31 July 2022 of 95.0p per share (2021 – 82.5p)	**117.0**	101.7

The 2022 proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 16 December 2022 and, in accordance with IAS 10 'Events after the Reporting Period', has not been included as a liability in these financial statements. At the record date for the final dividend for the year ended 31 July 2021, shares were held by the Bellway Employee Share Trust (1992) (the 'Trust') on which dividends had been waived (see note 19).

The level of distributable reserves are sufficient in comparison to the proposed dividend.

Directors and employees

21. Employee information

Group employment costs, including directors, comprised:

	2022 £m	2021 £m
Wages and salaries	**167.0**	159.9
Social security	**16.2**	15.9
Pension costs (note 22)	**6.8**	6.0
Share-based payments (note 23)	**3.1**	2.6
	193.1	184.4

The average number of persons employed by the Group during the year was 2,978 (2021 – 2,934) comprising 1,116 (2021 – 1,063) administrative and 1,862 (2021 – 1,871) production and others employed in housebuilding and associated trading activities.

The Executive Directors and the Group General Counsel and Company Secretary are the only employees of the Company and the emoluments of the Executive Directors are disclosed in the Report of the Board on Directors' Remuneration on pages 106 to 118.

Key management personnel remuneration, including directors, comprised:

	2022 £m	2021 £m
Salaries and fees	**3.1**	2.9
Taxable benefits	**0.2**	0.2
Annual cash bonus	**2.7**	2.5
Pension costs	**0.1**	0.1
Share-based payments	**1.6**	1.2
	7.7	6.9

Key management personnel, as disclosed under IAS 24 'Related party disclosures', comprises the Directors and other senior operational management.

22. Retirement benefit asset

Employee benefits   retirement benefit costs

The net defined benefit scheme asset or liability is the fair value of scheme assets less the present value of the defined benefit obligation at the balance sheet date. The calculation is performed by a qualified actuary using the projected unit credit method. All remeasurement gains and losses are recognised immediately in the Statement of Comprehensive Income ('SOCI'). Net interest income/(cost) is calculated on the defined benefit asset/(liability) for the period by applying the discount rate used to measure the defined benefit liability at the start of the year. Return on plan assets in excess of the amounts included in the net interest cost are recognised in the SOCI.

Defined contr bution pension costs are charged to the income statement in the period for which contributions are payable.

(a) Retirement benefit assets

The Group sponsors the Bellway plc 1972 Pension Scheme (the 'Scheme') which has a funded final salary defined benefit arrangement which is closed to new members and to future service accrual. The Group also sponsors the Bellway plc 2008 Group Self Invested Personal Pension Plan ('GSIPP') which is a defined contribution contract-based arrangement.

Contributions of £6.8 million (2021 – £6.0 million) were charged to the income statement for the GSIPP.

(b) Role of Trustees

The Scheme is managed by the Trustees, who are appointed by either the Company or the members. The role of the Trustees is to manage the Scheme in line with the Scheme trust deed and rules, to act prudently, responsibly and honestly, impartially and in the interests of all beneficiaries. The main responsibilities of the Trustees are to agree with the employer the level of contributions to the Scheme and to make sure these are paid, to decide how the Scheme's assets are invested so the Scheme is able to meet its liabilities, and to oversee that the payment of benefits, record keeping and administration of the Scheme complies with the Scheme trust deed and rules and legislation.

Notes to the Financial Statements continued

22. Retirement benefit asset continued

(c) Funding

UK legislation requires that pension schemes are funded prudently (i.e. to a level in excess of the current expected cost of providing benefits). The last full actuarial valuation of the Scheme was carried out by a qualified independent actuary as at 31 July 2020 and updated on an approximate basis to 31 July 2022.

With regard to the Scheme, regular contr butions made by the employer over the financial year were £nil (2021 – £nil). The employer paid no special contr butions (2021 – £nil) and reimbursed the pension fund £0.3 million (2021 – £0.4 million) for expenses incurred by the fund.

The Group is expected to make no regular contr butions during the year ending 31 July 2023.

(d) Regulation

The UK pensions market is regulated by the Pensions Regulator whose key statutory objectives in relation to UK defined benefit plans are:

- to protect the benefits of members of occupational pension schemes;
- to promote, and to improve understanding of the good administration of work-based pension schemes;
- to reduce the risk of situations arising which may lead to compensation being payable from the Pension Protection Fund, and
- to maximise employer compliance with employer duties and the employment safeguards introduced by the Pensions Act 2008.

(e) Risk

The Scheme exposes the Group to a number of risks, the most significant are:

Risk	Description
Asset volatility	The Scheme's defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields. However, a significant proportion of the Scheme's assets are invested in growth assets, such as equities, that would be expected to outperform corporate bonds in the long-term but create volatility and risk in the short-term.
Inflation risk	A significant proportion of the Scheme's defined benefit obligation is linked to inflation, with higher inflation increasing the liabilities. However, there are caps of either a 3% (CPI) or 5% p.a. (RPI) increase in place to limit the effect of higher inflation.
Life expectancy	The majority of the Scheme's liabilities are to provide a pension for the life of the member, with any increase in life expectancy also increasing the Scheme's defined benefit obligation.

The Group and Trustees have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes liability driven investment funds which invest in assets such as gilts, swaps and repurchase agreements. The purpose of the liability driven investment funds is to significantly reduce the volatility of the Plan's funding level by mitigating inflation and interest rate risks, as the liability driven investment funds match the movements in interest rates and inflation closely.

Movements in net defined benefit assets

	Defined benefit obligation		Fair value of Scheme assets		Net defined benefit asset	
	2022 £m	2021 £m	**2022 £m**	2021 £m	**2022 £m**	2021 £m
Balance at 1 August	**(63.6)**	(66.6)	**73.8**	67.9	**10.2**	1.3
Included in the income statement						
Interest (expense)/income	**(1.1)**	(1.1)	**1.2**	1.1	**0.1**	–
	(1.1)	(1.1)	**1.2**	1.1	**0.1**	–
Included in other comprehensive income/(expense)						
Remeasurement gain arising from:						
– Change in demographic and financial assumptions	**14.5**	2.6		–	**14.5**	2.6
– Experience adjustments	**(0.6)**	–		–	**(0.6)**	–
Return on plan assets excluding interest income		–	**(17.4)**	5.9	**(17.4)**	5.9
	13.9	2.6	**(17.4)**	5.9	**(3.5)**	8.5
Other						
Contributions paid by the employer		–	**0.3**	0.4	**0.3**	0.4
Benefits paid	**1.9**	1.5	**(1.9)**	(1.5)		–
	1.9	1.5	**(1.6)**	(1.1)	**0.3**	0.4
Balance at 31 July	**(48.9)**	(63.6)	**56.0**	73.8	**7.1**	10.2

22. Retirement benefit asset continued

The weighted average duration of the defined benefit obligation at the end of the reporting period is 14 years (2021 – 17 years).

Scheme assets

The fair value of the Scheme assets is:

	2022 £m	2021 £m
Diversified growth fund	**21.5**	25.7
Equity instruments		2.4
Government bonds	**8.9**	11.6
Corporate bonds	**7.8**	5.7
Liability driven instruments	**11.3**	20.3
Insurance policies annuities	**6.0**	7.8
Cash and cash equivalents	**0.5**	0.3
Total	**56.0**	73.8

None of the assets have a quoted market price in an active market.

Diversified growth funds are pooled funds invested across a diversified range of assets with the aim of giving long-term investment growth with lower short-term volatility than equities. Liability driven instruments are a portfolio of funds designed to hedge the majority of the interest rate and inflation risks associated with the schemes' obligations.

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date:

	2022 % per annum	2021 % per annum
Discount rate	**3.50**	1.70
Future salary increases	**3.50**	3.60
Allowance for pension in payment increases of RPI or 5% p.a. if less	**2.80**	3.00
Allowance for deferred pension increases of CPI or 3% p.a. if less	**2.00**	2.10
Allowance for commutation of pension for cash at retirement	**15% of pension**	15% of pension

The mortality assumptions adopted at 31 July 2022 are based on the S3PxA tables and allow for future improvement in mortality. The tables used imply the following life expectancies at age 65:

Male retiring in 2022	22.8 years
Female retiring in 2022	24.6 years
Male retiring in 2042	24.1 years
Female retiring in 2042	26.1 years

The mortality assumptions adopted at 31 July 2021 were based on the S3PxA tables and allow for future improvement in mortality. The tables used imply the following life expectancies at age 65:

Male retiring in 2021	22.7 years
Female retiring in 2021	24.5 years
Male retiring in 2041	24.0 years
Female retiring in 2041	26.0 years

Sensitivities

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises the effect on the defined benefit obligation at the end of the reporting period if different assumptions were used:

Assumption	Change in assumption	Change in liabilities (%)
Discount rate	+0.10% p.a.	Decrease by 1.3%
Inflation – RPI	+0.10% p.a.	Increase by 1.1%
Mortality	+1 year life expectancy	Increase by 3.5%

The calculations for the sensitivity analysis are not as accurate as a full valuation carried out using these assumptions. Each assumption change is considered in isolation, which in practice is unlikely to occur, as changes in some of the assumptions are correlated.

Notes to the Financial Statements continued

23. Share based payments

Employee benefits share based payments

The fair value of equity settled share options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured as at the date the options are granted and the charge is only amended if vesting does not take place due to non-market conditions not being met. Various option pricing models are used according to the terms of the option scheme under which the options were granted. The fair value is spread over the period during which the employees become unconditionally entitled to the options. At the balance sheet date, if it is expected that non-market conditions will not be satisfied, the cumulative expense recognised in relation to the relevant options is reversed.

With respect to share-based payments, a deferred tax asset is recognised on the relevant tax base. The tax base is then compared to the cumulative share-based payment expense recognised in the income statement. Deferred tax arising on the excess of the tax base over the cumulative share-based payment expense recognised in the income statement has been recognised directly in equity outside the SOCI as share-based payments are considered to be transactions with shareholders.

Where the Company grants options over its own shares to employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity settled share-based payment charge recognised in its consolidated financial statements, with the corresponding credit being recognised in equity.

The Group operates a long-term incentive plan ('LTIP'), a deferred bonus plans ('DBP'), an employee share option scheme and Savings Related Share Option Schemes ('SRSOS'), all of which are detailed below.

Awards under the LTIP have been made to Executive Directors, the Group General Counsel and Company Secretary, and senior employees, with awards under the DBP also made to senior employees. The awards take the form of ordinary shares in the Company.

The Bellway p.l.c. (2014) Employee Share Option Scheme ('2014 ESOS') is an approved discretionary scheme which provides for the grant of options over ordinary shares to employees and Executive Directors. It is, however, the current intention that no Executive Directors of the Company should be granted options under this scheme. Awards will be available to vest after three years, subject to objective performance targets. As at 31 July 2022 no options had been granted under this scheme.

Options issued under the SRSOS are offered to all employees including the Executive Directors.

An outline of the performance conditions in relation to the LTIP is detailed under the long-term incentive scheme section on page 115 within the Remuneration Report.

Share-based payments have been valued by an external third party using various models detailed below, based on publicly available market data at the time of the grant, which the Directors consider to be the most appropriate method of determining their fair value.

The number and weighted average exercise price of share-based payments is as follows:

LTIP, DBP

	2022 Weighted average exercise price p	**2022 Number of options No.**	2021 Weighted average exercise price p	2021 Number of options No.
Outstanding at the beginning of the year		**316,427**	–	269,690
Granted during the year		**121,569**	–	123,822
Lapsed during the year		**(69,742)**	–	(29,162)
Exercised during the year		**(38,975)**	–	(47,923)
Outstanding at the end of the year		**329,279**	–	316,427
Exercisable at the end of the year		**451**	–	7,120

The options outstanding at 31 July 2022 have a weighted average contractual life of 1.4 years (2021 – 1.3 years). The weighted average share price at the date of exercise for share options exercised during the year was 3,148.4p (2021 – 2,931.5p).

23. Share based payments continued

SRSOS

	2022 Weighted average exercise price p	2022 Number of options No.	2021 Weighted average exercise price p	2021 Number of options No.
Outstanding at the beginning of the year	**2,404.8**	**525,421**	2,519.7	438,360
Granted during the year	**2,535.0**	**158,154**	2,333.0	289,517
Forfeited during the year	**2,450.3**	**(151,655)**	2,504.0	(151,525)
Exercised during the year	**2,357.3**	**(89,838)**	2,690.7	(50,931)
Outstanding at the end of the year	**2,445.4**	**442,082**	2,404.8	525,421
Exercisable at the end of the year	**2,185.5**	**2,522**	2,934.4	14,252

The options outstanding at 31 July 2022 have an exercise price in the range of 1,892.8p to 2,934.4p (2021 – 1,892.8p to 2,934.4p) and have a weighted average contractual life of 2.4 years (2021 – 2.5 years). The weighted average share price at the date of exercise for share options exercised during the year was 2,825.1p (2021 – 3,291.5p).

Valuation methodology

For LTIP options granted prior to October 2021, half of the performance criteria is based on TSR against comparator companies with the other half based on TSR measured against the FTSE 250 Index (excluding investment trusts and financial service companies). For LTIP options granted from October 2021, one third of the performance criteria is based on the achievement of a level of EPS, one third of the performance criteria is based on TSR against comparator companies with the other third based on TSR measured against the FTSE 250 Index (excluding investment trusts and financial service companies). A simplified Monte Carlo simulation method has been used to determine the Group's TSR performance against the FTSE 250 Index (excluding investment trusts and financial service companies). In the case of the DBP, there are no market-related performance conditions and awards will be eligible to vest upon reaching a date set out in the Deed of the award. As dividends are not reinvested, the fair value of these awards is equal to the share price at the date of the grant. The Black Scholes method is used for the SRSOS due to the relatively short exercise window of six months.

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. The inputs into the models for the various grants in the current and previous year were as follows:

	2022						2021				
	October 2021	**November 2021**	**November 2021**	**November 2021**	**December 2021**	**December 2021**	October 2020	November 2020	November 2020	December 2020	December 2020
Scheme description	**LTIP**	**LTIP**	**DBP**	**DBP**	**3 year SRSOS**	**5 year SRSOS**	LTIP	LTIP	DBP	3 Year SRSOS	5 Year SRSOS
Grant date	**26 Oct 21**	**11 Nov 21**	**11 Nov 21**	**11 Nov 21**	**02 Dec 21**	**02 Dec 21**	27-Oct-20	10-Nov-20	10-Nov-20	04-Dec-20	04-Dec-20
Risk free interest rate	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.5%**	**0.6%**	0.0%	0.0%	0.0%	0.0%	0.05%
Exercise price					**2,535.0p**	**2,535.0p**	–	–	–	2,333.0p	2,333.0p
Share price at date of grant	**3,319.0p**	**3,220.0p**	**3,220.0p**	**3,220.0p**	**3,130.0p**	**3,130.0p**	2,317.0p	2,902.0p	2,902.0p	2,980.0p	2,980.0p
Expected dividend yield	**0.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	**5.0%**	5.0%	5.0%	5.0%	5.0%	5.0%
Expected life	**3 years**	**3 years**	**3 years**	**4 years**	**3 years 2 months**	**5 years 2 months**	3 years	3 years	3 years	3 years 2 months	5 years 2 months
Vesting date	**26 Oct 24**	**11 Nov 24**	**11 Nov 24**	**11 Nov 25**	**01 Feb 25**	**01 Feb 27**	27-Oct-23	10-Nov-23	10-Nov-23	01-Feb-24	01-Feb-26
Expected volatility	**35%**	**35%**	**35%**	**35%**	**35%**	**30%**	35%	35%	35%	35%	35%
Fair value of option	**2,124.3p**	**1,867.0p**	**2,474.0p**	**2,350.0p**	**734.0p**	**638.0p**	796.0p	1,041.0p	2,230.0p	715.0p	710.0p

The expected volatility for all models was determined by considering the volatility levels historically for the Group. Volatility levels for more recent years were considered to have more relevance than earlier years for the period reviewed.

The Group recognised total expenses of £3.1 million (2021 – £2.6 million) in relation to equity-settled share-based payment transactions.

Notes to the Financial Statements continued

Contingencies, related parties and subsidiaries

24. Contingent liabilities

Contingent liabilities

Contingent liabilities of the Group are disclosed unless the possibility of an outflow in settlement is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Legacy building safety improvements

We continue to take a proactive approach to nationwide concerns with regards to fire safety in high-rise buildings across the UK. Bellway recognises its responsibilities in its legacy apartment portfolio and continues to review combustion risks, in external wall systems, on past high-rise developments.

As detailed in note 2, Bellway has identified a number of developments, which obtained building regulation approval at the time of construction, where the building materials used may not fully comply with the most recent government guidance or where remedial works may need to be performed in line with the Pledge. For these developments we have established that the cost of the remedial works satisfies the accounting requirements of a provision at the balance sheet date. While a prudent approach has been taken, the extent of the provision could increase or reduce, in line with normal accounting practice if new issues are identified or if estimates change, as Bellway and building owners continue to undertake their own investigative works on these and other schemes within the legacy portfolio. Furthermore, the finer details of the government contract underlying the Pledge are to be agreed with the sector as a whole, and the scope could change until this is finally agreed.

Relating to subsidiaries

The Company is liable, jointly and severally with other members of the Group, under guarantees given to the Group's bankers in respect of overdrawn balances on certain Group bank accounts and in respect of other overdrafts, loans and guarantees given by the banks to or on behalf of other Group undertakings. At 31 July 2022 there were bank overdrafts of £7.6 million (2021 – £7.5 million). Furthermore, the Company is jointly and severally liable with Bellway Homes Limited in relation to the fixed rate sterling USPP notes of £130.0 million (2021 – £130.0 million). It is the Directors' expectation that the possibility of cash outflow on these liabilities is considered minimal and no provision is required.

Relating to joint arrangements

The Company has guaranteed the overdrafts of joint arrangements up to a maximum of £0.3 million (2021 – £0.3 million). It is the Directors' expectation that the possibility of cash outflow on these liabilities is considered minimal and no provision is required.

25. Related party transactions

The Board and certain members of senior management are related parties within the definition of IAS 24 'Related Party Disclosures'. Summary information of the transactions with key management personnel is provided in note 21. Detailed disclosure of individual remuneration of Board members is included in the Remuneration Report on page 112.

Transactions between fellow subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

Group

During the year the Group entered into the following related party transactions with its joint arrangements:

	2022 £m	2021 £m
Invoiced to joint arrangements in respect of accounting, management fees, interest on loans, land purchases and infrastructure works	**31.6**	23.5
Amounts owed to joint arrangements in respect of land purchases and management fees at the year end	**(4.5)**	(4.5)
Amounts owed by joint arrangements in respect of accounting, management fees, interest, land purchases and infrastructure works	**27.0**	49.4

25. Related party transactions continued

Company

During the year the Company entered into the following related party transactions with its subsidiaries and joint arrangements:

	2022 £m	2021 £m
Amounts received in the year from subsidiaries for share options exercised by subsidiary company employees and dividends received	**162.1**	186.7
Amounts paid in the year by subsidiaries on behalf of the Company in respect of dividends, finance expenses and share purchases, and receivable from subsidiaries on disposal of investments	**(164.7)**	(107.2)
Amounts owed by subsidiaries in respect of dividends and shares issued net of amounts paid on behalf of the Company	**509.7**	512.3
Investments in subsidiaries and joint ventures	**43.5**	40.4

26. Group undertakings

The Directors set out below information relating to the Group undertakings (excluding resident management companies presented in note 27) as at 31 July 2022. All of these Group undertakings are registered in England and Wales unless otherwise stated. They are engaged in housebuilding and associated activities, have coterminous year ends with the Group, 100% of their ordinary share capital is held by the Company and the registered address is the same as the Company (unless otherwise stated).

Subsidiaries trading

Bellway Homes Limited
Bellway Housing Trust Limited
Bellway Properties Limited
Bellway (Services) Limited
Litrose Investments Limited
Southern and Regional Developments Limited ^^

Joint arrangements

Cramlington Developments Limited (50% owned, year end of 30 June) ^^ a
Fradley Residential LLP (50% owned) ^^
Leebell Developments Limited (50% owned, year end of 30 June) ^^ a
Ponton Road LLP (50% owned) ^^
Lambeth Regeneration LLP (50% owned) ^^
Bellway Latimer Cherry Hinton LLP (50% owned) ^^
DFE TW Residential Limited (50% owned) ^^ c

Subsidiaries dormant ^

Ashberry Homes Limited
Bellway (Builders) Limited
Bellway Financial Services Limited
Bellway London Limited
Bellway Trustee Company Limited
Bulldog Premium Growth I Limited
George Blackett Limited
Homes2Let Limited
J. T. B. (Chapel Farm) Estates Limited
J. T. B. Estates Limited
John T. Bell & Sons (1976) Limited
Nixons Kitchens Limited
Seaton GR SPV 12 Limited
Seaton GR SPV 13 Limited
Seaton GR SPV 14 Limited
Seaton Thirteen Limited
Seaton Eleven Limited

Other entities

HBF Insurance PCC Limited b
MI New Home Insurance PCC Limited b
Artex Insurance (Guernsey) PCC Limited d

Notes:
^ Do mant
^^ These shares are held indirectly.

a Registered address is Pe simmon House, Fulford, York, YO19 4FE
b Registered address is PO Box 155, Mill Court, La Char oterie, St Peter Port, Guernsey, GY1 4ET
c Registered address is 5 Temple Square, Temple Street, Liverpool, L2 5RH
d Registered address is PO Box 230, Heritage Hall, Le Marchant Street, St Peter Port, Guernsey, GY1 4JH

Notes to the Financial Statements continued

27. Resident management companies

The Directors set out below information relating to resident management companies which are currently held by the Group as at 31 July 2022.

Control is exercised by the Group's power to appoint directors and the Group's voting rights in these companies. All the resident management companies listed below are limited by guarantee, unless otherwise indicated, without share capital and are incorporated in the UK.

The capital, reserves and profit or loss for the year have not been stated for the resident management companies listed below as the beneficial interest in any assets or liabilities of these companies is held by the residents. The Group does not have exposure, or rights to variable returns from these companies and therefore they are not included in the consolidated financial statements. They are temporary members of the Group and will be handed over to residents in due course.

Company Name	Registered Office
1811 (Tonbridge) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, SS2 5TE
27 The Vale Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Abbey Heights Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
Abbotswood Park Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Amen Corner (Binfield) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Apsley Quay Management Company Limited	3rd Floor, 86-90 Paul Street, London, United Kingdom, EC2A 4NE
Area F1 (Kings Hill) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, SS2 5TE
Arrowe Brook Park (Greasby) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Aspects Management Company Limited	100 Avebury Boulevard, Milton Keynes, MK9 1FH*/**
Aspen Apartments (Colchester) Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, United Kingdom, BH25 5NR
Aspen Walk (Eight Ash Green) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Astley Fields Management Company Limited	1 Centurion Court, Centurion Way, Wilnecote, Tamworth, Staffordshire, United Kingdom, B77 5PN
Avondale (Cressing) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Awel Y Mor Management Company Limited	11 Little Park Farm Road, Fareham, Hampshire, PO15 5SN
Azalea (Medstead) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, HP2 7DN
Badbury Reach Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, HP2 7DN
Barley Fields (Tamworth) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Barleycorn Way Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, CW6 9DL
Bartley Square Management Company Limited	3rd Floor 86-90 Paul Street, London, England, EC2A 4NE
Barton Manor (Barton) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Bassingbourn Fields Management Company Limited	Elstree Way, Borehamwood, England, WD6 1JH
Baswich Grange Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Battalion Court Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Beckton Parkside Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
Beechcroft (Sunninghill) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Belmont Park (Maidenhead) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Bentall Place (Heybridge) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Bicknor Wood Ltd	Woodland Place, Hurricane Way, Wickford, Essex, England, SS11 8YB
Blackthorn Meadows Residents Management Company Limited	298 Regents Park Road, London, N3 2UU
Bluebell Walk (Harrietsham) Management Company Limited	10 Coopers Way, Temple Farm Industrial Estate, Southend-On-Sea, England, SS2 5TE
Bluebells (Witham) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Bluecoats Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, SY1 3BF
Bluenote Apartments Management Company Limited	395 Centennial Park Centennial Avenue, Elstree, Borehamwood, England, WD6 3TJ
Bourne View (Ipswich) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Bower Place Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Bowood View (Melksham) Management Company Limited	1st Floor, 2540 The Quadrant Aztec West, Almondsbury, Bristol, England, BS32 4AQ
Brambleside Management Company Limited	5 Caldecotte Lake Business Park, Caldecotte Lake Dri, Caldecotte, Milton Keynes, Buckinghamshire, England, MK7 8LE
Brampton Gate Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Bramshall Green Management Company Limited	Whittingham Hall, Whittington Road, Whittington, Worcester, WR5 2ZX
Bridleway Grange Residents Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, United Kingdom, SP2 7QY
Broadleaf Ashby Management Company Limited	100 Avebury Boulevard, Milton Keynes, MK9 1FH
Broadleaf Management Company Limited	100 Avebury Boulevard, Milton Keynes, MK9 1FH
Brookvale Management Company Limited	Trinity Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN

27. Resident management companies continued

Company Name	Registered Office
Buckland Rise (Peters Village) Management Company Ltd	Woodland Place, Hurricane Way, Wickford, United Kingdom, SS11 8YB
Buckthorn Grange Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, SS11 8YB
Burdon Rise Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
Byron Heights Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
Castlegate (Skelton) Management Company Limited	Alexander House 1 Mandarin Road, Houghton Le Spring, Sunderland, United Kingdom, DH4 5RA
Cathedral Park (Chichester) Management Company Limited	Fisherton House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Cecilly Mills Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Chailey Gardens Management Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Chalfont Drive Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Chamberlains Bridge Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Charlton Hayes Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Charters Hill Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Cherry Meadow and Hatton Court Management Company Limited	2nd Floor, 154-155 Great Charles Street, Queensway, Birmingham, England, B3 3LP
Cherry Orchard (Bevere) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Chestnut Grove (Ash Green) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Chestnut Vale Residents Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Copperfields Resident Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, United Kingdom, SP2 7QY
Copperhouse Green Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Copperhouse Green Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, SS11 8YB
Copthorne Keep Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Cornelia Gardens Management Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Cornfield's Residents Management Company Limited	Romulus Court Meridian East, Meridian Business Park, Leicester, Leicestershire, United Kingdom, LE19 1YG
Cortlands Management Company Limited	Elstree Way, Borehamwood, England, WD6 1JH
Cotswold Chase Management Company (Gloucester) Limited	Alexander Faulkner Partnerships , 2nd Floor, 154-155 Great Charles Street Queensway, Birmingham, England, B3 3LP
Cotswold Gate (Chipping Norton) Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Cotton Woods (Preston) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Crown Fields (Chatham) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, SS2 5TE
Curzon Park (Residents) Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Cuttle Brook Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Dacres Wood Court Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Dalesway (Harrogate) Management Company Limited	Rmg House, Essex Road, Hoddesdon, Hertfordshire, United Kingdom, EN11 0DR
Devonshire Place (Grays) Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Dickens Gate (Rudloe) Management Company Limited	11 Little Park Farm Road, Fareham, England, PO15 5SN
Dickens Manor Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Digby Court (Birmingham) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Dove Manor Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Dunton Fields (Laindon) Management Company Limited	8 Hemmells, Basildon, Essex, England, SS15 6ED
Earlsfield Park (Knowsley) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
East Middle Callerton Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
Eastbrook Village East Phase 1 (Site H) Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, United Kingdom, WC1V 6PL
Eastside Quarter Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Ebbsfleet Cross (Phase 2) Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Ebbsfleet Cross Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Elements Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Elmington Parcel 1 Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Elmington Parcel 2 Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Elmington Parcel 3 Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Essendene Residential Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER**

Accounts

Notes to the Financial Statements continued

27. Resident management companies continued

Company Name	Registered Office
Estone Grange Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Eve Meadows (Haughley) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Fairfields (Calcot) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Farriers Court Residents Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Fellows Gardens Management Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Fielders Crescent Management Company Limited	Pinnacle Housing Ltd, 8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
Fielders Crescent Phase 3 (209A) Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL
Fifers Lane (Orchard Place) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Finchale Drive Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, CW6 9DL
Forest Chase Management Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Forest Oak Management Company Limited	Faulker & Company, 1a, George Street, Hinckley, Leicestershire, England, LE10 0AL
Four Oaks (Oxted) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Foxhill (Brackley) Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Foxlow Grange Berryfields Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Frobisher Court (Finningley) Management Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, United Kingdom, SY1 3BF
Furlong Park Residents Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, United Kingdom, SY1 3BF
Fusion (Harlow) Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Goodsyard (No 1) Management Company Limited	11 Little Park Farm Road, Fareham, Hampshire, UK, PO15 5SN
Grammar School Gardens Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Greensands Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Grey Gables Farm Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Greystone Meadows (Undy) Management Company Limited	7 Portal Business Park, Eaton Lane, Tarporley, England, CW6 9DL
Grove Meadows Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Hall Road (Rochford) Management Company Limited	First Floor, Unit 1, Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JD
Halyards Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Hampden Gardens (Thame) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Hampton Trove Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Hanwell View Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Hardintone Court Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Harnham Park Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Hartshorne Residents Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Harvard Place (Earls Colne) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Hatfield Grove (Hatfield Peveral) Management Company Limited	Unit 1, Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JD
Hathaway Gardens PH2 Residents Management Company Limited	100 Avebury Boulevard, Milton Keynes, MK9 1FH
Hawksview (Hawkhurst) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, SS11 8YB
Hawthorne Rise Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Hazel Fold Residents Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, United Kingdom, SP2 7QY
Hazlemere Marina (Waltham Abbey) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Heatherley Wood Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Heathlands RMC Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Helios Park Management Company Limited	Imperium, Imperial Way, Reading, Berkshire, England, RG2 0TD
Helliers Lane (Cheddar) Management Company Limited	1st Floor 2540 The Quadrant Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Hellingly (Hailsham) Management Company Limited	Woodland Place, Hurricane Way, Wickford, Essex, England, SS11 8YB
Henderson Park (Thorpe le Soken) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Hertsmere Mews (Borehamwood) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
High Point Residents Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Hinxhill Park (Ashford) Management Company Limited	Woodland Place, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Hollytree Walk (Colchester) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Holmwood Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, England, HP2 7DN
Honeytree Walk (Colchester) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN

27. Resident management companies continued

Company Name	Registered Office
Huntercombe Walk (Taplow) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Ikon (Croydon) Management Company Limited	86-90 Paul Street, London, United Kingdom, EC2A 4NE
Imperial Gardens (Howden) Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, CW6 9DL
Imperial Park (Maidstone) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, SS2 5TE
Jameson Manor Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
Jellicoe Gardens (Moreton) Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Jubilee Park Residents Management Company Limited	North Port Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, SY1 3BF
Keephatch Chase Management Limited	Pacific House, Imperial Way, Reading, Berkshire, RG2 0TD
Keephatch Gardens (Wokingham) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Kenavon Drive (Reading) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Kent Wharf Management Company Limited	Concierge Office Kent Wharf, Creekside, London, SE8 3GP
Kingfisher Green (Rainham) Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Kingsland Gate Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, SS11 8YB
Kingsreach (Slough) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Kingswood (High Wycombe) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Kingswood Heath (Colchester) Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Ladden Garden Village PL 24-27 (Leasehold Apartments) Management Company Limited	1st Floor 2540 The Quadrant, Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Lakeside Park Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, England, NG1 6HH
Lancaster House Residents Management Company Limited	RMG House, Essex Road, Hoddesdon, Hertfordshire, EN11 0DR
Langford Park Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Latitude Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Latitude Residents No 3 Limited	New Kings Court, Tollgate, Chandlers Ford, SO53 3LG
Latitude Residents No 5 Limited	New Kings Court, Tollgate, Chandlers Ford, SO53 3LG
Legacy Wharf (Phase 2) Management Company Limited	Woodland Place, Hurricane Way, Wickford, England, SS11 8YB
Legacy Wharf Management Company Limited	Woodland Place, Hurricane Way, Wickford, England, SS11 8YB
Lestone Mews Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Liberty Quarter Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Limehouse Basin (London) Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Linkside (Burton) Management Company Limited	Unit 7, Astra Centre, Edinburgh Way, Harlow, Essex, United Kingdom, CM20 2BN
Linmere Gateway Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Linmere Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
Lion Wharf (Isleworth) Management Company Limited	395 Centennial Park, Centennial Avenue, Elstree, Borehamwood, England, WD6 3TJ
Little Acres Residents Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, England, SP2 7QY
Little Meadows (Cranleigh) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Littlebrook (Cutbush Lane) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Lockharts RMC Limited	Unit 7 Astra Centre, Harlow, Essex, England, CM20 2BN
Long Acre (Shinfield) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Longfield Place (Sherfield) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Longholme Park Residents Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, United Kingdom, SY2 6LG
Longwood Copse Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Lucas Green Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Lyde Green Management Company Limited	2540 The Quadrant Bellway Homes, Aztec West, Almondsbury, Bristol, England, BS32 4AQ
Lysander Fields Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Mæs Y Rhedyn Fern Meadow Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL*
Mallard Walk Management Company Limited	2nd Floor, 154 Great Charles Street Queensway, Birmingham, England, B3 3HN
Malvern Chase (Tewkesbury) Management Company Limited	2540 The Quadrant, Aztec West, Bristol, BS32 4AQ
Manor Chase (Gloucester Road) Tutshill Management Company Limited	2nd Floor, 154-155 Great Charles Street Queensway, Birmingham, England, B3 3LP
Maple Creek Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Marconi (Chelmsford) Management Company Limited	8th Floor Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL

Notes to the Financial Statements continued

27. Resident management companies continued

Company Name	Registered Office
Marlborough Road Wroughton (Swindon) Management Company Ltd	1st Floor, 2540 The Quadrant Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Maybrey Works Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Mead Fields (Phase 2) Weston Parklands Management Company Limited	1st Floor, 2540 The Quadrant Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Mead Fields Phase 2 (Leasehold Apartments) Management Company Limited	1st Floor, 2540 The Quadrant Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Meadow Rise (Heighington) Management Company Limited	Cheviot House, Beaminster Way East, Newcastle – Upon- Tyne, NE3 2ER
Meadow View (Romsey) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Merchants Gate Cottingham Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Mill Fields (Wingerworth) Management Company Limited	Unit 7, Portal Business Park, Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL
Milldown Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Millstone Park Residents Management Company Limited	Unit 7, Portal Business Park, Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL
Montague Green (Rowland's Castle) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Mousley Park Hilton Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Mulberry Park Apartments (Management Company) Limited	2540 The Quadrant Aztec West, Almondsbury, Bristol, BS32 4AQ
New Cardington Estate Management Company Limited	Rmg House, Essex Road, Hoddesdon, EN11 0DR
New Cardington Hangars Block Residents Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
Nightingale Rise (Hoo) Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Northdene Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Novello Management Company Limited	First Floor, Unit 1, Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JD
Oak Hill Park (Chinnor) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Oakes Park (Dartford) Management Company Limited	The Base, Dartford Business Park, Victoria Road, Dartford, England, DA1 5FS
Oakley Park (Edenbridge) Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Old Forest Road (Winnersh) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Old School Gardens Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle – Upon- Tyne, NE3 2ER
Oxlease Residents Limited	New Kings Court Tollgate, Chandler's Ford, Eastleigh, Hampshire, England, SO53 3LG
P.R.P. Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Park Gate Village Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, England, CW6 9DL
Pasture Walk Management Company Limited	Castleman Business Centre, Embankment Way, Ringwood, England, BH24 1EU
Penmire Rise Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Phase 1A Parc Mawr (Penllergær) Management Company Limited	Building 1 Eastern Business Park, St Mellons, Cardiff, United Kingdom, CF3 5EA
Pinchbeck Fields (EC) Residents Management Company Limited	2nd Floor, Premier House, Elstree Way, Borehamwood, WD6 1JH
Pine Walk Guisborough Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Pinewood Grange (Stowmarket) Management Company Limited	2nd, Premier House, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JH
Pipits Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN
Pirton Fields (Churchdown) Management Company Limited	Building 1 Eastern Business Park, St Mellons, Cardiff, United Kingdom, CF3 5EA
Platts Meadow (Winsford) Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Plummers Meadow (Halewood) Residents Management Company Limited	Unit 7 Portal Business Park, Tarporley, England, CW9 6DL
Poppy Field Residents Management Company Limited	North Point Stafford Drive Battlefield Enterprise, Shrewsbury, Shropshire, England, SY2 6LG
Poppy Fields (Cholsey) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Poppy View (Saffron Walden) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Portland Gardens (Wouldham) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, SS2 5TE
Priory Grange (Hatfield Peverel) Management Company Limited	First Floor, Unit 1, Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JD
QE2 (Welwyn Garden City) Management Company Limited	3rd Floor, 86-90 Paul Street, London, United Kingdom, EC2A 4NE
Quakers Walk (Devizes) Management Company Limited	1st Floor 2540 The Quadrant, Aztec West, Bristol, United Kingdom, BS32 4AQ
Quantock Heights (Banwell) Management Company Limited	1st Floor 2540 The Quadrant, Aztec West, Bristol, United Kingdom, BS32 4AQ
Queenshead Park Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Rainbow Fields (Waddicar) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, England, SP2 7QY
Reflections Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN

27. Resident management companies continued

Company Name	Registered Office
Renaissance (Reading) Management Company Limited	Pacific House, Imperial Way, Reading, Berkshire, England, RG2 0TD
Renovo (West Thurrock) Management Company Limited	First Floor, Unit 1, Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, United Kingdom, WD6 1JD
Ridleys Orchard (Whitton) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Rolleston Manor Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Roman Gate (Melton Mowbray) Management Company Limited	3 Romulus Court, Meridian Business Park, Leicester, United Kingdom, LE19 1YG
Roman Walk Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Rookerey Park Management Company Limited	Fisherton House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Rose Meadow (Northwich) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Rosedale Park Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Rowley Fields Residents Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, England, SY1 3BF
Sandstone Brook Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Sandwell College Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH**
Sapphire Fields & Beaumont Park Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Saxon Heath (Marham Park) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Scholars Place Management Company Limited	Unit 7, Astra Centre, Edinburgh Way, Harlow, Essex, United Kingdom, CM20 2BN
Seaford Grange (Newlands) Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Sheasby Park Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Sixty Three Management Company Limited	Gateway House, 10 Coopers Way, Temple Farm Industrial Estate, Southend-On-Sea, England, SS2 5TE
Sky Plaza (Farnborough) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
Solomon's Seal (Horsham) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, SS11 8YB
Somerford Gate (Congleton) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
Sovereign Place (Horley) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Spofforth Park Management Company Limited	Rmg House, Essex Road, Hoddesdon, Hertfordshire, United Kingdom, EN11 0DR
St Edmunds Management Limited	8 Cumbrian House, 217 Marsh Wall, London, E14 9FJ**
St George's Walk Residential Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
St John's View (Menston) Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
St Lythans Park (Culverhouse Cross) Management Company Limited	11 Little Park Farm Road, Fareham, Hampshire, UK, PO15 5SN
St Mary's Hill (Blandford) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
St Mary's Stannington Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER****
St Wilfrid's Place (Litherland) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, England, CW6 9DL
St. George's Park (Phase 2) Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
St. George's Park Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
St. James Mews (Charfield) Management Company Limited	11 Little Park Farm Road, Fareham, Hampshire, UK, PO15 5SN
Steeds Farm (Fern Hill Gardens) Management Co Limited	2540 The Quadrant, Aztec West, Bristol, BS32 4AQ
Steeple Chase (Frisby) Management Company Limited	7 Astra Centre, Edinburgh Way, Harlow, Essex, England, CM20 2BN
Sterling Square (Bracknell) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, United Kingdom, SP2 7QY
Stilton Gate Management Company Limited	Premier House, Elstree Way, Borehamwood, WD6 1JH
Stonebridge View Residents Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Stoughton Park Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Summerhill View Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, United Kingdom, CW6 9DL
Swanland Grange Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, Cheshire, CW6 9DL
Tattenhoe Park (Parcel 4) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
The Abbey Fields Grange Management Company Limited	3 Romulus Court, Meridian Business Park, Leicester, Leicestershire, United Kingdom, LE19 1YG
The Alders (Wolverhampton) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
The Avenue (Medburn) Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
The Beeches (Stanton Cross) Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
The Brackens Residents Management Company Limited	RMG House, Essex Road, Hoddesdon, England , EN11 0DR
The Bridles Residential Management Company Limited	2540 The Quadrant, Aztec West, Bristol, BS32 4AQ
The Chase Residents Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, United Kingdom, HP2 7DN

Notes to the Financial Statements continued

27. Resident management companies continued

Company Name	Registered Office
The Cherry Meadow and Hatton Court Management Company Limited	2nd Floor, 154–155 Great Charles Street, Queensway, Birmingham, England, B3 3LP
The Coppice Heights & Amber Rise Management Company Limited	3 Romulus Court, Meridian Business Park, Leicester, LE19 1YG
The Croft (Ash Green) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, SS2 5TE
The Fairways (Basingstoke) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
The Foundry (Hemel Hempstead) Management Company Limited	395 Centennial Park Centennial Avenue, Elstree, WD6 3TJ
The Furlongs (Gt. Leighs) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
The Furrows (Warboys) Residents Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
The Gateford Quarter Management Company Limited	3 Romulus Court, Meridian Business Park, Leicester, United Kingdom, LE19 1YG
The Grange (Eldesborough) Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
The Grange (Fenham) Resident Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
The Green (Solihull) Management Company Limited	10 Queen Street Place, London, United Kingdom, EC4R 1AG**
The Haven (Emsworth) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
The Hedgrows (Scots Lane) Residents Management Company Limited	4335 Park Approach, Leeds, LS15 8GB
The Long Shoot Management Company Limited	2nd Floor, 154 Great Charles Street Queensway, Birmingham, England, B3 3HN
The Mount Prestwich Residents Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, United Kingdom, SP2 7QY
The Oaks (Parsons Hill) Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, United Kingdom, NG1 6HH
The Oaks (Witham) Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
The Orchards (Colchester) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
The Pastures (Telford) Management Company Limited	80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
The Pastures (Wilstead) Management Company Limited	Marlborough House, 298 Regents Park Road, London, N3 2UU
The Printworks (Reading) Residents Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
The Residence (Nine Elms) Management Park Company Limited	8th Floor Holborn Tower, 137–144 High Holborn, London, England, WC1V 6PL
The Residence (Phase 2) Management Company Limited	8th Floor Holborn Tower, 137–144 High Holborn, London, England, WC1V 6PL
The Ridgeway (Chinnor) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN***
The Rosehips (Lower Howsell Road) Residents Management Company Limited	Mainstay Residential Limited Whittington Hall, Whittington Road, Worcester, WR5 2ZX
The Spinney (Oteley Road) Management company Limited	Fisher House, 84 Fisherton Street, Salisbury, Wiltshire, SP2 7QY
The Vale (Bottesford) Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
The Vickers (Witchford) Residents Management Company Limited	Elstree Way, Borehamwood, WD6 1JH
The Willows (Swallowfield) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
The Woodlands (Adel) Management Company Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, United Kingdom, SY1 3BF
The Woodlands (Watnall) Management Company Limited	Unit 7, Astra Centre, Edinburgh Way, Harlow, Essex, United Kingdom, CM20 2BN
Thomas Road Management Company Limited	8th Floor Holborn Tower, 137–144 High Holborn, London, England, WC1V 6PL
Tidbury Heights Management Company Limited	Cumberland Court, 80 Mount Street, Nottingham, Nottinghamshire, NG1 6HH
Tindale Reach (Wickwar) Management Company Limited	11 Little Park Farm Road, Fareham, England, PO15 5SN
Tranby Park Residential Management Company Limited	Rmg House, Essex Road, Hoddesdon, Hertfordshire, United Kingdom, EN11 0DR
Turnberry Quay Management Company Limited	8th Floor Holborn Tower, 137–144 High Holborn, London, England, WC1V 6PL
Tylman Place (Faversham) Management Company Limited	Hurricane Way, Wickford, Essex, England, SS11 8YB
Vicarage Gardens (South Marston Swindon) Management Company Limited	1st Floor, 2540 The Quadrant Aztec West, Almondsbury, Bristol, United Kingdom, BS32 4AQ
Victoria Gardens (Peters Village) Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Waltham Heights Resident's Management Company Limited	100 Avebury Boulevard, Milton Keynes, United Kingdom, MK9 1FH
Walton Park Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Waterhouse Mill Residents Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Waterside At Riverwell (Block E) Management Company Limited	86–90 Paul Street, London, United Kingdom, EC2A 4NE
Wavendon Chase Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Wavendon View Residents Management Company Limited	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR
Weaver Green Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, United Kingdom, CW6 9DL
Wellfield Rise Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
Wellington Gardens (Aldershot) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Wellington Grange (Pocklington) Management Limited	North Point Stafford Drive, Battlefield Enterprise Park, Shrewsbury, United Kingdom, SY1 3BF
West End Quarter (Folkestone) Management Company Limited	Gateway House, 10 Coopers Way, Southend-On-Sea, Essex, United Kingdom, SS2 5TE
Westbrook Moorings Management Company Limited	86–90 Paul Street, London, United Kingdom, EC2A 4NE

27. Resident management companies continued

Company Name	Registered Office
Westland Place (Rainham) Management Company Limited	Woodland Place. Wickford Business Park, Hurricane Way, Wickford, SS11 8YB
Westminster Road Management Company Limited	One Eleven, Edmund Street, Birmingham, B3 2HJ
Weycorner (Guildford) Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Wharf Farm (Rugby) Residents Management Company Limited	Unit 7 Portal Business Park, Eaton Lane, Tarporley, United Kingdom, CW6 9DL
Wickfields (Longwick) Management Company Limited	86-90 Paul Street, London, United Kingdom, EC2A 4NE
Wildflower Meadow Limited	100 Avebury Boulevard, Milton Keynes, MK9 1FH
Willow Park (Halstead) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN
Willow Rise Management Company Limited	Romulus Court, Meridian Business Park, Leicester, LE19 1YG
Windgreen Gardens Management Company Limited	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY
Wolds View Residents Management Company Limited	North Point, Stafford Drive, Battlefield Enterprise Park, Shrewsbury, Shropshire, England, SY1 3BF
Woodcroft Park Management Company Limited	Woodland Place Wickford Business Park, Hurricane Way, Wickford, Essex, United Kingdom, SS11 8YB
Woodgreen (Blyth) Residents Management Company Limited	Cheviot House, Beaminster Way East, Newcastle Upon Tyne, United Kingdom, NE3 2ER
Wyvern Grange Management Company Limited	154-155 Great Charles Street Queensway, Birmingham, England, B3 3LP
Yew Tree Gardens (Cholsey) Management Company Limited	Vantage Point, 23 Mark Road, Hemel Hempstead, Hertfordshire, HP2 7DN

* Company is a 50/50 Joint venture
** Company imited by shares wholly owned by Bellway Homes
*** Company imited by shares wholly owned by an employee of Bellway Homes Limited
**** Company imited by shares.

Other information

28. Alternative performance measures

Bellway uses a variety of alternative performance measures ('APMs') which, although financial measures of either historical or future performance, financial position or cash flows, are not defined or specified by IFRSs. The Directors use a combination of APMs and IFRS measures when reviewing the performance, position and cash of the Group.

The APMs used by the Group are defined below:

- **Underlying gross profit and underlying operating profit** – Both of these measures are stated before net legacy building safety expense and exceptional items, and are reconciled to total gross profit and total operating profit on the face of the consolidated income statement. The Directors consider that the removal of the net legacy building safety expense provides a better understanding of the underlying performance of the Group.
- **Underlying gross margin** – This is gross profit before net legacy building safety expense and exceptional items, divided by total revenue. The Directors consider this to be an important indicator of the underlying trading performance of the Group.
- **Administrative expenses as a percentage of revenue** – This is calculated as the total administrative overheads divided by total revenue. The Directors consider this to be an important indicator of how efficiently the Group is managing its administrative overhead base.
- **Underlying operating margin** – This is operating profit before net legacy building safety expense and exceptional items divided by total revenue. The Directors consider this to be an important indicator of the operating performance of the Group.
- **Net finance expense** – This is finance expenses less finance income. The Directors consider this to be an important measure when assessing whether the Group is using the most cost effective source of finance.
- **Underlying profit before taxation** – This is the profit before taxation before net legacy building safety expense and exceptional items. The Directors consider this to be an important indicator of the profitability of the Group before taxation.
- **Underlying profit for the year** – This is the profit for the year before net legacy building safety expense and exceptional items. The Directors consider this to be an important indicator of the profitability of the Group.
- **Underlying earnings per share** – This is calculated as underlying profit for the year divided by the weighted average number of ordinary shares in issue during the year (excluding the weighted average number of ordinary shares held by the Trust which are treated as cancelled).
- **Dividend cover** – This is calculated as earnings per ordinary share for the period divided by the dividend per ordinary share relating to that period. At the half year the dividend per ordinary share is the proposed interim ordinary dividend, and for the full year it is the interim dividend paid plus the proposed final dividend. The Directors consider this an important indicator of the proportion of earnings paid to shareholders and reinvested in the business.
- **Underlying dividend cover** – This is calculated as underlying profit for the year per ordinary share for the period divided by the dividend per ordinary share relating to that period. At the half year the dividend per ordinary share is the proposed interim ordinary dividend, and for the full year it is the interim dividend paid plus the proposed final dividend. The Directors consider this an important indicator of the proportion of underlying earnings paid to shareholders and reinvested in the business.
- **Capital invested in land, net of land creditors, and work in progress** – This is calculated as shown in the table below. The Directors consider this as an indicator of the net investment by the Group in the period to achieve future growth.

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Notes to the Financial Statements continued

28. Alternative performance measures continued

Per balance sheet	2022 £m	2021 £m	Mvt £m	2021 £m	2020 £m	Mvt £m
Land	**2,786.4**	**2,483.9**	**302.5**	2,483.9	2,216.2	267.7
Work-in-progress	**1,524.8**	**1,431.4**	**93.4**	1,431.4	1,496.1	(64.7)
Increase in capital invested in land and work-in-progress in the year			**395.9**			203.0
Land creditors	**(393.4)**	**(455.8)**	**62.4**	(455.8)	(343.6)	(112.2)
Increase in capital invested in land, net of land creditors, and work in progress in the year			**458.3**			90.8

- **Net asset value per ordinary share ('NAV')** – This is calculated as total net assets divided by the number of ordinary shares in issue at the end of each period (see note 18). The Directors consider this to be a proxy when reviewing whether value, on a share by share basis, has increased or decreased in the period.
- **Capital employed** – Capital employed is defined as the total of equity and net debt. Equity is not adjusted where the Group has net cash. The Directors consider this to be an important indicator of the operating efficiency and performance of the Group.
- **Underlying return on capital employed ('underlying RoCE')** – This is calculated as operating profit before net legacy building safety expense and exceptional items divided by the average capital employed. Average capital employed is calculated based on opening, half year and closing capital employed. The calculation is shown in the table below. The Directors consider this to be an important indicator of whether the Group is achieving a sufficient return on its investments.

	2022 Capital employed £m	2022 Land creditors £m	2022 Capital employed including land creditors £m	2021 Capital employed £m	2021 Land creditors £m	2021 Capital employed including land creditors £m
Underlying operating profit	**653.2**		**653.2**	531.5		531.5
Capital employed/land creditors:						
Opening	**3,287.8**	**455.8**	**3,743.6**	2,994.0	343.6	3,337.6
Half year	**3,429.8**	**349.0**	**3,778.8**	3,162.4	371.7	3,534.1
Closing	**3,367.8**	**393.4**	**3,761.2**	3,287.8	455.8	3,743.6
Average	**3,361.8**	**399.4**	**3,761.2**	3,148.1	390.4	3,538.4
Underlying return on capital employed	**19.4%**		**17.4%**	16.9%		15.0%

- **Return on capital employed ('RoCE')** – This is calculated as operating profit divided by the average capital employed. Average capital employed is calculated based on opening, half year and closing capital employed. The calculation is shown in the table below. The Directors consider this to be an important indicator of whether the Group is achieving a sufficient return on its investments.

	2022 Capital employed £m	2022 Land creditors £m	2022 Capital employed including land creditors £m	2021 Capital employed £m	2021 Land creditors £m	2021 Capital employed including land creditors £m
Operating profit	**309.0**		**309.0**	479.7		479.7
Capital employed/land creditors:						
Opening	**3,287.8**	**455.8**	**3,743.6**	2,994.0	343.6	3,337.6
Half year	**3,429.8**	**349.0**	**3,778.8**	3,162.4	371.7	3,534.1
Closing	**3,367.8**	**393.4**	**3,761.2**	3,287.8	455.8	3,743.6
Average	**3,361.8**	**399.4**	**3,761.2**	3,148.1	390.4	3,538.4
Return on capital employed	**9.2%**		**8.2%**	15.2%		13.6%

- **Post tax return on equity** – This is calculated as profit for the year divided by the average of the opening, half year and closing net assets. The Directors consider this to be a good indicator of the operating efficiency of the Group.

	2022 £m	2021 £m
Profit for the year	**242.6**	390.7
Net assets:		
Opening	**3,287.8**	2,994.0
Half year	**3,429.8**	3,162.4
Closing	**3,367.8**	3,287.8
Average	**3,361.8**	3,148.1
Post tax return on equity	**7.2%**	12.4%

- **Underlying post tax return on equity** – This is calculated as profit for the year before net legacy building safety expense and exceptional items, divided by the average of the opening, half year and closing net assets. The Directors consider this to be a good indicator of the operating efficiency of the Group.

	2022 £m	2021 £m
Underlying profit for the year	**518.5**	432.7
Net assets:		
Opening	**3,287.8**	2,994.0
Half year	**3,429.8**	3,162.4
Closing	**3,367.8**	3,287.8
Average	**3,361.8**	3,148.1
Underlying post tax return on equity	**15.4%**	13.7%

- **Total growth in value per ordinary share** – The Directors use this as a proxy for the increase in shareholder value since 31 July 2019. A period of 3 years is used to reflect medium-term growth.

Net asset value per ordinary share:		
At 31 July 2022	2,727p	
At 31 July 2019	2,372p	
Net asset value growth per ordinary share		355p
Dividend paid per ordinary share:		
Year ended 31 July 2022	127.5p	
Year ended 31 July 2021	85.0p	
Year ended 31 July 2020	100.0p	
Cumulative dividends paid per ordinary share		312.5p
Total growth in value per ordinary share		667.5p

- **Annualised accounting return in NAV and dividends paid since 31 July 2019** – This is calculated as the annualised increase in net asset value per ordinary share plus cumulative ordinary dividends paid per ordinary share since 31 July 2019 (as detailed above) divided by the net asset value per ordinary share at 31 July 2019. The Directors use this as a proxy for the increase in shareholder value since 31 July 2019.

Net asset value growth per ordinary share	355p
Cumulative dividends paid per ordinary share	312.5p
Total growth in value per ordinary share	667.5p
Net asset value per ordinary share at 31 July 2019	2,372p
Total value per ordinary share	3,039.5p
Annualised accounting return = $\left(\frac{3,039.5}{2,372.0}\right)$ ^(1/3) –1	8.6%

Accounts

Notes to the Financial Statements continued

28. Alternative performance measures continued

- **Capital growth in the period** – This is calculated as the increase in NAV in the period combined with the ordinary dividend paid in the year.

Net asset value per ordinary share:		
At 31 July 2022	2,727p	
At 31 July 2021	2,664p	
Net asset value growth per ordinary share		63p
Dividend paid per ordinary share:		
Year ended 31 July 2022		127.5p
Capital growth in the period		190.5p

- **Underlying capital growth in the period** – This is calculated as capital growth in the period before net legacy building safety expense and exceptional items per share.

Capital growth in the period	190.5p
Net legacy building safety expense per share	223.9p
Underlying capital growth in the period	414.4p
Net asset value at 31 July 2021	2,664p
Underlying capital growth $\left(\frac{414.4p}{2,664p}\right)$	15.6%

- **Net cash/debt** – This is the cash and cash equivalents less bank debt and fixed rate sterling USPP notes. Net cash/debt does not include lease liabilities, which are reported within trade and other payables on the balance sheet. The Directors consider this to be a good indicator of the financing position of the Group. This is reconciled in note 15.
- **Average net cash/debt** – This is calculated by averaging the net debt/cash position at 1 August and each month end during the year. The Directors consider this to be a good indicator of the financing position of the Group throughout the year.
- **Cash generated from operations before investment in land, net of land creditors, and work in progress** – This is calculated as shown in the table below. The Directors consider this as an indicator of whether the Group is generating cash before investing in land and work-in-progress to achieve future growth.

	2022 £m	2021 £m
Cash from operations	**114.6**	519.6
Add: increase in capital invested in land, net of land creditors, and work-in-progress (as described above)	**458.3**	90.8
Cash generated from operations before investment in land, net of land creditors, and work-in-progress	**572.9**	610.4

- **Gearing** – This is calculated as net debt divided by total equity. The Directors consider this to be a good indicator of the financial stability of the Group.
- **Adjusted gearing** – This is calculated as the total of net debt/cash and land creditors divided by total equity. The Directors believe that land creditors are a source of long-term finance so this provides an alternative indicator of the financial stability of the Group.
- **Order book** – This is calculated as the total expected sales value of current reservations that have not legally completed. The Directors consider this to be an important indicator of the likely future operating performance of the Group.

29. Post balance sheet events

The Group acquired 100% of the ordinary share capital of Rosconn Strategic Land Limited on 12 October 2022 for £24.8m cash consideration.

Earlier this month, the Group also signed up to the Developers' Pact with the Welsh Government. Similar to the Pledge, this is a commitment to remediate buildings over 11 metres in height with life critical fire safety issues, which were constructed in Wales since 1992. Reflecting our ongoing and responsible UK-wide approach to legacy building safety, the expected cost of the remediation works in Wales was probable at the year end and is included in our provision at 31 July 2022.

Five Year Record

	2018 £m	2019 £m	2020 £m	2021 £m	**2022 £m**
Income statement					
Revenue	2,957.7	3,213.2	2,225.4	3,122.5	**3,536.8**
Operating profit	652.9	674.9	321.7[3]	531.5[3]	**653.2[3]**
Net finance expenses	(13.6)	(14.4)	(13.4)	(11.1)	**(12.1)[3]**
Share of results of joint ventures	1.8	2.1	1.0	10.4	**9.3**
Profit before taxation	641.1	662.6	309.3[3]	530.8[3]	**650.4[3]**
Income tax expense	(121.2)	(124.0)	(57.6)[3]	(98.1)[3]	**(131.9)[3]**
Profit for the year (all attributable to equity holders of the parent)	519.9	538.6	251.7[3]	432.7[3]	**518.5[3]**
Balance sheet					
ASSETS					
Non-current assets	59.0	83.2	99.3	102.1	**71.6**
Current assets	3,485.5	3,806.7	3,984.3	4,574.7	**4,913.5**
LIABILITIES					
Non-current liabilities	(84.9)	(99.4)	(133.8)	(316.9)	**(646.3)**
Current liabilities	(902.5)	(869.3)	(955.8)	(1,072.1)	**(971.0)**
EQUITY					
Total equity	2,557.1	2,921.2	2,994.0	3,287.8	**3,367.8**
Statistics					
Number of homes sold	10,307	10,892	7,522	10,138	**11,198**
Average price of new homes	£284.9k	£292.0k	£293.1k	£306.5k	**£314.4k**
Underlying gross margin[2]	25.6%**	24.6%	19.0%[3]	20.9%[3]	**22.3%[3]**
Gross margin	25.6%**	24.6%	15.7%	19.2%	**12.5%**
Underlying operating margin[2]	22.1%	21.0%	14.5%[3]	17.0%[3]	**18.5%[3]**
Operating margin	22.1%	21.0%	11.2%	15.4%	**8.7%**
Basic earnings per ordinary share	423.4p	437.8p	156.6p	316.9p	**196.9p**
Dividend per ordinary share	143.0p	150.4p	50.0p	117.5p	**140.0p**
Underlying return on capital employed[2]	27.2%	24.7%	10.8%[3]	16.9%[3]	**19.4%[3]**
Return on capital employed[2]	27.2%	24.7%	8.3%	15.2%	**9.2%**
Gearing[2]	–	–	–	–	
Net asset value per ordinary share[2]	2,079p	2,372p	2,427p	2,664p	**2,727p**
Land portfolio – plots with implementable DPP	26,877	26,421	28,289	30,933	**32,344**
Weighted average number of ordinary shares	122,779,199	123,012,723	123,205,211	123,306,035	**123,227,544**
Number of ordinary shares in issue at end of year	122,980,266	123,167,828	123,345,834	123,396,422	**123,486,260**

Notes:
** Restated due to the adoption of IFRS 15 'Revenue from contracts with customers'.

External Reporting Frameworks

Sustainability Accounting Standards Board (SASB)

The Sustainability Accounting Standards Board (SASB) is an independent not for profit organisation which sets standards to guide the disclosure of financially material sustainability information of companies.

Terminology used in the SASB is different from the UK marketplace, therefore we have used equivalent data where requirements are different from established building and sustainability related standards and measures for the UK.

The following table discloses our performance against the criteria set by the SASB for the Home Builders sector. Data relates to the period 1 August 2021 – 31 July 2022.

Throughout this section, 'Plots' are homes prior to completion which are equivalent to 'Lots'.

Code	SASB criteria	Our approach
Land use and ecological impacts		
IF HB 16A.1	Number of (1) lots and (2) homes delivered on redevelopment sites	34.7% of our owned and controlled land bank plots were on brownfield land, as at the 31st July 2022. 39.3% of completions (excluding joint ventures).
IF HB 160a.2	Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress	Data is currently unavailable. Working towards reporting targets for the financial year ending 31st July 2023.
IF HB 160a.3	Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	There have been no material instances of monetary losses as a result of legal proceedings associated with the environment.

Sustainability Accounting Standards Board (SASB) continued

Code	SASB criteria	Our approach
Land use and ecological impacts continued		
IF HB 160a.4	Discussion of process to integrate environmental considerations into site selection, site design, and site development and construction	For all developments, we aim to mitigate our impact through a range of actions, including flood impact assessments, risk assessments, ecology surveys, environmental impact assessments, and, in agreement with local planning authorities, biodiversity mitigation, enhancement and offsetting. We have appointed a Head of Biodiversity who will be working closely with our Commercial and Land teams to ensure that we further integrate environmental considerations into our developments and achieve our Better with Bellway objectives. **Site selection:** • At acquisition stage, we carry out detailed due diligence on sites with regard to flood risk and mitigation, land contamination, air quality, landscape and biodiversity assessments. • We consider connectivity to transport links, and potential nitrate and phosphate issues. • All land purchases are scrutinised by senior divisional management, prior to being reviewed by our Group Head Office. • Flood risk authorities specify that new developments must survive a one in one hundred year storm with an additional risk tolerance of 30%. Our developments meet or exceed this specification. • We have committed to demonstrating a minimum biodiversity net gain of 10% across all development designs submitted for planning from July 2023 onwards. Our Land teams utilise their knowledge received from training resources and models, as well as external ecologists, to assess biodiversity constraints and opportunities. This is performed at the earliest stage of site selection and they are supported by our Head of Biodiversity and Head Office teams. **Site design:** • Our Artisan house type design standards exceed statutory requirements for energy efficiency. • Environmental considerations are driven through our new Better with Bellway approach. • We are working towards a partnership with The Rivers Trust, a national environmental NGO, to strengthen our long-term shared objectives for sustainable, climate-resilient developments in the UK. • In 2022, we planted 15,869 tree saplings across our developments. **Site development and construction:** • We identify and mitigate environmental impact during the development and construction phase through the application of Group Standards. • Our divisions are working towards being certified to IS0 14001 Environmental Management System Standards by the financial year ended 31st July 2024. • Our Regional Health and Safety Managers conducted 734 monitoring visits of sites in FY22 to assess compliance with our health, safety and environmental policies. • Over the past year, we've installed sustainable drainage systems on 255 of our developments. • We've implemented biodiversity plans on 137 of our developments across the UK. • 100% of our sites have individual site waste management plans.

Code	SASB criteria	Our approach
Workforce health and safety		
IF HB 320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for a) direct employees and (b) contract employees	We measure H&S performance using an Annual Injury Incidence Rate (AIIR) metric which is per 100,000 employees. Our overall AIIR is 360. There were no fatalities. The health, safety, and wellbeing of our colleagues and subcontractors is our highest priority. Reportable injuries are those covered by the UK's Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR).
Design for resource efficiency		
IF HB 320a.1	Number of homes that obtained a certified HERS Index Score and (2) average score	The Energy Performance Certificate (EPC) is a UK equivalent to the HERS Index. Properties are assessed by an accredited assessor. 97% of our homes achieve an energy efficiency rating of either A or B, this significantly exceeds the new build industry average of 84%. This statistic is based on analysis of actual final EPC data from 1st August 2021 to 31st July 2022. The sample analysed covered 6,242 homes accounting for 55% of the completions in the period. The construction specification of every Bellway home includes high levels of thermal insulation, the detailed house type designs incorporate calculated thermal bridging thereby reducing a significant source of heat loss. Our homes also feature highly efficient services and appliances. Solar PV arrays and mechanical ventilation systems with heat recovery feature in a growing number of our homes.
IF HB 410a.2	Percentage of installed water fixtures certified to WaterSense® specifications	100% of total home completions in FY22 were designed to a flow of less than 115 litres per person per day. Bellway Homes incorporate low flow outlets & sanitary ware to achieve a low water consumption rate, this strategy permanently reduces water consumption.
IF HB 410a.3	Number of homes delivered certified to a third-party multi-attribute green building standard	The UK dœs not currently have an established third party multi-attribute green building standard for homes. All our homes are subject to UK building regulations.
IF HB 410a.4	Description of risks and opportunities related to incorporating resource efficiency into home design, and how benefits are communicated to customers	We continuously review risks and opportunities in relation to resource efficiency in our Artisan collection house designs. We do this through internal workshops, working directly with our supply chain partners, collaborating in sector forums and testing through customer research. It is recognised that the low carbon home of the future is not necessarily a low running cost home. We are conducting research projects that include energy monitoring and reporting to identify the prime configuration of fabric, services and renewable energy generation to ensure affordable running costs for our customers. These benefits will be communicated to the customer via improved EPC ratings. The greater use of timber products increases construction efficiency and reduces the amount of embodied carbon in a home we build. As part of Customer First we communicate with our customers throughout their customer journey, utilising various channels to keep them informed about all aspects of their new home.

Sustainability Accounting Standards Board (SASB) continued

Code	SASB criteria	Our approach
Community impacts of new developments		
IF HB 410b.1	Description of how proximity and access to infrastructure, services, and economic centres affect site selection and development decisions	Proximity and access to infrastructure, services, and economic centres influence site selection and development decisions. For each site, we assess the current level of facilities and services to see if they are sufficient to support the scale of proposed development. We aim for future residents to have convenient access to local facilities and services. Where it is deemed the current level of facilities or services are not adequate to support the development, we contribute to improve local facilities. The UK's NPPF also requires consideration of the opportunities presented by existing or planned investment in infrastructure. During 2022, we contributed £117.2 million to local communities via planning obligations (2021: £71.3 million) to fund infrastructure and facilities. Around 85% of our completions were within 400m of a public transport node.
IF HB 410b.2	Number of (1) lots and (2) homes delivered on infill sites	This data is not currently collected. However, the majority of brownfield land in the UK would meet the definition of an infill site. 11,361 (34.7%) of our owned and controlled land bank plots at 31 July 2022 were on brownfield land. 4,404 (39.3%) home completions (excluding joint ventures) were on brownfield land.
IF HB 410b.3	(1) Number of homes delivered in compact developments and (2) average density	According to SASB definitions, all our schemes meet the criteria for compact development.
Climate change adaptation		
IF HB 420a.1	Number of lots located in 100-year flood zones	For all developments, and specifically where we develop greenfield sites, we aim to mitigate our impact through a range of actions, including flood impact assessments, risk assessments, ecology surveys, environmental impact assessments, and in agreement with local planning authorities, biodiversity mitigation, enhancement and offsetting. Flood risk authorities specify that new developments must survive a one in hundred year storm plus 30%. We ensure our developments meet and very often exceed this specification.
IF HB 420a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	We recognise climate change as a principal risk to our business and are committed to reducing our own emissions through the setting of Science-Based Targets (SBTs). The assessment of, and response to climate risk is a key consideration in the Group's future strategy. The identification of new and emerging climate-related risks, assessment and prioritisation of those risks, and our risk management approach will be key to integrate climate change mitigation into our overall approach to sustainability. Over the next year, we will undertake scenario planning to identify the risks related to the increasing frequency and severity of acute weather events or increasing water scarcity that could impact our operating environment. Once identified, we will work towards obtaining a better understanding of the potential financial impacts using our established scoring criteria, and our resilience with regards to different scenarios. We have clear governance to allow the business to oversee climate risks, along with the Group's progress on compliance with the Taskforce for Climate-related Financial Disclosures (TCFD).

Code	SASB criteria	Our approach
Activity metrics		
IF HB 000.A	Number of controlled lots	As at 31 July 2022, our short-term land bank stood at 32,344 plots.
IF HB 000.B	Number of homes delivered	We delivered 11,292 home completions, 11,198 from wholly owned operations along with 94 from joint ventures.
IF HB 000.C	Number of active selling communities	We sold from 244 average active sales outlets, 242 in our wholly owned operations and 2 in our joint ventures.

Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is a leading organisation used for global sustainability reporting. This Report has been prepared in accordance with the GRI Standards 2016: Core option.

Bellway has adopted the GRI Standards to drive forwards sustainable performance in line with our Better with Bellway strategy, which was launched in March 2022, and embodies our approach to responsible and sustainable business practices. This is our first time reporting against these standards and we are continuing to develop and refine our approach, therefore these disclosures do not meet the reporting requirements in full.

For our next reporting period, we will align with the GRI Universal Standards 2021.

Disclosure	Description	Cross Reference/Direct Answer
1 Organisational Profile		
102 1	Name of the organisation	Bellway p.l.c.
102 2	Activities, brands, products, and services	About us section: Who We Are – Pages 6 and 7
102 3	Location of headquarters	Back cover of the Annual Report.
102 4	Location of operations	About us section: Who We Are – Pages 6 and 7
102 5	Ownership and legal form	Shareholder analysis – Page 205 Bellway is a limited liability public company listed on the London stock exchange.
102 6	Markets served	About us section: Who We Are – Pages 6 and 7 Key Stakeholder Relationships – Pages 65 to 74
102 7	Scale of the Organisation	About us section: Who We Are – Pages 6 and 7 Nomination Report – Pages 95 and 96 Chief Executive's Market and Operational Review: Market – Pages 26 to 29 Financial and Strategic Highlights – Pages 4 and 5 Financial Statements – Page 144
102 8	Information on employees and other workers	Nomination Report – Pages 95 and 96 Key Stakeholder Relationships – Pages 65 to 74 As of the end of FY22, our employee and worker data is per the table below:

UK	Casual	Fixed term contract	Permanent	Temporary	Total
Male	1	4	2,101	8	2,114
Female	1	1	917	9	928
	Full time		**Part time**		
Male	2,098		16		2,114
Female	787		141		928

Disclosure	Description	Cross Reference/Direct Answer
102 9	Supply chain	Key Stakeholder Relationships – Pages 65 to 74 Chief Executive's Market and Operational Review – Pages 26 to 29 Better with Bellway section – Pages 34 to 64
102 10	Significant changes to the Organisation and its supply chain	There have been no significant changes during the Financial Year.
102 11	Precautionary principle or approach	Risk Management section – Pages 75 to 78
102 12	External initiatives	Better with Bellway – Pages 34 to 64
102 13	Membership of associations	Key Stakeholder Relationships – Pages 65 to 74

Disclosure	Description	Cross Reference/Direct Answer
2 Strategy		
102 14	Statement from senior decision-maker	Chairman's statement – Pages 24 and 25 Chief Executive's Market and Operational Review – Pages 26 to 29
102 15	Key impacts, risks, and opportunities	Risk Management section – Pages 75 to 78
3 Ethics and Integrity		
102 16	Values, principles, standards, and norms of behaviour	Better with Bellway section – Pages 46 to 53
4 Governance		
102 18	Governance structure	Division of Responsibilities – Pages 92 to 94
5 Stakeholder Engagement		
102 40	List of stakeholder groups	Key Stakeholder Relationships – Pages 65 to 74
102 41	Collective bargaining agreements	The number of collective bargaining agreements is zero.
102 42	Identifying and selecting stakeholders	Key Stakeholder Relationships – Pages 65 to 74
102 43	Approach to stakeholder engagement	Key Stakeholder Relationships – Pages 65 to 74
102 44	Key topics and concerns raised	Key Stakeholder Relationships – Pages 65 to 74
6 Reporting Practice		
102 45	Entities included in the consolidated financial statements	Financial Statements – Page 175
102 46	Defining report content and topic boundaries	Better with Bellway – Pages 34 to 64
102 47	List of material topics	Table at the end of this document.
102 48	Restatements of information	No restatements of information.
102 49	Changes in reporting	No changes in reporting.
102 50	Reporting period	Year ended 31 July 2022.
102 51	Date of most recent report	04 November 2021.
102 52	Reporting cycle	Annual.
102 53	Contact point for questions regarding the report	investor.relations@bellway.co.uk
102 54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option
102 55	GRI content index	This index serves as the GRI content index
102 56	External assurance	Independent Auditor Report – Pages 130 to 139

Global Reporting Initiative (GRI) continued

Disclosure	Description	Cross Reference/Direct Answer
GRI 103: Management Approach		
103 1	Explanation of the material topic and its Boundary	Better with Bellway – Pages 34 to 64 We conducted a full review of our corporate responsibility activities, engaging with Key Stakeholders, to help shape our new Better with Bellway sustainability strategy, this was launched earlier in 2022. The objective was to create an integrated strategy that would go above and beyond the traditional Environmental, Social & Governance ('ESG') and corporate responsibility topics to align itself with our commercial strategy. The new strategy addresses the key sustainability risks and opportunities for Bellway. Better with Bellway strategy was assessed by an external provider against the GRI standard's to identify the appropriate material topics which best match our strategic pillars within the new strategy.
103 2	The Management approach and its components	Better with Bellway – Pages 34 to 64
103 3	Evaluation of the Management approach	Better with Bellway – Pages 34 to 64
GRI 201: Economic Performance 2016		
1.1	Management approach disclosures	Better with Bellway – Pages 34 to 64 Risk Management – Pages 75 to 78
201 1	Direct economic value generated and distributed	Better with Bellway – Pages 34 to 64 Financial Statements Pages 142 to 188 Our Strategy – Pages 14 and 15
GRI 301: Materials		
1.1	Management approach disclosures	Better with Bellway – Pages 34 to 64 Risk Management – Pages 75 to 78
301 1	Materials used by weight or volume	Better with Bellway – Pages 34 to 64 Information is currently unavailable as we are working towards this.
301 3	Reclaimed products and their packaging materials	Better with Bellway – Pages 56 and 57
GRI 302: Energy		
1.1	Management approach disclosures	Better with Bellway – Pages 34 to 64
302 1	Energy consumption within the Organisation	Better with Bellway – Pages 42 to 45
302 3	Energy intensity	Better with Bellway – Pages 42 to 45
GRI 304: Biodiversity		
1.1	Management approach disclosures	Better with Bellway – Pages 34 to 64
304 3	Habitats protected or restored	Better with Bellway – Pages 34 to 64

Disclosure	Description	Cross Reference/Direct Answer
GRI 305: Emissions		
1.1	Management approach disclosures	Better with Bellway – Pages 34 to 64 Risk Management – Pages 75 to 78
1.2	Management approach disclosures	Better with Bellway – Pages 34 to 64
305 1	Direct (scope 1) GHG emissions	Better with Bellway – Pages 42 to 45
305 2	Energy indirect (scope 2) GHG emissions	Better with Bellway – Pages 42 to 45
305 3	Other indirect (scope 3) GHG emissions	Better with Bellway – Pages 42 to 45
305 4	GHG emissions intensity	Better with Bellway – Pages 42 to 45
305 5	Reduction of GHG emissions	Better with Bellway – Pages 42 to 45
GRI 306: Waste		
1.1	Management approach disclosures	Better with Bellway – Pages 34 to 64 Risk Management – Pages 75 to 78
306 3	Waste generated	Better with Bellway – Pages 58 and 59
GRI 403: Occupational Health and Safety		
1.1	Management approach disclosures	Better with Bellway – Pages 34 to 64
403 2	Hazard identification, risk assessment and incident investigation	Better with Bellway – Pages 54 and 55
403 3	Occupational health services	Better with Bellway – Pages 54 and 55
403 4	Worker participation, consultation, and communication on occupational health and safety	Better with Bellway – Pages 54 and 55
403 5	Worker training on occupational health and safety	Better with Bellway – Pages 54 and 55
403 6	Promotion of worker health	Better with Bellway – Pages 54 and 55
403.9	Work related injuries	Better with Bellway – Pages 54 and 55 Information is incomplete as we are unable to split information by employees and subcontractors.
GRI 405: Diversity and Equal Opportunity		
1.1	Management approach disclosures	Nomination Report – Pages 95 and 96
405 1	Diversity of governance bodies and employees	Nomination Report – Pages 95 and 96 With the Introduction of a new HR processes we aim to be able further expand our diversity reporting, including age.
405 2	Ratio of basic salary and remuneration of women to men	Gender Pay Reporting – www.bellwayplc.co.uk/investor-centre/governance/statements/statements/gender-pay-gap-report-2021

Global Reporting Initiative (GRI) continued

Disclosure	Description	Cross Reference/Direct Answer
GRI 409: Forced or Compulsory Labour		
1.1	Management approach disclosures	Risk Management – Pages 75 to 78
409 1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Better with Bellway – Pages 56 and 57 We have assessed the overall risk of modern slavery to be low, however we recognise that the risk associated with subcontractors and suppliers is higher than that for our employees given a number of mitigations sit outside of our direct control. The risk of Modern Slavery occurring in any of these areas is being proactively managed through site audits, welfare checks, and toolbox talks in order to raise awareness of the signs amongst staff.
GRI 413: Local Communities		
1.1	Management approach disclosures	Better with Bellway – Pages 34 to 64
413 1	Operations with local community engagement, impact assessments, and development programs	Better with Bellway – Pages 38 and 39

UN Sustainable Development Goals (SDGs)

Sustainability is at the heart of our new Better with Bellway strategy, as part of the work establishing our this strategy, we have benchmarked where it aligns with the United Nations Sustainable Development Goals (SDGs).

The SDGs are a collection of 17 interlinked global goals designed to be a "shared blueprint for peace and prosperity for people and the planet, now and into the future". With a 2030 deadline set for the SDGs, we recognise that our new sustainability strategy needs to contribute to rapid action and improvement.

Our eight strategic business priorities included within Better with Bellway, which cover every aspect of our business from land purchases through to how we interact with our customers, are designed to put our long-term commitment to responsible and sustainable practice at the core of our operational strategy, please see the Better with Bellway section for more details, pages 34 to 64.

As part of our sustainability strategy, we aim to support progress on the SDGs, and all of the external targets that form Better with Bellway's eight business priorities were mapped against the 17 SDGs and the 169 targets that sit within them.

Our strongest alignment to the SDGs are outlined below:

We build energy-efficient homes for our customers which reduces running costs and cuts carbon emissions. We also aim to reduce energy use in our business, including the use renewable electricity.

Aligns to the Better with Bellway Carbon Reductions priority.

Read more on pages 42 to 45

We contribute to UK GDP through our construction activities and we are a significant employer, investing in skills and training for young people.

Aligns to the Better with Bellway Employer of Choice priority.

Read more on pages 40 and 41

We build developments and infrastructure that benefit our customers and the surrounding communities.

Aligns to the Better with Bellway Building Quality Homes, Safely priority.

Read more on pages 54 and 55

We aim to improve diversity within our business and work with our suppliers to improve standards in our supply chain and address modern slavery risks.

Aligns to the Better with Bellway Employer of Choice priority.

Read more on pages 40 and 41

We aim to be a resource efficient business, minimising waste that is produced from our construction activities.

Aligns to the Better with Bellway Resource Efficiency priority.

Read more on pages 58 and 59

Our construction activities produce emissions that contribute to climate change. We aim to reduce that impact through our science based targets which target our significant carbon producing activities.

Aligns to the Better with Bellway Carbon Reductions priority.

Read more on pages 42 to 45

We aim to be a responsible developer by adopting biodiversity net gain principles for all new developments, and ensuring that the raw materials we buy have been sourced respons bly to minimise impacts on the wider environment.

Aligns to the Better with Bellway Biodiversity priority.

Read more on pages 60 and 61

Other Information

Glossary

Affordable Housing
Social rented and intermediate housing provided to specified eligible households whose needs are not met by the market, at a cost low enough for them to afford, determined with regard to local incomes and local house prices. It is generally provided by councils and not-for-profit organisations such as housing associations.

Average Selling Price
Calculated by dividing the total price of homes sold by the number of homes sold.

Biodiversity Net Gain (BNG)
Is an approach to development, and land management, that aims to leave the natural environment in a measurably better state than it was beforehand.

Brownfield
Land which has been previously used for other purposes.

Cancellation Rate
The rate at which customers withdraw from a house purchase after paying the reservation fee, but before contracts are exchanged, usually due to difficulties in obtaining mortgage finance. Reservation fees are refunded in accordance with the Consumer Code for Home Builders.

Community Infrastructure Levy (CIL)
The CIL is a tool for local authorities in England and Wales to help deliver infrastructure to support the development of the area.

COVID-19
COVID-19 is a disease caused by a new strain of coronavirus. 'CO' stands for corona, 'VI' for virus, and 'D' for disease. Formerly, this disease was referred to as '2019 novel coronavirus' or '2019-nCoV'. COVID-19 has been characterised as a pandemic by the World Health Organization.

DLUHC
Department for Levelling up, Housing and Communities.

DEFRA
Department for Environment, Food and Rural Affairs.

Earnings per Share (EPS)
Profit attributable to ordinary equity shareholders divided by the weighted average number of ordinary shares in issue during the financial year, excluding the weighted average number of ordinary shares held by the Bellway Employee Trust (1992) which are treated as cancelled.

Energy Savings Opportunity Scheme (ESOS)
The ESOS is a mandatory energy assessment scheme for large organisations in the UK.

Executive Board
The Executive Board is made up of the Executive Directors of Bellway p.l.c.

Global Reporting Initiative (GRI)
GRI standards are global standards for sustainability reporting.

Greenhouse Gas (GHG)
GHGs are gases that contribute to the greenhouse effect by absorbing infrared radiation. Carbon dioxide and chlorofluorocarbons are examples of greenhouse gases.

Home Builders' Federation (HBF)
The HBF is an industry body representing the homebuilding industry in England and Wales. It represents member interests on a national and regional level to create the best possible environment in which to deliver new homes.

Help-to-Buy
The Help-to-Buy equity loan scheme is a government scheme which provides equity loans to both first-time buyers and home movers on newly constructed homes, subject to regional price caps. Buyers have to contr bute at least 5% of the property price as a deposit and obtain a mortgage of up to 75% (55% in London) and the government provides a loan for up to 20% (40% in London) of the price.

Land Bank
The land bank is comprised of three tiers: i) owned or unconditionally contracted land with an implementable detailed planning permission ('DPP'); ii) medium-term 'pipeline' land owned or controlled by the Group, pending an implementable DPP; iii) strategic long-term plots which currently have a positive planning status and are typically held under option.

Mortgage Market Review (MMR)
The MMR was a comprehensive review of the mortgage market which introduced reforms to deliver a mortgage market that is sustainable and works better for consumers.

National Planning Policy Framework (NPPF)
The NPPF sets out the government's planning policies for England and how these are expected to be applied. It provides a framework within which local people and their accountable councils can produce their own distinctive local and neighbourhood plans, which reflect the needs and priorities of their communities.

National House Building Council (NHBC)
The NHBC is the leading warranty insurance provider and body responsible for setting standards of construction for UK housebuilding for new and newly converted homes.

New Homes Bonus (NHB)
The NHB was introduced in 2011 by the coalition government with the aim of encouraging local authorities in England to grant planning permissions for the building of new houses in return for additional revenue. Under the scheme, the government has been matching the council tax raised on each new home built in England.

Glossary continued

New Homes Ombudsman Service (NHOS)
Has been introduced with the aim to provide dispute resolution for, and determine complaints by, buyers of new build homes.

New Homes Quality Board (NHQB)
An independent not-for-profit body which was established for the purpose of developing a new framework to oversee reforms in the build quality of new homes and the customer service provided by developers.

New Homes Quality Code (NHQC)
An industry code of practice that lays out a mandatory set of requirements which must be adopted and observed by all registered developers.

Pipeline
Plots which are either owned or contracted by the Group, pending an implementable detailed planning permission, with development generally expected to commence within the next three years.

Planning Permission
Usually granted by the local planning authority, this permission allows a plot of land to be built on, change its use or for an existing building to be redeveloped or altered. Permission is either 'outline' when detailed plans are still to be approved, or 'detailed' when detailed plans have been approved.

Residential Property Developer Tax (RPDT)
RPDT is a tax, introduced in April 2022, which is charged at a rate of 4% on certain profits of companies carrying out residential property development.

RIDDOR
RIDDOR refers to the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013. The regulations require an employer to report any absence by an employee of seven days or more caused by an accident at work to the Health and Safety Executive.

Science Based Target initiative (SBTi)
Science-based targets provide companies and financial institutions with a clearly defined pathway to future-proof growth by specifying how much and how quickly they need to reduce their greenhouse gas emissions.

Section 75 and Section 106 Planning Agreements
These are legally-binding agreements or planning obligations entered into between a landowner and a local planning authority, under section 75 of the Town and Country Planning (Scotland) Act 1997 or section 106 of the Town and Country Planning Act 1990. These agreements are a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing.

Site/Phase
A site is a concise area of land on which homes are being constructed. Larger sites may be divided into a number of phases which are developed at different times.

Social Housing
Housing that is let at low rents and on a secure basis to people in housing need. It is generally provided by councils and not-for-profit organisations such as housing associations.

Sustainability Accounting Standards Board (SASB)
SASB have developed a set of industry standards which identify the minimal set of financially material sustainability topics and their associated metrics for the typical company in an industry to report against.

Task Force on Climate Related Financial Disclosures (TCFD)
TCFD was created by the Financial Stability Board to develop consistent climate-related financial risk disclosures.

Total Shareholder Return (TSR)
The total return of a stock to an investor, or the capital gain plus dividends.

The 5% Club
Members of The 5% Club aspire to achieve 5% of their workforce in 'earn and learn' positions (including apprentices, sponsored students and graduates on formalised training schemes) within 5 years of joining.

Underlying
Throughout the Annual report and Accounts, underlying refers to any statutory performance measure or alternative performance measure which is before net legacy building safety expenses and exceptional items. The Group believes that underlying metrics are useful for investors as these measures are closely monitored by the Directors in assessing Bellway's operating performance, thereby allowing investors to understand and evaluate performance on the same basis as management.

See also Alternative Performance Measures section on pages 184 to 187.

United Nations Sustainable Development Goals (SDGs)
The SDGs are a collection of 17 interlinked global goals designed to be a 'shared blueprint for peace and prosperity for people and the plant, now and into the future'.

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Group General Counsel and Company Secretary and Registered Office

Simon Scougall

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Santander UK plc
Svenska Handelsbanken AB

Auditor

Ernst & Young LLP

Solicitor

Slaughter and May

Shareholder Analysis and Financial Calendar

Shareholders by size of holding at 31 July 2022	Holdings		Shares	
	Number	%	Holding	%
0 – 2,000	1,670	68	886,009	1
2,001 – 10,000	354	15	1,528,113	1
10,001 – 50,000	176	7	4,424,269	4
50,001 and over	242	10	116,647,869	94
Total	**2,442**	**100**	**123,486,260**	**100**

Shareholders by type at 31 July 2022	Holdings		Shares	
	Number	%	Holding	%
Private shareholders	1,653	68	2,566,481	2
Investment trusts	8	<1	589	<1
Deceased Accounts	24	1	28,728	<1
Nominee companies	656	27	106,724,412	86
Limited companies	35	1	151,232	<1
Bank and bank nominees	39	2	13,251,777	11
Other institutions	27	1	763,041	1
Total	**2,442**	**100**	**123,486,260**	**100**

Financial Calendar

Final 2021/22 dividend – ex-dividend date	1 December 2022
Final 2021/22 dividend – record date	2 December 2022
AGM	16 December 2022
DRIP election date for final 2021/22 dividend	16 December 2022
Final 2021/22 dividend – payment date	11 January 2023
Trading update	9 February 2023
Announcement of 2022/23 interim results	28 March 2023

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