

Horizons

Contents

Chairman's Statement Alan Hartley	4
People	8
Directors' Statement Andrew Mickel and Ross Mickel	10
Legacy Ed Monaghan	14
Forward Paul McAninch	18
Homes	22
Strategic Land	24
PRS (Private Rental Sector)	26
Investments	28
Financial Review	30
Annual Report and Consolidated Financial Statements	32 – 68



Chairman's Statement

Right
Alan Hartley,
Company Chairman

Alan Hartley,
Company Chairman



It's said that business leaders are only as good as their teams. It's a cliché, I know. But I have seen during my professional life that it also has the benefit of being true. I have written before about how Mactaggart & Mickel's professional, dedicated teams help the business to thrive, even amidst the most challenging circumstances.

That was especially true over recent years, for all their twists and turns. I extend my thanks to everyone connected with the Group for their hard work during a year of huge significance for Mactaggart & Mickel, which others write about in this report. It's also very true to say that a leader reflects a company's culture. I therefore wish to pay tribute to a colleague who has led the Group with such professionalism as its CEO.

Leading with distinction

After 15 years in the role, Ed Monaghan retired in October 2022 having led the Group through a period of significant change. On a personal level, it's been a pleasure working with Ed over the last 18 years as Group chairman and as a board member before that. Ed will rightly want to highlight colleagues' contribution to the Group's performance, as is his style. But it's right to acknowledge his hugely important role in supporting the deal which saw our former Scottish housebuilding and Timber Systems businesses transfer to Springfield Group during the summer of 2022.

His early conversations with Springfield identified the opportunity for a strategic alliance between both companies. His stewardship of subsequent conversations was pivotal in shaping the agreement. In brokering this arrangement while ensuring the Group continued to deliver against its targets, Ed was responsible for protecting jobs and providing the Group with a strong platform for the future. I know I speak for everyone in the Group when thanking Ed for his contribution and steadfast leadership. After working at Mactaggart & Mickel for more than 40 years, progressing from an apprentice to CEO of the Group, he leaves with our very best wishes.



Looking to the future

After 7 years as Group Finance Director, Paul McAninch begins his new role as Group CEO. He leads a business in a strong financial position, which he has also played an important role in supporting as a member of our leadership team. Our net assets today have grown since previous years. And we have finances to invest in our successful strategic land operation and portfolio of private rented homes. Paul and the team are actively seeking partnerships and opportunities to deliver homes across England and Scotland. With demand for quality homes to rent and buy remaining high, the Group has an important role to play in the housing industry. Our reputation, track record and commitment to partnership working stand us in good stead to deliver. I share colleagues' excitement for the future as they look to new horizons. The months ahead will also mark my final year as Group chairman, before my retirement from the board in April 2023. For now, as ever, we have a job to do. And I know that with the team and leadership we have, we will do that. My thanks again go to everyone who has worked so hard to make this possible.

People



Alan Hartley
Company Chairman



Andrew Mickel
Director



Ross Mickel
Director



Paul McAninch
Finance and Investments Director



Ed Monaghan
Chief Executive Officer



David Shaw
Non-Executive Director



Nichola McKelvie
Group Company Secretary

Andrew and Ross



Above
Andrew Mickel and
Ross Mickel, Directors

Mickel

They say timing is everything. In an uncertain world, facing geopolitical concerns, volatile markets and increased costs on all fronts, the post year-end deal with Springfield puts our Group in an exceptionally strong position to reset and grow. As we approach our second century in business, we now have an ability to invest at a time of our choosing and from a position of strength. A refreshed business model offering reduced costs and improved performance enables us to look ahead with confidence and optimism. Thanks to everyone's efforts, we can invest in more new UK partnerships and focus on the growth of our UK Property Group via strategic land, private rented sector and investment divisions, whilst still considering niche development and equity investment.

We remain alive to the need to adapt to changing conditions and trends, but still consider the long-term needs of generations and stewardship of the land and nature. After navigating the headwinds of recent years, which have challenged all businesses, the Group has new leadership at the helm and a new team to thrive and flourish. We wish former colleagues every success in their new chapter, and in particular give our thanks to the loyalty and drive shown by Ed Monaghan in over 40 years with the company.

Left below
Solar farm



Right below
Strategic Land at Keynsham



A strong year

Last year represents the final complete accounting period during which our Scottish housebuilding and Timber Systems operations feature in the Group's overall performance. They continued to play an important role in our performance throughout the year. Our Homes businesses in Scotland and England delivered combined turnover of more than £62m. As we look towards new horizons, we were encouraged also to see our strategic land and private rented property portfolios make solid progress. After another year of growth, at the time of writing, our strategic land portfolio covers 7,000 acres across more than 80 UK sites. In England, this was supported by the completion of seven new agreements on sites, totalling more than 550 acres spanning from Somerset to Essex. In Scotland alone, the team pursues contracts with developers to sell land for more than 1,100 homes worth £70m. These opportunities play an important role in shaping our future as a key partner for landowners and organisations that want to bring forward developments on strategic sites. In a similar vein, our private rental portfolio has grown to more than 425 properties with a combined value of £71m. Our latest investment in 24 new homes to rent at the award-winning Lethington Gardens in Haddington is just the latest example of our commitment to offering quality rented accommodation across the UK. As we look to the future, we can now appraise our land and the land of our partners, as an important source of renewable energy too. We are exploring a solar farm at our land at Inchinnan near Glasgow Airport and we look forward to securing more sustainable developments like this in the future.

Built on the best

These examples bring home the quality of output and teams' dedication to delivering the best outcomes. Our colleagues played a central role in delivering last year's story. They adapted to the changing ways of working whilst continuing to focus on the delivery of the company's strategy. They built trusted relationships with partners that sustain future growth. They represent the best of us through their commitment to the Group. Therefore, even in unpredictable times, as a well-funded, dynamic UK Property Group, we not only maintain a clear long-term view, but are confident in our ability to deliver.

Ed Monaghan

Legacy

Right
Ed Monaghan,
Chief Executive Officer

We achieved £1m profit before tax in 2022, whilst adapting to changing and challenging circumstances. This is a great achievement, and my thanks go to everyone – staff, customers and suppliers – who played a part in this outcome. It is a privilege to lead the business and to have been so closely involved in its development over the last 15 years.



A proud legacy

As I write this last statement as Group CEO, it is a good time to reflect on the Group's legacy as well as last year's performance. One important element, demonstrated in so many different ways, is the respect shown towards Mactaggart & Mickel's business. At every level of the business, so many people I have known and worked with have championed the brand by living its values every day. In doing so, they help establish our reputation as a business known for quality, collaboration and delivery.

A second element is our positive impact in communities, through our work and support for them. The Group's Building Communities Fund continued to invest £25,000 in local projects in England and Scotland last year, in projects including sports clubs, schools and community groups. The fund has invested more than £159,000 since its inception, in many cases providing vital support that has sustained local activities during tough times. As we look towards more economic challenges, business connections with communities will be more important than ever. I know our colleagues will continue to foster those connections. A final element of our legacy is seen clearly in where the Group finds ourselves today, thanks to our ability to adapt to changing and challenging circumstances. Looking back at our history and my time with the company, it's clear that the Group has always adapted as society and business has changed. We have never been content to stand still and were always prepared to explore new ventures and ways of working. That approach is at the heart of the Group today.



A bright future

The qualities I write about here will help us face the future with our dedicated strategic land, private rented sector homes and investments divisions. All of these divisions have performed well in recent years. They will also serve colleagues working for our former housebuilding and Timber Systems business well as part of the Springfield Group. I am pleased to end my tenure at Mactaggart & Mickel Group with the business in good shape and confidently facing the future. The leadership team and colleagues have demonstrated so often over the years their ability to deliver. By continuing to focus on the qualities that have made the Group so well respected, I know they will continue to succeed.

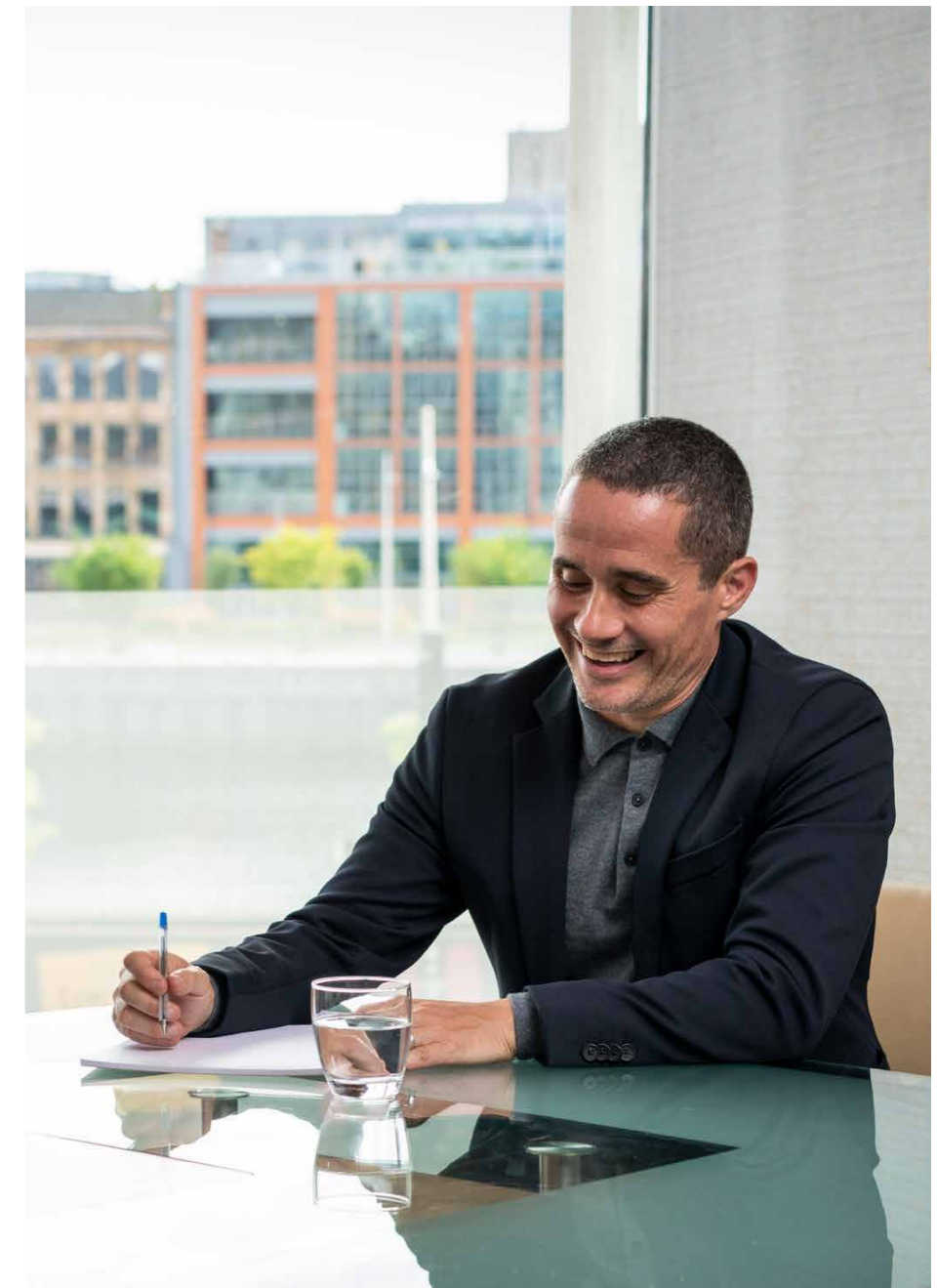
Paul McAninch

Below
Paul McAninch, new
Chief Executive Officer

This leaves the business with a strong balance sheet and the confidence to look to future opportunities that are coming into view. It is thanks in no small part to the transaction we have now put in place regarding the transfer of our house build and Timber Systems business to Springfield Properties plc. I know from my work with them over the last 19 years, that Mactaggart & Mickel Homes and the Timber Systems business will continue to be hugely successful, as they now have the scale from the wider Springfield Group to be competitive. The Group's key focus and vision remains maximising shareholder value.

Forward

I write this contribution to our latest annual report reflecting on my time as Group Financial Director, with thoughts turning firmly to the future. The last year has seen a period of significant change for the wider business, which this report and colleagues set out elsewhere. Looking back, I would say that it was a remarkable year, which saw the Group perform well financially whilst preparing for a significant change.



Foundations for success

Our strategic land team in England made encouraging progress with its growth plans. The business turned over £0.6m last year and worked on a portfolio of sites totalling some 3,751 acres. This provides capacity for around 20,587 homes in areas including Somerset, the Midlands, and England's home counties. With six colleagues working from our English offices, we are well placed to deliver on our ambitions to significantly grow our presence in this area.

Our portfolio of private rented homes also performed well, demonstrating the continued strong appetite for high quality rental accommodation in England and Scotland. We look to grow our private rented offer through new partnerships and on our own sites, including at our award-winning Lethington Gardens development in Haddington. And our investments division continues to support innovative companies, with 14 deals agreed over the last year. This demonstrates, in a real and vivid way, the huge interest in digitisation that has accelerated over recent years.



Looking to the future

The change the Group experienced was no small event. We emerge from that change with a clear sense of purpose. We are proud of our role in providing roofs over thousands of people's heads. Delivering quality homes in places where people want to live remains at the heart of who we are. I'm honoured to lead the business as Group Chief Executive in the next phase of this journey, working with directors and the team to deliver our growth ambitions. The residential sector provides incredible opportunities for the Group and those who work with us. As we look ahead to creating new partnerships with those who share our ambitions, we can be confident that we are in a strong position to take advantage of these opportunities and advance together.

Homes

Commitment to quality, with 10 consecutive years of 5-star customer service accreditation

Right
Interior at
Sandringham Gate

In March, for the 10th year in a row, we were awarded the maximum 5-star rating in the Home Builders Federation Customer Satisfaction Survey. The 5-star rating is only awarded when over 90% of customers said they would recommend their housebuilder to friends.



Strategic Land

Strategic Land team and property pipeline grows

Right
Strategic Land at
South Gilmerton,
Edinburgh

The Strategic Land team continues to go from strength to strength and our growing team is currently running over 82 development projects totalling over 7,000 acres across the UK. The team recently made its biggest land investment to date with the purchase of a 66-acre site in Crayford, south-east London. In the last year our English land team has signed seven deals to promote 557 acres of land, and our Scottish team is pursuing contracts with housebuilders to provide over 1,100 new homes.



PRS Private Rental Sector

New rental properties at Haddington

Right
PRS properties at
Lethington Gardens

We are increasing investment in our portfolio of rental properties. This year we successfully launched the first in a series of new private rental properties at Lethington Gardens, Haddington. Built to the same specification as those intended for private sale, our rental properties are aimed at the emerging popular market for long-term rent by families.

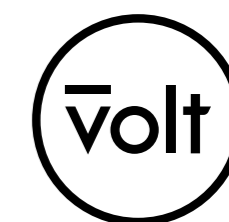


Investments

We continue to be invested in companies such as...



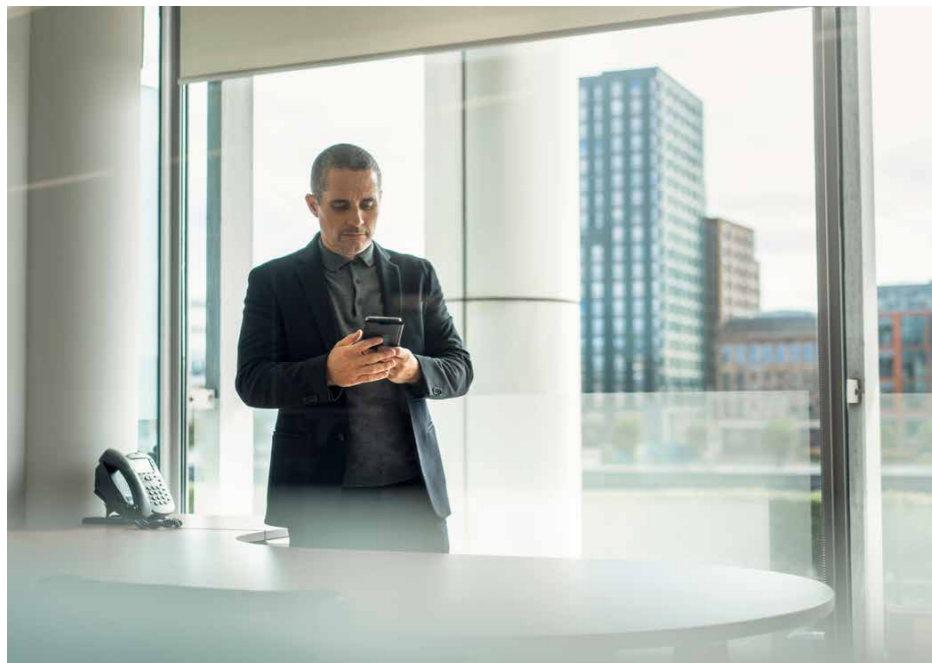
Moteefe



The current portfolio has investment across 74 companies and an asset value of £8.2m. In the last year, the investment fund achieved eight exits resulting in proceeds of £2m and a gain of £796,000 for the year, a significant increase on last year's £331,000 gain. The fund continues to progress well, and a further valuation uplift of £800,000 was achieved.

Financial Review

Paul McAninch
Finance and Investments Director



Left
Paul McAninch, Finance
and Investments Director

The Group continued to make profit during 2022 with profit before tax of £1m and equally as important, a return to positive cash of £10m from peak debt of £49m in 2020 during the midst of the Covid-19 lockdown. This sets the Group in a strong position to face the wider ramifications of increased energy prices, the impact of inflation and interest rates and the instability of financial markets. The Group will have less focus on volume and turnover as it sets forth a strategy to build a high margin business going forward in strategic land promotion, PRS, development partnerships and its investment fund.

Meeting Challenges

As the Group has adapted in the last 2 years, one area that continued to be a challenge was growing the margins earned by our homes businesses. Despite the market remaining buoyant in the last year, with the growing supply chain pressures it remained a constant hurdle for the Group as a small medium enterprise (SME) housebuilder. In July 2022 this underpinned the decision for the Mactaggart & Mickel Group to enter into a strategic alliance with Springfield Properties plc with a business transfer of assets and employees to Springfield of the Scottish housebuilding business and Timber Systems business. With Springfield's proven track record of being a leader in delivering high quality homes across Scotland, this transaction is attractive for both parties and offered a strong future for the housebuilding business.

Homes Scotland

Homes Scotland's turnover was £47.4m (2021: £62.2m) as the division recorded house settlements of £34.6m (2021: £43.1m). This performance was achieved by selling 94 private homes with an average settlement value of £0.37m (2021: £0.34m). The challenges to sustain margin are always prevalent with continuous pressure from supply chains, the cost of materials due to inflation and the increasing energy costs. The recent turmoil in financial markets and the resultant impact on mortgage rates makes this pressure more acute. Scottish land sales contributed £2.9m (2021: £0.7m) to Group turnover and made a positive contribution of £1.5m (2021: profit £0.6m) to gross profit.

Trading Group

The total consolidated revenue of the Group in the year amounted to £79.5m (2021: £73.2m). The Group gross profit recorded in the year was £12.2m (2021: profit of £13.6m). Gross profit margin was 15.3% in the year (2021: 18.6%).

Homes England

Turnover recorded for house settlements of £14.8m (2021: £7.8m) comprising 27 units (2021: 16 units). A gross profit of £131k was recorded for settlements.

Timber Systems

The subsidiary's revenue increased in the year to £3.6m (2021: £2.3m). The revenue generated by this business unit from external sources, comparable year on year at £0.3m (2021: £0.3m).

Contracts

This business unit generated revenue of £6.7m (2021: £9.3m). Gross profit of £0.4m (2021: £0.7m) was recognised and in line with expectations as 7% (2021: 7%) margin was achieved. 65 affordable units were handed over in the year.

English Strategic Land

The business unit recorded £0.6m in revenue (2021: £7m) and £0.6m in gross profit (2021: £6.2m) before amortisation and costs written off are deducted.

PRS (Private Rental Sector)

The Group's PRS asset remained a steady performer with revenue in the year of £3.5m and gross profit of £2.2m (2021: revenue of £3.5m and gross profit of £2.3m). The revaluation gain on residential investment property recognised in the year is £1.3m (2021: £nil).

Investment Fund

Income received amounted to £56,000 (2021: £41,000). The portfolio recorded a valuation uplift of £0.8m (2021: £1.1m) at the year-end. Gains on realised investments were £0.8m (2021: £0.3m).

Profit and Loss Account

The profit before tax is £1m (2021: £5.3m pre-exceptional profit, £1.8m exceptional costs). Dividends of £5.00 of per share were paid in the year (2021: £2.00), A special dividend of £5.00 per share was paid post year end with a final proposed dividend of £3.00 per share.

Balance Sheet

Net assets have increased to £153m (2021: £150m). Fixed assets increased to £73.5m from £72.5m. Investments increased in the year to £12.2m (2021: £9.9m). The Group's stock decreased to £77m (2021: £99m) in the year as house settlements were realised.

Cash Flow

At year end the Group had £10m net positive cash (2021: £13.5m debt). Net interest on borrowings totalled £0.4m (2021: £1m). The debt facility was renewed in 2021 with the Royal Bank of Scotland plc. The Group secured a £30m lending facility which will expire in December 2024.

Pensions

The Group operates a defined benefits pension scheme and also contributes to several defined contribution schemes. The FRS102 calculation at 30 April 2022 shows that the deficit decreased year on year and totals £11.8m (2021: £17.5m). The Group remains subject to pension funding risks, principally interest rates, performance of its equity investments and increased longevity of its members. The Group continually monitors and manages these risks via advice from specialist consultants.

Shaping the future

The Group is excited to be moving forward with the new strategy with a key focus on delivering the next 5 years and beyond. Focusing on the 4 key pillars for success which are; growing the private rental sector to over £100m, continuing to grow our strategic land portfolio, achieving successful realisations from our Investment funds and investing in partnerships to develop homes and rental properties.

Contents

Strategic Report	34
Directors' report	36
Statement of directors' responsibilities in respect of the annual report and financial statements	38
Independent auditor's report to the members of Mactaggart & Mickel group Limited	40
Consolidated profit and loss account	42
Consolidated statement of other comprehensive income	42
Consolidated and Company balance sheets	43
Consolidated Statement of Changes in Equity	44
Company Statement of Changes in Equity	45
Consolidated cash flow statement	46
Notes	47

Strategic Report

The directors present their annual report and the audited consolidated financial statements for the year ended 30 April 2022.

Principal activities

The principal activities of the Group continued to be the building and selling of houses, contracting, letting of domestic and commercial properties, sale of development land, the manufacture of timber frame kits and investment in private equity ventures.

Business review

The Group has delivered a strong year increasing revenue and significantly growing cashflow to a net positive cash position of £10m from a previous years' debt position of £13.5m. This sets the Group in a strong position to face the economic headwinds of increased energy prices, the impact of inflation and interest rates and the instability of financial markets. The Group profit before taxation is £1m (2021: Profit £3.5m). The turnover achieved for the year was £79.5m (2021: £73.2m). The Group settled a total of 186 units (2021: 234 units).

Principal risks and uncertainties

As Covid-19 and Brexit risks reduce, the business is facing emerging risks with regards to the cost of living crisis, increasing energy costs, inflation and interest rate rises and the ongoing economic impact of the war in Russia and Ukraine. With these uncertainties, the Mactaggart & Mickel Group Limited continue to respond and adapt to the challenges this brings.

The Group adopted the working practices to comply with Covid protocols. These are modified depending on the most recent Government advice. Some protocols remain as best practice in the office and sites. The health and wellbeing of our workforce and our clients remains the Group's priority.

The Group is affected by the interest rate available for funding its operations and the mortgage rates that are available to its clients. The Group continues to review the opportunities available to contract to a fixed rate for a specified period in order to minimise the risk from servicing its debt in the future. The Group offers a wide range of products which covers all the Group clients' markets.

The Group has a strong health and safety ethos as it looks to protect its key in-house labour resource and subcontract resources. The Group is a member of ROSPA (Royal Society for the Prevention of Accidents). Regular site audits are carried out by the health and safety department.

The Group's risk committee meet on a regular basis to assess the risks relevant to the business and ensure that these risks are mitigated and managed to an acceptable level. The Group continues to plan for business interruption scenarios through its disaster recovery and business continuity committee. This forum meets regularly to review the contingencies in place and ensure that the plans adapt to the evolution of the business. The Group continues to assess the ongoing impact of the above risks. Particularly around proactive management of supply chain and sensitivity analysis on the economic factors that could impact house sales in the future.

The Group remains subject to pension funding risks, principally poor performance of equity investments, increased longevity of the members and changes to interest rates.

Key financial performance indicators			
Financial	2022	2021	
Gearing	3.3%	9%	Borrowings/net assets
Return on capital	1.0%	3.0%	Operating profit/(loss) before tax/net assets
Current ratio	6:1	8:2	Current assets/liabilities
Days creditors	34	38	Trade creditors/average purchases
Turnover number of per employee (£000)	560	428	Turnover/average employees
Operating profit average per employee (£000)	11	26	Operating profit/(loss)/ number of employees
Units settled % derived from Brownfield developments	1%	7%	Units settled % derived from Brownfield developments/ total units

Key non-financial performance indicators

Non-Financial	2022	2021
Reportable accidents	4	4

Key non-financial performance indicators include the monitoring of the Groups employees' health and safety in addition to the Group's environmental impact and energy consumption.

Outlook

The Board were delighted to see a return to positive cash given the unprecedented challenges over the last 2 years. The diverse nature of the Group has aided the Group's recovery and trading performance during this period. The Board's active management strategies to reduce work in progress and reduce debt with various cash preservation strategies has proven successful.

Post year end the Group carried out the transfer of the housebuilding business and Timber Systems business to Springfield Properties plc for over £46m. This was part of a wider strategic decision to allow the Group to become more sustainable as it offloaded a capital intensive business which carried £8m of running costs, in a business which was becoming less competitive through lack of scale. The Group's areas of focus will continue to be providing private rented accommodation through our PRS investments and increasing this portfolio with new stock opportunities. In addition, growing our strategic land activity across the UK and seeking out new and complementary opportunities through our investments.

The Group continues to look to improve its productivity through investment in technology and return on capital and is focussing on investment in higher yielding assets which will improve the Group shareholder value.

Given the uncertain landscape which lies ahead from the economic and political headwinds, the Group continues to maintain a healthy gearing position. The Group prides itself on its long term view in its deployment of capital, its utilisation of its assets and the partnerships with all stakeholders. The Group is in an extremely strong position to continue to enable its strategic plans over the next 3-5 years and to maximise all opportunities which arise.

Streamlined Energy and Carbon Reporting ("SECR")

This report prepared by the Group encompasses information in relation to energy and carbon usage for the period 1st May 2021 to 30th April 2022 and includes details for those companies which would be required to comply with the regulations themselves and are consolidated in these accounts as follows:

- Mactaggart & Mickel Group Limited
- Mactaggart & Mickel Homes Limited

The Group is supportive of the house building industry's target of net-zero emissions by 2045 and other policies that require all new homes to use renewable or low-carbon heating from 2024.

Reporting Parameters

The reporting parameters are the financial year ended 30th April 2022 and cover the subsidiaries listed above. In addition to reporting on mains gas, grid electricity and transport emissions, the Group has also chosen to report its use of gas oil for on-site electricity generation as this is a key energy source used throughout the Group's businesses.

The reporting intensity ratio used is tonnes of CO₂ emission per employee. It is considered that this provides the best representation of activity across the Group and comparison throughout the industry.

Energy consumption and greenhouse gas emissions

The Group's total energy consumption and carbon emissions consumed by the subsidiaries listed for the period 1st May 2021 to 30th April 2022 is as follows:

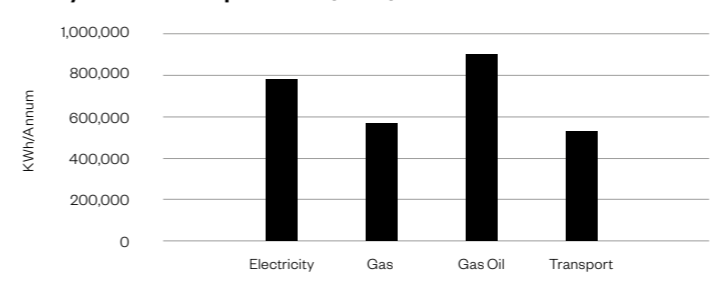
Energy Consumption

	2021/22 KWh/Annum	%	2020/21 KWh/Annum	%
Electricity	786,516	27.7%	880,422	21.3%
Gas	581,880	20.5%	1,151,376	27.9%
Gas Oil	898,066	31.6%	1,567,094	38.0%
Transport	571,910	20.2%	526,310	12.8%
Total	2,838,372	100.0%	4,125,202	100.0%

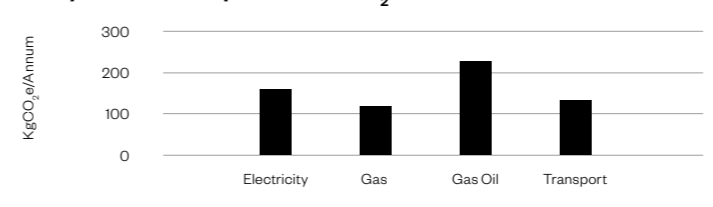
Greenhouse Gas Emissions

	2021/22 KgCO ₂ e/Annum	%	2020/21 KgCO ₂ e/Annum	%
Electricity	167	26.2%	187	20.2%
Gas	107	16.7%	211	22.8%
Gas Oil	231	36.1%	402	43.6%
Transport	133	21.0%	123	13.4%
Total	638	100.0%	923	100.0%

Energy Consumption KgCO₂e/Annum 1 May 2021 to 30 April 2022 (KWh)



Greenhouse Gas Emissions 1 May 2021 to 30 April 2022 (tCO₂e)



Greenhouse Gas Emissions Intensity Ratio

	tCO ₂ e/Annum	Employees	tCO ₂ e/Employee
2021/22	638	142	4.49
2020/21	923	171	5.40

This measure relates our annual location-based greenhouse gas emissions resulting from our operational activities compared to the number of Mactaggart & Mickel employees.

Reporting methodology

This methodology follows the Greenhouse Gas (GHG) Reporting protocol and uses the 2022 Government emission conversion factors for greenhouse gas. We have measured all supplies of electricity, gas, transport fuel and oil across all of our sites and offices in the year to April 2022.

Actions we are taking to reduce our impact on the environment

The Group is committed to making continuing progress in improving the environmental management of our operations and help to build a sustainable environment. We participate in the Energy Saving Opportunity Scheme (ESOS) and conducted a full energy audit in 2019 which highlighted areas of energy wastage and presented cost effective opportunities to reduce energy usage and limit carbon emissions moving forward. The outcome of these audits steers the Group and its in-house environmental forum in shaping the initiatives to be undertaken at sites and offices.

It is the Group's policy to help reduce the impact that our products have on the environment as well as reduce the direct impact of the Group's own business activities on the environment. Initiatives undertaken have been:

- Use of air source heat pumps and electric charging points in house build.
- Supporting local council with transport links i.e. bus services.
- Paperless offices and use of low energy bulbs.
- Installing wood burners in the timber kit factory.
- Set up of Eco offices and canteens on sites.
- Involvement in planting tree projects.
- Build mixed use developments incorporating neighbourhood shopping facilities.
- Replacing inefficient boilers in the rental portfolio.
- Flexible working, cycle to work scheme and moving to hybrid cars.

The Group continues to invest in protecting the environment and the board take this responsibility seriously when assessing any new venture. The Group continues to work closely with local communities when developing sites to ensure we are socially and environmentally responsible.

By order of the board

Paul J McAninch
Director

1 Atlantic Quay
1 Robertson Street
Glasgow
G2 8JB
21 October 2022

Directors' report

Directors

The directors who held office during the year and up to the date of signing were as follows:

Alan J Hartley
Edmund J Monaghan
Andrew AM Mickel
Paul J McAninch
Ross Mickel
David J Shaw

Dividends

The directors have paid a special dividend of £5 per share and propose a final ordinary dividend in respect of the current financial year of £3 per share. This has not been included within creditors as it was not approved before the year end.

Dividends of £5 per share were paid in the year (2021: £2). This comprised of an interim dividend for the current financial year of £2 per share and an interim dividend of £3 per share for the previous year ended 30 April 2021.

Financial instruments

The Group avoids the use of complex financial instruments.

Employees

Applications for employment by disabled persons are always fully considered taking into account the aptitudes and abilities of the applicant concerned. Where employees become disabled, the Group endeavours to continue to employ such people provided there are duties which they can perform bearing in mind the handicap and disability. It is the policy of the Group that the training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

The directors recognise the importance of good communications and relations with employees. The management of each branch or undertaking is responsible for the development of employee involvement as appropriate to its own particular needs. Regular communications are held with representatives of staff at all levels and use is made of notice boards. The directors annually inform all employees of Group performance and of the financial and economic factors affecting that performance. Also, management endeavour to involve as many employees as possible in training including taking all expressed views into account when formulating annual training.

Charitable contributions

Charitable contributions made by the Group during the year amounted to £60,124 (2021: £54,500).

Going Concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons.

At the year end, the Group had net assets of £153m and net current assets of £84.6m. The Group manages its day to day and medium-term funding requirements through a revolving credit facility of £22m, a term loan of £5m and an overdraft facility of £3m which are secured until December 2024. A combination of these facilities is forecast to provide sufficient liquidity to finance monthly cash flows in the ordinary course of business for a period of at least 12 months from the approval of these financial statements ("the going concern period").

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements, taking into account the sale of the Scottish housebuilding and Timber Systems businesses. These forecasts have also modelled plausible downside scenarios which they believe have the potential to arise including deferring all future land sale revenue by one year and reducing the private rental income. The Directors have also considered the impact of rising interest rates, inflation, energy costs and the devaluation of the pound. On the basis of these projections, the directors consider that, taking account of reasonably possible downsides, the Group will have sufficient funds, through its current facilities to meet its liabilities as they fall due for that period.

Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Section 172 Statement

In accordance with Section 172 of the Companies Act 2006, The Directors of the Company must act in a way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so Directors have the greatest regard to the following areas;

Shareholders

The shareholders of the Company maintain an active role in the management of the business, with a proportion of the Company's shares owned by individuals on the board of directors. The active shareholders are regularly provided with transparent reporting data at Board meetings to enable them to actively manage the Company and ensure we are focused on long term strategy. Shareholders also meet twice a year, with the AGM being the main opportunity to communicate to Directors.

Customers

The Group has a well established and longstanding heritage in house building and prides itself on building luxury and affordable homes that people can be proud of. Working alongside national and local government and local communities we proactively engage with multiple stakeholders throughout the planning phase to ensure we deliver what the local community needs. Our website also highlights the initiatives we are undertaking and ensure our customers are provided with the knowledge they require.

Employees

The Group recognise that our employees are our strongest resource and it is important that the company attracts and retains talented teams at every level. We offer competitive remuneration packages and continue to engage with our employees through a variety of initiatives. We have a strong focus on learning and development and succession planning and have many apprenticeship/trainee programmes underway.

Lenders

We have a revolving credit facility and it is of the utmost importance that we ensure we continue to have a strong relationship with our lender. We provide quarterly reporting information and regularly meet to discuss strategy and future requirements which will enable the business to grow and invest to deliver the long-term strategy.

Culture & Values

Our strong culture and values have been integral during these challenging times, key to this has been communication with our people. Learning and development has also been vital to ensure each individual understands their contribution to enabling everyone to work safely. There has also been a strong emphasis on mental health and well-being and the support available to each employee through our employee assistance programme. We are proud to hold the platinum investors in people and silver investors in young people. This is a testament to culture, ethos and values of the organisation but also to all our people.

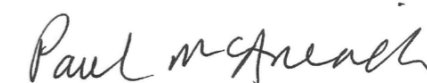
Statement as to disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Paul J McAninch
Director

1 Atlantic Quay
1 Robertson Street
Glasgow
G2 8JB
21 October 2022

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the Group's profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Opinion

We have audited the financial statements of Mactaggart & Mickel Group Limited ("the company") for the year ended 30 April 2022 which comprise the Consolidated profit and loss account, the Consolidated statement of comprehensive income, the Consolidated and Company balance sheets, the Consolidated statement of changes in equity, the Company statement of changes in equity and the consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion 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 30 April 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the company or to cease their operations, and as they have concluded that the Group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of an actual, suspected or alleged fraud;
- Reading board minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue transactions are sufficiently non complex and free from estimation that the risk of a material misstatement within revenue in relation to fraud is acceptably low.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the group wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unexpected account combinations, those posted around period end and those posted with specific words in the description.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of group legislation recognising the nature of the group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit team to detect fraud or breaches of law or regulation

Owing to the inherent limitation of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 39, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



**Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**
Chartered Accountants

319 St Vincent Street
Glasgow
G2 5AS
21 October 2022

Consolidated profit and loss account for the year ended 30 April 2022

	Note	Total 2022	Before exceptional items 2021	Exceptional Items (refer to note 7)	Total 2021
		£000	£000	£000	£000
Group turnover	2	79,517	73,199	-	73,199
Cost of sales		(67,333)	(59,589)	-	(59,589)
Gross profit		12,184	13,610	-	13,610
Administrative expenses		(14,297)	(8,887)	(1,814)	(10,701)
Other operating income	3	3,013	935	-	935
Group operating profit/(loss)		900	5,658	(1,814)	3,844
Share of joint ventures operating profit		711	642	-	642
Total operating profit/(loss)	4	1,611	6,300	(1,814)	4,486
Interest payable and similar expenses	9	(768)	(1,272)	-	(1,272)
Other interest receivable and similar income	8	189	304	-	304
Profit/(loss) before taxation		1,032	5,332	(1,814)	3,518
Tax on (profit)/loss	10	(141)	(150)	344	194
Profit/(loss) after taxation		891	5,182	(1,470)	3,712

Consolidated Statement of Other Comprehensive Income for the year ended 30 April 2022

	2022	2021
	£000	£000
Profit for the financial year	891	3,712
Remeasurement of the net defined benefit liability	4,916	(50)
Movement on deferred tax asset relating to pension scheme liability	(934)	9
Other comprehensive income /(expenditure) for the year, net of income tax	3,982	(41)
Total comprehensive income for the year attributable to shareholders	4,873	3,671

Consolidated and Company balance sheets at 30 April 2022

	Note	2022 Group	2022 Company	2021 Group	2021 Company
		£000	£000	£000	£000
Fixed assets					
Tangible assets	11	554	-	810	-
Investment Properties	12	72,960	-	71,726	-
Investments					
Investments in Joint Ventures	13	2,716	-	3,006	-
Investments in Subsidiary	13	-	430	-	430
Undertakings	13	9,533	-	6,890	-
Other investments					
		12,249	430	9,896	430
Total fixed assets		85,763	430	82,432	430
Current assets					
Stocks	15	77,497	-	98,561	-
Debtors (including £4,762,000 (2021: £4,774,000) due after more than one year)	16	7,860	3,549	11,138	3,911
Cash at bank and in hand	17	15,448	15,018	66	-
		100,805	18,567	109,765	3,911
Creditors: amounts falling due within one year	18	(16,200)	(10,530)	(24,506)	(371)
Net current assets		84,605	8,037	85,259	3,540
Total assets less current liabilities		170,368	8,467	167,691	3,970
Creditors: amounts falling due after more than one year	19	(5,000)	(5,000)	-	-
Deferred Tax	21	(572)	-	-	-
Pension scheme liability	24	(11,840)	-	(17,459)	-
Net assets		152,956	3,467	150,232	3,970
Capital and reserves					
Called up share capital	25	430	430	430	430
Merger reserve		108,210	-	108,324	-
Non-distributable reserve		23,025	-	20,141	-
Profit and loss account		21,291	3,037	21,337	3,540
Shareholders' funds		152,956	3,467	150,232	3,970

These financial statements were approved by the board of directors on 21 October 2022 and were signed on its behalf by:



Andrew Mickel
Director



Alan J Hartley
Chairman

Company registered number SC326355

Consolidated Statement of Changes in Equity

	Called up Share capital	Merger reserve	Non-distributable reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
Balance at 1 May 2020	430	109,519	19,465	18,007	147,421
Total comprehensive income/(expense) for the year					
Profit for the financial year	-	-	1,088	2,624	3,712
Other comprehensive income					
Actuarial loss on pension scheme	-	-	-	(50)	(50)
Tax on loss	-	-	-	9	9
Realised surplus on disposal of investment property	-	(1,195)	(412)	1,607	-
Total comprehensive (expense)/income for the year	-	(1,195)	676	4,190	3,671
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(860)	(860)
Total contributions by and distributions to owners	-	-	-	(860)	(860)
Balance at 30 April 2021	430	108,324	20,141	21,337	150,232

	Called up Share capital	Merger reserve	Non-distributable reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
Balance at 1 May 2021	430	108,324	20,141	21,337	150,232
Total comprehensive income/(expense) for the year					
Profit for the financial year	-	-	3,021	(2,130)	891
Reclassification of Investments			(242)	242	-
Other comprehensive income					
Actuarial gain on pension scheme	-	-	-	4,916	4,916
Tax on gain	-	-	-	(934)	(934)
Gain/(loss) on revaluation of investment property	-	-	(9)	9	-
Realisation of merger reserve	-	(114)	114	-	-
Total comprehensive (expense)/income for the year	-	(114)	2,884	2,103	4,873
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(2,149)	(2,149)
Total contributions by and distributions to owners	-	-	-	(2,149)	(2,149)
Balance at 30 April 2022	430	108,210	23,025	21,291	152,956

Company Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity	Called up Share capital	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 1 May	430	3,540	3,970	430	490	920
Total comprehensive income for the year						
Profit for the financial year	-	1,646	1,646	-	3,910	3,910
Total comprehensive income for the year	-	1,646	1,646	-	3,910	3,910
Transactions with owners, recorded directly in equity						
Dividends	-	(2,149)	(2,149)	-	(860)	(860)
Total contributions by and distributions to owners	-	(2,149)	(2,149)	-	(860)	(860)
Balance at 30 April	430	3,037	3,467	430	3,540	3,970

Consolidated cash flow statement for the year ended 30 April 2022

	Note	2022 £000	2021 £000
Cash inflow from operating activities			
Profit for the year		891	3,712
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment		276	319
Change in value of investment property		(1,347)	603
Change in value of investments		(800)	(1,088)
Interest receivable and other income		(189)	(304)
Interest payable and similar expenses		768	1,272
Gain on sale of tangible fixed assets		(866)	(450)
Deferred government grant		(25)	-
Taxation		141	(194)
Share of joint venture operating profit		(711)	(642)
		(1,862)	3,228
Decrease in trade and other debtors		3,842	6,189
Decrease in stocks		21,064	25,160
Increase in trade and other creditors		5,103	764
Increase in provisions and employee benefits		(1,965)	(914)
		26,182	34,427
Tax paid		-	-
Net cash from operating activities		26,182	34,427
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		61	-
Proceeds from sale of investment properties		132	1,744
Interest received		56	250
Acquisition of tangible fixed assets	11	(20)	(5)
Investment redemptions		2,033	1,416
Acquisition of investment property	12	(12)	(405)
Dividends received		1,000	-
Acquisition of investments	13	(3,078)	(413)
Net cash from investing activities		172	2,587
Cash flows from financing activities			
Interest paid		(336)	(976)
Repayment of borrowings		(6,748)	(36,357)
Dividends paid		(2,149)	(860)
Net cash from financing activities		(9,233)	(38,193)
Increase/ (decrease) in cash and cash equivalents		17,121	(1,179)
Cash and cash equivalents at 1 May	29	(1,673)	(494)
Cash and cash equivalents	29	15,448	(1,673)

Notes

(forming part of the financial statements)

1 Accounting policies

Mactaggart & Mickel Group Limited (the "Company") is a company limited by shares and incorporated and resident in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included
- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a third time; and
- Key Management Personnel compensation has not been included a third time; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going Concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons.

At the year end, the Group had net assets of £153.0m and net current assets of £84.6m. The Group manages its day to day and medium-term funding requirements through a revolving credit facility of £22m, a term loan of £5m and an overdraft facility of £3m which are secured until December 2024. A combination of these facilities is forecast to provide sufficient liquidity to finance monthly cash flows in the ordinary course of business for a period of at least 12 months from the approval of these financial statements ("the going concern period").

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements, taking into account the sale of the housebuilding and timber systems businesses. These forecasts have also modelled plausible downside scenarios which they believe have the potential to arise including deferring all future land sale revenue by one year and reducing the private rental income. The directors have also considered the impact of rising interest rates, inflation, energy costs and the devaluation of the pound. On the basis of these projections, the directors consider that, taking account of reasonably possible downsides, the Group will have sufficient funds, through its current facilities to meet its liabilities as they fall due for that period.

Consequently, the directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 April 2022. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiary undertakings, associates and joint ventures are carried at cost less impairment.

Turnover

Revenue and Profit recognition

Revenue principally represents the amounts (excluding value added tax) derived from the sale of new homes, affordable housing contracts and land and is recognised to the extent that it is probable that the economic benefits will flow to the Group.

Revenue from new home sales represents the selling price for the unit, net of any cash incentives, and is recognised when title of the property passes to the customer on legal completion and receipt of cash. Profit is recognised on a per completion basis, by reference to the remaining margin forecast across the development. Revenue from affordable housing contracts is recognised, either in line with the stage of completion, or on physical completion depending upon contract terms. Revenue from land sales is recognised on legal completion. Turnover also includes income from rental of investment properties, sales of timber frame kits and surpluses on the realisation of interests under the Major Ownership Scheme.

Turnover from the sales of services and revenue from construction contracts is recognised by reference to the stage of completion. The stage of completion of the contract is determined either by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, or by reference to the completion of a physical proportion of the contract work, dependent upon the nature of the underlying contract.

Notes (continued)

Profit on long term contracts is taken as the work is carried out if the outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of work carried out, by recording turnover and related costs of labour and materials as contract activity progresses. Revenues from variations on contracts are recognised only when they are considered to be reasonably certain. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Government grants

During the year, Coronavirus Job Retention Scheme (“JRS”) income has been received, accounted for under the accruals model and classified as grants related to payroll costs. Grant income is disclosed under Note 5 of these financial statements.

Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, losses on financial assets measured at fair value through profit or loss and interest payable on defined benefit liabilities.

Other interest receivable and similar income include interest receivable on investments and joint venture loans. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity’s right to receive payments is established.

Basic Financial Instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss.

Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company’s cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings. The company assesses at each reporting date whether tangible fixed assets are impaired. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Motor vehicles	4 years – straight line
Office furniture and computer equipment	between 3 and 5 years – straight line
Plant and machinery	between 4 and 10 years – straight line
Short leasehold improvements	over the life of the lease

Depreciation, at 2% straight line, is provided on those heritable buildings included within investment properties and commercial properties which the directors consider to have a remaining useful life no greater than 50 years.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset’s future economic benefits.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost. Overseas investment properties in the United States are treated on the same basis as investment properties held in the UK.

Subsequent to initial recognition:

- i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- ii. no depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with FRS102.17 until a reliable measure of fair value becomes available.

Government Grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate.

Exceptional items

Exceptional items are items of income and expenditure that, in the judgement of management, should be disclosed separately on the basis that they are material, either by nature or size, in order to gain an understanding of the financial performance and in so doing not to significantly distort the comparability of financial performance between accounting periods. Items of income or expense that are considered by management for designation as exceptional include such items as significant restructuring, write downs or write backs of current assets as a result of impairment.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset. Deferred tax balances are not discounted.

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

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity’s net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense on the net defined benefit liability for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity’s obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability is recognised in other comprehensive income in the period in which it occurs.

Non distributable reserve

A non-distributable reserve represents the unrealised profit or loss resulting from fair value adjustments and associated deferred tax movements which are credited or charged to the profit and loss account.

Dividends on shares presented within equity

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends prior to the year-end that do not meet these criteria are disclosed in the notes to the financial statements.

Notes (continued)

2 Turnover

	2022 £000	2021 £000
Sale of housing units and development land	69,325	60,392
Construction contract revenue	6,675	9,337
Investment property rentals	3,517	3,470
	79,517	73,199

3 Other operating income

	2022 £000	2021 £000
Fair value adjustments for investment property	1,347	(603)
Fair value adjustments for investments	800	1,088
Net gain on disposal of investments and tangible fixed assets	866	450
	3,013	935

4 Expenses and auditor's remuneration

	2022 £000	2021 £000
Operating profit/(loss) is stated after charging:		
Depreciation of tangible fixed assets	276	319
Operating lease	573	593
Auditor's remuneration:		
– audit of these financial statements	50	50
– audit of financial statements of subsidiaries pursuant to legislation	115	39
– tax advisory services	15	13

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of Employees 2022	Number of Employees 2021
Administration and finance	51	56
Involved in building work	91	115
	142	171

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	11,280	7,826
Social security costs	1,191	1,032
Contributions to defined contribution plans	326	298
Expenses related to defined benefit plans	1,112	840
	13,909	9,996

During the year, JRS income of £5,800 was received, (2021: £1,424,137).

6 Remuneration of directors

	2022 £000	2021 £000
Directors' emoluments	2,627	1,492
Compensation for loss of office	924	–
Group contributions to defined benefit pension scheme	290	214
	3,841	1,706

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £896,302 (2021: £400,935). He is a member of a defined benefit scheme, under which his accrued pension at the year end was £72,543 (2021: £53,504).

	Number of directors 2022	Number of directors 2021
Retirement benefits are accruing to the following number of directors under: Defined benefit schemes	4	4

7 Exceptional items

	2022 £000	2021 £000
Redundancy costs due to restructuring	–	(1,814)
	–	(1,814)

8 Other interest receivable and similar income

	2022 £000	2021 £000
Interest receivable joint ventures	122	129
Interest receivable from investments	56	41
Other interest receivable	11	–
Net gain on financial assets measured at fair value through profit or loss	–	134
	189	304

9 Interest payable and similar expenses

	2022 £000	2021 £000
Interest payable on bank borrowings	440	978
Other interest payable	–	4
Net interest expense on net defined benefit liabilities	328	290
	768	1,272

Notes (continued)

10 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity		
	2022 £000	2021 £000
UK corporation tax		
UK corporation tax – current year	–	–
Prior year adjustment	–	81
Tax deducted at source	5	–
Total current tax	5	81
<i>Deferred tax (see note 21)</i>		
Origination and reversal of timing differences	136	182
Recognition of previously unrecognised tax losses	–	(457)
Total deferred tax	136	(275)
Total tax charge/(credit)	141	(194)

	2022			2021		
	£000 Current tax	£000 Deferred tax	£000 Total tax	£000 Current tax	£000 Deferred tax	£000 Total tax
Recognised in the Profit and loss account	5	136	141	81	(275)	(194)
Recognised in other comprehensive income	–	934	934	–	(9)	(9)
Total tax	5	1,070	1,075	81	(284)	(203)

10 Taxation (continued)

Reconciliation of effective tax rate		
	2022 £000	2021 £000
Profit for the year	891	3,712
Total tax expense/(credit)	141	(194)
Profit excluding taxation	1,032	3,518
Tax using the UK corporation tax rate of average 19% (2021: 19%)	196	669
Non-deductible expenses	69	1
Non-chargeable income	(13)	(80)
Excess of ineligible capital gain over sale	6	(86)
Adjustments relating to prior year	–	81
Losses carried forward	14	(220)
Deferred tax on losses previously not recognised	–	(457)
Other reconciling items	(131)	(102)
Total tax charge/(credit) included in profit	141	(194)

Factors affecting the future current and total tax charges

The March 2021 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2021 and this change was substantively enacted on 11 March 2021. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. In the 23 September 2022 Mini-Budget, it was announced that the UK tax rate would remain at 19%. On 14 October 2022 the government announced that corporation tax will increase to 25% from April 2023 as previously legislated.

Notes (continued)

11 Tangible fixed assets

Group	Short leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Office furniture and computer equipment £000	Total £000
Cost or valuation					
At beginning of year	1,467	2,974	116	699	5,256
Additions	-	10	-	10	20
Disposals	-	(239)	(19)	-	(258)
At end of year	1,467	2,745	97	709	5,018
Depreciation					
At beginning of year	1,044	2,644	100	658	4,446
Charge for year	87	151	10	28	276
Disposals	-	(239)	(19)	-	(258)
At end of year	1,131	2,556	91	686	4,464
Net book value					
At 30 April 2022	336	189	6	23	554
At 30 April 2021	423	330	16	41	810

12 Investment properties

Group	Investment properties and commercial properties £000
Cost or valuation	
At beginning of year	71,763
Additions	12
Disposals	(124)
Net gain from fair value adjustment	1,347
At end of year	72,998
Depreciation	
At beginning of year	37
Charge for year	1
At end of year	38
Net book value	
At 30 April 2022	72,960
At 30 April 2021	71,726

Revaluation

Private rental investment properties are valued by third parties every year. The last valuation was carried out on the 30 April 2022. Other investment properties and commercial properties valuations are assessed annually using third party market and rental data.

Notes (continued)

13 Fixed asset investments

Group	Investments in Joint Ventures £000	Other investments £000	Total £000
Cost			
At beginning of year	1,892	6,890	8,782
Additions	-	3,078	3,078
Reduction in capital	-	(1,235)	(1,235)
Revaluation of investment	-	800	800
At end of year	1,892	9,533	11,425
Share of post-acquisition reserves			
At beginning of year	1,114	-	1,114
Retained profits less losses	710	-	710
Dividend received	(1,000)	-	(1,000)
At end of year	824	-	824
Net book value			
At 30 April 2022	2,716	9,533	12,249
At 30 April 2021	3,006	6,890	9,896

13 Fixed Asset investment (continued)

Joint ventures which represent a holding greater than 20% are as follows:

Name	Country of registration	Principal activity	Class and percentage of shares held
Joint ventures			
City Legacy Limited* Registered office: 3rd Floor, George House, 50 George Square, Glasgow G2 1EH	Scotland	Property development	Ordinary shares – 25%
Shawfair LLP* Registered office: 27 Silvermills Court, Henderson Place Lane, Edinburgh EH3 5DG	Scotland	Property development	50% capital contribution
MMMARS Dundas Limited* Registered office: 19a Rutland Square, Edinburgh EH1 2BB	Scotland	Property development	Ordinary shares – 32.7%
* Shareholding held through an intermediate company			
Investments held in Subsidiary Company		2022 £000	2021 £000
At start and end of year		430	430

Name	Country of registration	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Mactaggart & Mickel Homes Limited	Scotland**	Property development	Ordinary shares – 100%
Mickel Products Limited*	Scotland**	Non trading company	Ordinary shares – 100%
Mactaggart & Mickel International Limited*	Scotland**	Property Investment	Ordinary shares – 100%
Mactaggart & Mickel Timber Systems Limited	Scotland**	Timber frame kit manufacturer	Ordinary shares – 100%
Mactaggart & Mickel Lettings Limited*	Scotland**	Residential letting	Ordinary shares – 100%
Mactaggart & Mickel East Craigs Commercial Limited*	Scotland**	Non trading company	Ordinary shares – 100%
Mactaggart & Mickel Greenan Commercial Limited*	Scotland**	Non trading company	Ordinary shares – 100%
Mactaggart & Mickel Limited*	Scotland**	Dormant	Ordinary shares – 100%
Carrongrove NHT 2011 LLP*	Scotland**	Non trading company	100% capital contribution
Mactaggart & Mickel Commercial Developments Limited	Scotland**	Commercial letting	Ordinary shares – 100%
Mactaggart & Mickel Anniesland Commercial Limited*	Scotland**	Investment	Ordinary shares – 100%
Mactaggart & Mickel Anniesland LLP*	Scotland**	Commercial letting	100% capital contribution
Mactaggart & Mickel Airdrie Commercial Limited*	Scotland**	Non trading company	Ordinary shares – 100%
Mactaggart & Mickel Dalkeith Commercial Limited*	Scotland**	Non trading company	Ordinary shares – 100%
Mactaggart & Mickel Homes England Limited	England***	Property development	Ordinary shares – 100%
Mactaggart & Mickel Investments Limited	England***	Investment	Ordinary shares – 100%
Millerhill Estates Limited*	Scotland**	Property development	Ordinary shares – 100%

* Shareholding held through an intermediate company

** Registered Office, 1Atlantic Quay, 1 Robertson Street, Glasgow G2 8JB

*** Registered Office, 4th Floor East, Cheltenham House, Clarence Street, Cheltenham GL50 3JR

Notes (continued)

14 Joint arrangements

The Group owns 50% of the ordinary share capital of the two companies set out below. The Group's investment in these companies is treated as an interest in a joint arrangement that is not an entity and therefore the financial statements of Mactaggart & Mickel Group Limited include its share of the assets and liabilities of these joint arrangements on a line by line basis. Ground held under the joint arrangement is included under stocks (note 15).

Name	Country of registration	Principal activity	Class and percentage of shares held
Harelaw Estates Limited*	Scotland	Land ownership	Ordinary shares – 50%
Longthorn Farms Limited*	Scotland	Land ownership	Ordinary shares – 50%

* Shareholding held through an intermediate company

All of these companies have Registered Office at 1 Atlantic Quay, 1 Roberson Street, Glasgow G2 8JB

15 Stocks

Group	2022 £000	2021 £000
Raw materials and consumables	296	240
Ground	32,915	52,518
Ground held under joint arrangement (note 14)	1,073	1,073
Work in progress	43,213	44,730
	77,497	98,561

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £43,793,000 (2021: £52,742,000).

The total carrying amount of stocks pledged by the Group as security for liabilities in the year amounted to £5,000,000 (2021: £5,000,000).

16 Debtors

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Major Ownership Scheme	241	–	159	–
Other debtors	5,140	6	4,968	13
Trade debtors	650	–	44	–
Construction contract debtors	729	–	2,020	–
Prepayments and accrued income	1,067	386	1,195	–
Amounts due from subsidiary undertakings	–	2,508	–	3,780
Deferred tax (see note 21)	–	649	498	118
Corporation Tax	33	–	2,254	–
	7,860	3,549	11,138	3,911
Due within one year	3,098	3,404	6,364	3,911
Due after more than one year				
Major Ownership Scheme	241	–	159	–
Other debtors	4,521	–	4,615	–
Prepayments and accrued income	–	145	–	–
	4,762	145	4,774	–
	7,860	3,549	11,138	3,911

Debtors include land sale debtors of £468,000 (2021: £nil).

Notes (continued)

17 Cash at bank and in hand

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Cash at bank and in hand	15,448	15,018	66	-

18 Creditors: amounts falling due within one year

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Bank loans and overdraft	-	-	1,739	182
Trade creditors	8,794	-	7,162	-
Other creditors including taxation and social security	784	101	710	80
Amounts due to subsidiary undertakings	-	9,129	-	-
Accruals and deferred income	6,622	1,300	3,147	109
Bank borrowings	-	-	11,748	-
	16,200	10,530	24,506	371

The Group has granted, in favour of the bank, a fixed security over a group of rental properties. The fixed security is ranked as first charge while the bond and floating charge (for Mactaggart & Mickel Group Limited company only) is ranked as second charge. The Group has also granted, in favour of the Group's defined benefit pension scheme Mactaggart & Mickel Limited Retirement Benefits Scheme, a fixed security over several rental properties.

19 Creditors: amounts falling due after more than one year

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Group				
Bank borrowings	5,000	5,000	-	-

20 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

Group	2022 £000	2021 £000
Creditors due less than one year		
Secured bank borrowings	-	11,748
Creditors due more than one year		
Secured bank borrowings	5,000	-
	5,000	11,748

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2022 £000	2021 £000
Secured bank borrowings	GBP	LIBOR + 1.65%	2021	At maturity	-	11,748
	GBP	SONIA - 5NCCR LAG +1.80%	2024	At maturity	5,000	-
					5,000	11,748

21 Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Accelerated capital allowances	-	-	39	55	39	55
Investment property and other Investments	-	-	3,648	3,221	3,648	3,221
Losses	(866)	(457)	-	-	(866)	(457)
Employee benefits	(2,249)	(3,317)	-	-	(2,249)	(3,317)
Net tax (assets)/liabilities	(3,115)	(3,774)	3,687	3,276	572	(498)

22 Contingent liabilities

Group	2022 £000	2021 £000
Road bonds and land guarantees	7,350	6,569

Included within the above figure is an amount of £3,597,404 (2021: £2,964,326) for which the Group has undertaken to maintain bank facilities of a similar amount.

Notes (continued)

23 Commitments

Non-cancellable operating lease rentals are payable as follows:

Group	2022 £000	2021 £000
Within one year	492	573
Between one and five years	1,323	1,581
Over five years	56	155
	1,871	2,309

During the year £573,000 was recognised as an expense in the profit and loss account in respect of operating leases (2021: £593,000).

Leases as lessor

The investment properties are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

Group	2022 £000	2021 £000
Within one year	84	128
Between one and five years	256	371
Over five years	255	368
	595	867

There were no annual commitments within the Company.

24 Employee Benefits

Defined benefit scheme

The Company operates the Mactaggart & Mickel Limited Retirement Benefits Scheme, a defined benefit scheme providing benefits based on final pensionable pay. The latest formal triennial review of the Mactaggart & Mickel Limited Retirement Benefits Scheme has been carried out by independent actuaries, XPS Pensions Group, the effective date of the valuation being 1 January 2020.

<i>Net pension liability</i>	2022 £000	2021 £000
Defined benefit obligation	(42,452)	(47,606)
Plan assets	30,612	30,147
Net pension liability	(11,840)	(17,459)

<i>Movements in present value of defined benefit obligation</i>	2022 £000
At 1 May	47,606
Current service cost	1,112
Interest cost	946
Contributions by members	158
Actuarial gain	(6,623)
Benefits paid	(647)
Past service cost	(100)
At 30 April	42,452

<i>Movements in fair value of plan assets</i>	2022 £000
At 1 May	30,147
Interest income	618
Remeasurement: return on plan assets less interest income	(1,707)
Contributions by employer	2,143
Contributions by members	158
Benefits paid	(647)
Scheme administrative cost	(100)
At 30 April	30,612

As agreed by the members, the scheme facilitates payment of any annual allowance tax charge due by members and the Trustees are able to reduce the benefits due to members for these amounts accordingly. This is shown above as a past service credit of £100k.

Notes (continued)

24 Employee Benefits (continued)

Defined Benefit Scheme (continued)

Expense recognised in the profit and loss account

	2022 £000	2021 £000
Service cost – including current service costs, past service costs and settlements	1,012	741
Service cost – administrative cost	100	99
Net interest on defined benefit liability	328	290
Total expense recognised in profit or loss	1,440	1,130

The fair value of the plan assets and the return on those assets were as follows:

	2022 Fair value £000	2021 Fair value £000
Multi asset fund	23,822	22,184
Fixed interest gilt	4,477	5,123
Cash	2,313	2,840
	30,612	30,147
Actual return on plan assets	(1,089)	2,972

The above amounts do not include the entity's own financial instruments and property occupied, or other assets used by the reporting entity.

24 Employee Benefits (continued)

	2022 %	2021 %
Discount rate	3.00	2.00
Rate of increase in salaries (pa) – pre 2030	3.30	3.00
Rate of increase in salaries (pa) – post 2030	3.60	3.30
Members who joined before 2004:		
– Pre 1/1/03 accrued benefits pre 2030 (LPI 5%; minimum 4%)	4.15	4.10
– Pre 1/1/03 accrued benefits – post 2030 (LPI 5%; minimum 4%)	4.10	4.10
– Post 31/12/02 accrued benefits – pre 2030 (LPI 8%)	3.30	3.00
– Post 31/12/02 accrued benefits – post 2030 (LPI 8%)	3.10	2.80
Members who joined after 2004:		
– All accrued benefits – pre 2030 (LPI 5%)	3.25	3.00
– All accrued benefits – post 2030 (LPI 5%)	3.05	2.80
Inflation (RPI) – pre 2030	3.30	3.00
Inflation (RPI) – post 2030	3.10	2.80
Inflation (CPI) – pre 2030	2.80	2.50
Inflation (CPI) – post 2030	3.10	2.80

In valuing the liabilities of the pension fund at 30 April 2022, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 60-year old to live for a number of years as follows:

- Current pensioner aged 60: male – 26.4 years; female – 29.0 years
- Future retiree upon reaching 60: male – 27.5 years; female – 30.2 years

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £326,000 (2021: £298,000).

Information about the characteristics of the Scheme

The Scheme provides pensions in retirement to members. Pension benefits are linked to a member's final salary at retirement and their length of service.

The Scheme is a registered scheme under UK legislation and is subject to the scheme funding requirements.

The Scheme was established from 23 December 1949 under trust and is governed by the Scheme's trust deed and rules dated 13 September 2001.

The Trustees are responsible for the operation and the governance of the Scheme, including making decisions regarding the Scheme's funding and investment strategy in conjunction with the Company.

Information about the risks of the Scheme to the Company

The Scheme exposes the Company to actuarial risks such as: market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk.

The Scheme does not expose the Company to any unusual Scheme-specific or Company-specific risks.

Notes (continued)

24 Employee Benefits (continued)

Information about the valuation of the defined benefit obligation at the accounting date

The latest formal triennial review of the Mactaggart & Mickel Limited Retirement Benefits Scheme has been carried out by independent actuaries and latest actuarial valuation is rolled forward by XPS Pensions Group, the effective date of the valuation being 1 January 2020.

The liabilities at the reporting date have been calculated by updating the results of this actuarial valuation of the Scheme for the assumptions as detailed in these disclosures. Allowance has been made for expected mortality over the period, as well as actual movement in financial conditions since the valuation date.

Such an approach is normal for the purposes of accounting disclosures. It is not expected that these projects will be materially different from a summation of individual calculations at the accounting date, although there may be some discrepancy between the actual liabilities for the Scheme at the accounting date and those included in the disclosures.

Information about the most recent actuarial valuation and expected future cashflows to and from the Scheme

The valuation as at 1 January 2020 revealed a funding deficit of £16,129,000. In the Recovery Plan dated 25 March 2021 the Company agreed to pay contributions of £1,200,000 with the view to eliminating the shortfall by 31 December 2034.

In addition, the Company is expected to meet the cost of administrative expenses and insurance premiums for the Scheme.

The company also pays contributions of 41.8% per annum of pensionable salaries to meet the cost of future accrual of benefits for active members of the Scheme, in line with the schedule of contributions dated 25 March 2021. In accordance with the Schedule of Contributions dated 25 March 2021 the Company is expected to pay contributions of £1,200,000 in respect of the shortfall over the next accounting period. The contributions paid by the Company are reviewed every 3 years as part of the formal actuarial valuation. The Scheme's last actuarial valuation was on 1 January 2020.

The liabilities of the Scheme are based on the current value of expected benefit payment cashflows to members approximately over the next 80 years. The average duration of the liabilities is approximately 20 years.

The Scheme's investment strategy

The Scheme's investment strategy is to invest broadly 80% in return seeking assets and 20% in matching assets. This strategy reflects the Schemes' liability profile and the Trustees' and Company's attitude to risk.

The Scheme's investments include interest rate and inflation hedging.

The Scheme does not hold ordinary shares issued or property occupied by the Company.

The growth assets held are expected to provide protection over inflation in the long term. Note that the Scheme hedges interest rate risk on a statutory and long-term funding basis (gilts) whereas AA corporate bonds are implicit in the FRS102 discount rate and so there is some mismatching risks to the Company should yields on gilts and corporate bonds diverge. The Scheme's exposure to corporate bonds mitigates the risk to some extent.

The Scheme does not directly hold any financial derivatives but invests in the funds which hold the derivatives required to hedge the Scheme's interest rate, inflation and currency risks. The main risks associated with the financial derivatives include: losses may exceed the initial margin, counterparty risk, and liquidity risk. These risks are managed by the monitoring of investment managers to ensure they have reasonable levels of market exposure relative to initial margin and positions are fully collateralised on a daily basis with secure cash of gilts collateral.

25 Capital and reserves

Share capital

	Group and Company	
	2022 £000	2021 £000
Allotted, called up and fully paid		
137,250 A ordinary shares of £1 each	137	137
182,000 B ordinary shares of £1 each	182	182
90,600 C ordinary shares of £1 each	91	91
20,000 D ordinary shares of £1 each	20	20
	430	430

The A, B, C and D ordinary £1 shares rank pari passu on all material matters such as dividends, capital distributions and voting rights.

26 Related Party Transactions

Group

Identity of related parties with which the Group has transacted

As a member of Mactaggart & Mickel Group, the Group is exempt from the requirements of FRS102.33 to disclose transactions with other members of the Group headed by Mactaggart & Mickel Group Limited. Transactions with other related parties are summarised below:

At year end amounts due from Shawfair LLP, a joint venture undertaking of the Group amounted to £nil (2021: £nil) and amounts due to the joint venture undertaking amounted to £2,200,000 (2021: £1,530,000).

During the year, the Group earned an administrative fee in the normal course of business from Bavent Road Management Company of £450 per annum plus 10% of cleaning and some repair work carried out. This is recharged to the company. The Group also pays a service charge for the management of 2 properties which we receive rental income from. The Group has significant influence through voting rights.

The aggregate of emoluments and amounts receivable to key management personnel for the year amounted to £3,336,623 (2021: £2,564,189).

Company

Identity of related parties with which the Company has transacted

As a member of Mactaggart & Mickel Group, the company is exempt from the requirements of FRS102.33 to disclose transactions with other members of the Group headed by Mactaggart & Mickel Group Limited. There were no transactions with other related parties.

27 Financial Instruments

27 (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2022 Group £000	2022 Company £000	2021 Group £000	2021 Company £000
Assets measured at fair value through profit or loss				
— Investment property	72,960	–	71,726	–
— MOS debtors	241	–	159	–
Assets measured at amortised cost				
— Trade and other receivables	7,619	2,900	10,481	3,793
Liabilities measured at amortised cost				
— Trade and other creditors	16,200	10,530	22,767	189
— Cash and cash equivalents	10,448	10,018	1,673	182

Notes (continued)

27 Financial Instruments (continued)

27 (b) Financial instruments measured at fair value

The fair value of investment properties are measured based on valuation by external third parties. Any gains or losses arising from the change in fair value are recognised in the profit and loss account.

The fair value of MOS debtors are measured based on the present value of expected future cash flows taking into account a number of factors, including the expected market value of the property at the time of the loan repayment, the likely date of repayments and the default rates. Any gains or losses arising from the change in fair value are recognised in the profit and loss account.

28 Accounting Estimates & Judgements

Key sources of uncertainty

The Group makes estimates and assumptions concerning the future. The resulting estimate will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Defined benefit pension obligation

Determining the present value of the defined benefit obligation requires the use of a number of actuarial assumptions. Details of the principal actuarial assumptions adopted are disclosed in note 24.

Carrying value of WIP

Inventories of land and development work in progress are stated at the lower of cost or net realisable value. The Group allocates site wide development costs such as infrastructure between units being built and/ or completed in the current year and those in future years. This estimate is reflected in the margin recognised on developments and in the carrying value of land and work in progress. Whilst there is a degree of uncertainty in making this estimate, reviews are carried out monthly on the carrying value of stock.

Fair value of investment properties

In determining the fair value of investment property, the Group uses the market value for existing use as provided by external third parties. The valuation of heritable property is inherently difficult due to the individual nature and circumstances of each property. The Directors are of the opinion that the investment property is being held at fair value at £72,960,000.

Private Equity Investments

Within the private equity investments portfolio there are different categories of investment funds which are valued accordingly. Pooled fund valuations are valued quarterly by fund managers following industry guidelines. Co investment valuations are performed bi-annually by fund managers in line with industry guidelines. Direct investments are valued against their most recent share issue. This type of investment requires a degree of judgement by the Group.

29 Analysis of changes in net debt

	At May 2021	Cashflows	Other non-cash changes	At 30 April 2022
Cash and cash equivalents				
Cash	66	15,382	-	15,448
Overdrafts	(1,739)	1,739	-	-
	(1,673)	17,121	-	15,448
Borrowings				
Debt due within one year	(11,748)	-	11,748	-
Debt due after one year	-	-	(5,000)	(5,000)
	(11,748)	-	6,748	(5,000)

30 Post Balance Sheet Event

On the 11th July 2022 the Group transferred the Scottish housebuilding assets and the Timber System assets to Springfield Properties plc for over £46m. This included the transfer of 113 employees and 6 live sites across Scotland's central belt with a future 9 private and affordable sites. This deal represented a strategic alliance with Springfield in which Springfield will deliver homes on these sites under the Mactaggart & Mickel brand over the coming years, while there also remains a strategic land partnership.

