Stewart Milne Group Limited

Annual report and financial statements
Registered number SC057709
31 October 2021

STEWART
Milne
GROUP

Contents

Strategic Report

Business Review

The directors present the Strategic Report for the year ended 31 October 2021.

Despite the ongoing challenges presented by the continuation of the COVID pandemic, the group's results for the period to 31 October 2021 show a strong recovery with significant improvements in performance reported in all trading divisions of the business. The lockdowns experienced across the country in 2020 and reduced opportunity for consumer spending in sectors such as retail, travel and hospitality, have resulted in increased demand for the quality family homes offered by the Stewart Milne Group and have also driven an increase in demand for timber kit solutions which the business sells to other housebuilders. However, the ongoing impact of the pandemic has had a major impact on availability of both physical and human resources during the period being reported and the group has worked effectively with its suppliers and subcontractors to optimise delivery despite unprecedented challenges in our supply chain. During the year, the Group performed a complete re-design of its entire housing range to ensure that our product not only meets the changing needs of today's home buyers but could also be delivered as efficiently and cost effectively as possible. The result of this introduction, underpinned by strong market demand in all of our core operating markets means that the Group's margins in the year to 31 October 2021 are higher than in the reporting year prior to the first COVID outbreak.

The positive conditions described above therefore resulted in an increase in turnover to £306m up from £270m in the previous 12 months. Gross margins, before exceptional items, increased from 13% in the prior year to 16% in the current reporting year which demonstrates how despite the challenges posed by scarce resources and significant cost inflation, increased sales prices for our homes combined with more efficient designs and operational delivery have resulted in higher profitability. Our operating profit before exceptional items therefore increased significantly to £13.5m up from £0.8m in the previous 12 months.

Following on from our strategic review of our operations in 2020 and in 2021, the Board of Directors decided that the Group would focus on becoming a dedicated housebuilder and took a decision to sell its long standing Timber Systems division to allow us to focus on our housebuilding business. Although the sale concluded in December 2021, we have incurred some preliminary costs and an associated refinancing exercise in our exceptional costs for the year to 31 October 2021. Total exceptional costs for the year were £8.7m which represents a significant reduction from the £59.2m exceptional costs reported in the prior year.

In 2020, we posted an exceptional impairment of £43m in the value of our land bank, all of which was related to sites in North Scotland which had been acquired prior to 2015. There can be no doubt that the Group's performance in recent years had been negatively impacted by the sustained challenging conditions in North East Scotland brought about by the downturn in the global oil and gas sector. However, after a five year period in which average sales prices in Aberdeen fell by over 30%, in the year to 31 October 2021, the Aberdeen market has experienced a return to house price growth and we have seen renewed demand for homes in and around the city. Market sentiment in the North East of Scotland is more positive than it has been for many years and we continue to review opportunities as the local economy expands.

In the two years up to 31 October 2020, the Group reported a total impairment £71m in its land bank of which £43m was in 2020, all of which related to assets either acquired prior to 2008 or acquired in the North East of Scotland prior to 2015. No major impairments of land assets are anticipated going forward and 2021 included £1m in line with standard accounting requirements. Improved market conditions in Aberdeen and its hinterland combined with the Group's significant strategic land options held in the region, mean that the Group is well positioned to capitalise on further improvements to the housing market in the North East of Scotland.

Net interest and financing charges were £12.9m for the year, compared with £13.1m in the prior year.

This resulted in an overall loss (taking into account interest and exceptional items of £8.7m) of £8.0m. This compares to a comparable loss of £71.5m for the twelve months up to 31 October 2020.

Strategic Report *(continued)*

Business Review *(continued)*

Homes

Turnover in the year to 31 October 2021 from housebuilding was £209m, which represents an increase of £16m, from £193m for the year to 31 October 2020. Unit numbers decreased from 836 in the year to 31 October 2020 to 828 in the year to 31 October 2021 but note that private units increased by 11% to 668 (FY20 601). Also, as mentioned, despite the supply chain challenges widely experienced across the UK housing sector, we successfully managed to improve trading margins through a combination of increased selling prices and cost efficiencies driven by our new housing range.

Customer demand in both North West England and Central Scotland continued the positive trends of recent years while we saw an upturn in both demand and pricing growth in North East Scotland following a five year period of year on year sales price decline in the region. During the year, we invested in a number of new sites and our current forward sales position is the strongest we have seen in many years. For this reason, we are confident of future growth in our Homes business in the current 2022 financial year.

Timber Systems

Although the ongoing COVID pandemic undoubtedly impacted on our business during 2021, the business was not subjected to the same enforced factory closures which suppressed capacity in 2020. Turnover (including intercompany sales) for the 12 months to 31 October 2021 increased to £94m which compares to a prior year turnover to 31 October 2020 of £65m. This represents an element of catch up on delayed orders from the prior financial year but also the increased trend of UK housebuilders recognising the benefits of Modern Methods of Construction (MMC) and the value of working with the undisputed market leader in the UK.

Over a period of over 40 years, the Group has continued to innovate and develop partnerships with key UK housebuilding customers to build the positioning in the market that our Timber Systems business has come to enjoy. The Board decided to realise the value created in this business by pursuing a sale of the business during the financial year ended 31 October 2021 a process which concluded with the successful sale of the business to the James Donaldson Group in December 2021. We are confident that the Timber Systems business will continue to thrive and grow under its new ownership and we have agreed an ongoing strategic partnership with the business and its new owners which will safeguard our delivery of new homes for years to come.

Key Performance Indicators

The directors consider the following to be the best indicators of performance of the Group:

	31 October 2021	**31 October 2020**
Turnover	£305.5m	£269.7m
Gross margin before exceptional items	16%	13%
Operating profit before exceptional items	£13.5m	£0.8m
Exceptional items within operating profit	(£7.0m)	(£59.2m)
Operating profit/(loss)	£6.5m	(£58.4m)
Profit/(loss) before tax before exceptional items	£0.6m	(£12.3m)
Exceptional items (note 4 to the financial statements)	(£8.7m)	(£59.2m)
Loss before tax	(£8.0m)	(£71.5m)
Units Sold	828	836
- Private	668	601
- Affordable	160	235

Strategic Report *(continued)*

Principal Risks and Uncertainties

The Group's financial and operational performance is subject to a number of risks and as a result, Board seeks to ensure that appropriate processes are put in place to manage, monitor and mitigate these risks. The Group recognises that the management of risk is fundamental to achievement of its targets. As such, all tiers of management are involved in this process. The key business risks affecting the Group are:

- **Covid Impact**

For the second consecutive year, our operations were clearly impacted by the Covid pandemic as noted earlier in both our Scottish and English markets. The Group continued to respond quickly and pro-actively to the threat of the virus and maintained appropriate Health and Safety measures for its employees, sub-contractors and customers. While, the market has clearly rebounded strongly with our portfolio of suburban and rural homes being much sought after by customers, we continue to experience challenges in the availability of both materials and human resources which place pressure on our supply chain. As a business, we continue to identify strategies and mitigations to counteract these challenges.

- **Market**

The principal risk is a reduction in sales volumes in response to the macroeconomic environment including any Covid impact, inflation, cost of living and including the availability of mortgage finance for house purchases. We have in place a number of measures to manage this risk including strengthening the sales teams and a weekly review of key trading indicators such as reservations, sales rates, visitor levels, levels of incentives and competitor activity. We operate in three separate housing markets which mitigates the risk of economic factors affecting one market sector.

- **Liquidity**

The ability of the Group to ensure that it has sufficient borrowing facilities in place is fundamental to its activities, details of which are contained in Note 17 to these Financial Statements. In order to ensure this remains the case, the Group has a comprehensive detailed regular forecasting process which allows us to proactively manage the adequacy of headroom within facilities and banking covenants.

Further details of the directors' assessment of going concern are set out in note 1 to the financial statements. This includes further discussion of the directors' forecasts and, if required, the mitigating actions which are available to the Group to ensure ongoing liquidity and compliance with bank covenants for a period of at least twelve months from the date of approval of these financial statements. Further details on the Group's banking facilities are set out below in the Financing section and in note 1 of the financial statements.

- **Land**

Securing sufficient land of appropriate size and quality is required to support profitable growth. Each land acquisition is subject to a formal appraisal and is required to achieve an appropriate hurdle rate of return. Planning expertise within the business is a key strength and maximises strategic land acquisition, which significantly reduces the need for market purchases.

- **Regulation**

The Housebuilding industry is subject to extensive and complex regulations and an increasingly stringent regulatory environment, including planning, technical and environmental requirements. The Group consults with the Government through industry bodies and highlights potential issues, has in-house technical and planning expertise and is actively engaged in a product development programme to ensure cost effective and proactive compliance with the regulations.

Strategic Report *(continued)*

Financing

Subsequent to the year-end, the company extended its existing bank facilities with Bank of Scotland to 30 April 2023. This facility will provide the necessary platform for the Group to seek a new buyer following the decision of the current principal shareholder to retire as communicated in April 2022. This facility allows us to continue to acquire additional sites which will allow the business to grow in future years. Note 1 to the financial statements includes further details in respect of the Group's financial forecasts, sale and refinancing and a related material uncertainty in respect of going concern.

Following the administration of Countesswells Development Limited in November 2022, the Group no longer consolidates the £86m loan which was subject to a guarantee by Her Majesty's Treasury. This loan has now been repaid in full by HMT to Bank of Scotland with no financial impact for the Group.

Consistent with the previous period, the Group also continued to utilise additional development financing from Homes England during the year which was used to fund the working capital requirements for new developments in North West England. The business had utilised development funding also from Building Scotland Fund which was repaid in full by 31 October 2021. Further details relating to this are included in note 17 to the financial statements.

People and Quality

Our business is supported by the quality and commitment of our people. The strong leadership teams across the Group are essential to delivering our plans and we acknowledge that our strategic objectives could not have been delivered without the dedication and support of our strong leadership teams and committed workforce. We continue to enhance our training and development offering in order that all employees can achieve their full potential and provide a platform for succession planning and continued improvement.

We recognise the importance of high quality modern apprenticeships and are a participant in the commission for developing Scotland's young workforce. We consider the Health and safety of our employees and contractors to be a key part of the Group's business and continue to roll out our "Choose Safe" Behavioural safety programme to all group employees.

Developments post reporting date

Countesswells Development Limited (CDL) a 100% owned subsidiary of the group, went into administration in November 2021. This special purposes vehicle was funded by a separate banking facility with Bank of Scotland which was subject to a guarantee by Her Majesty's Treasury (HMT). Since the date of the administration, the loan has been repaid in full by HMT and we anticipate no further liabilities for the Group in relation to CDL.

In December 2021, the Group concluded the sale of its long-standing Timber Systems division to the Donaldson Group. The impact of this disposal on the pro forma Balance Sheet is shown on the following page and returns the Group to a positive net asset position.

Using the disposal proceeds, subsequent to the year-end, in December 2021, the business has repaid £61m of its debt facility to the Bank of Scotland and now has a debt facility of £114m.

In April 2022, the Chairman and principal shareholder of the business, Stewart Milne, announced his decision to retire from the business and as a result, the Board of Directors have decided that it is in the best interest of the business to pursue a sale of the Group. The Group has extended its banking facilities with Bank of Scotland until 30 April 2023 to facilitate this sale process.

Strategic Report *(continued)*

Developments post reporting date *(continued)*

As noted above, the Group disposed of Stewart Milne Timber Systems Limited in December 2021 and Countesswells Development Limited was placed into administration in November 2021. The group also secured an extension to its existing banking facility to April 2023. To indicate the significant effect of these subsequent events on the Group's consolidated balance sheet, a pro-forma balance sheet is presented as if the transactions had occurred on 31 October 2021:

	31 October 2021 As reported £000	Disposal of Stewart Milne Timber Systems Limited	Countesswells Development in administration	Pro-forma balance sheet (unaudited) £000
Fixed assets	10,284	(6,716)	(101)	3,467
Current assets	290,270	(31,683)	(91,298)	167,289
Creditors: amounts falling due within one year	(271,798)	87,971	16,945	(166,882)
Net current assets	18,472	56,288	(74,353)	407
Total assets less current liabilities	28,756	49,572	(74,454)	3,875
Creditors: amounts falling due after more than one year	(90,141)	308	86,000	(3,833)
Net Assets/(Liabilities)	(61,385)	49,880	11,546	41
Shareholders' (deficit) / funds	(61,385)	49,880	11,546	41

Countesswells Development Limited was placed into administration in November 2021, the above pro-forma balance sheet highlights the impact this has on the Group, in particular, with a £90m movement in stock and reduction of £86m to the group net debt.

Stewart Milne Timber Systems Limited was sold in December 2021 for gross sale proceeds of £66.3m. The pro-forma post balance sheet highlights the net impact of the sale after deducting the net assets of the company and sale fees.

Overall, adjusting for the disposal of the Timber Systems Ltd business in December 2021 and Countesswells Development Limited being placed into administration in November 2021, the impact, on a pro forma balance sheet basis, is that the Group moves to a positive net asset position.

Strategic Report *(continued)*

Directors' Statement of Compliance with Duty to Promote the Success of the Company

The Directors must act in a way that they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole in accordance with section 172 of the UK Companies Act 2006. In doing so, have regard to matters such as, but not limited to:-

a) The likely consequences of long term decisions

The Directors continue to take a long term view on the business, continuously analysing market conditions and seeking diversification opportunities when and where they arise in order to strengthen the business portfolio.

b) The interests of the company's employees

The Group and company prides itself on having a highly skilled, motivated workforce working in an industry where safety is paramount. Employees are subject to annual reviews where employees have the opportunity to give feedback as well as to receive feedback.

The company operates a Defined Contribution Pension Scheme.

c) Business relationships with suppliers, customers and others

The Group and company's relationships with customers and suppliers are significant in maintaining the high standards with regards to quality and safety. The directors also consider the views and interests of other stakeholders relating to the Group and company's business, including its principal funding partners and other government agencies and regulators.

d) Impact of the Group and company's operations on the community and the environment

The Directors have available information and data relating to all aspects of the business, to enable it to understand the company's operations and the interests and views of the key stakeholders, including the local community and environment.

The Group and company has undertaken various energy efficiency measures to contribute to emission reduction initiatives.

e) Desirability of the company's maintaining a reputation for high standards of business conduct

The Directors continue to review quality and safety in the workplace and ensure compliance with all main regulatory requirements and also in light of the Covid pandemic, all local Government legislation and requirements.

f) The need to act fairly between members of the company

The board of directors participate in monthly board meetings frequently during which operational matters, strategy, business risks and legal and regulatory matters are discussed. These meetings enable the directors to keep abreast of the Group and Company's operations and ongoing engagement with their stakeholders.

In addition, key board directors also attend monthly reviews with the divisional management teams.

Directors will engage (either individually or together) directly with some of the stakeholders on certain issues. Other times, engagement will be at an operational level, but always under the direction and supervision of the board of directors.

Strategic Report *(continued)*

Energy usage and carbon emissions

Stewart Milne Group energy use includes purchased electricity, gas and fuel for company transport and was collated by gathering information from the relevant group divisions and suppliers. Meter readings were predominantly used for gas and electricity and fuel data was gathered from mileage data and fuel spend. Where actual data was not readily available, estimates have been used. All subsidiaries energy usage is included within our figures.

The reporting followed the guidance in the document Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance. The conversion factors used to calculate the emissions are those published in UK government GHG Conversion Factors for Company Reporting Standard Set Version 2.0 for the year 2021.

The following table details the emissions by category for the current year and prior year.

	2021 kWh	2020 kWh	2021 tCO^2e	2020 tCO^2e
Gas – Scope 1	3,276,840	3,014,328	600	554
Fuel/Transport – Scope 1	7,646,873	5,783,599	1,998	1,452
Electricity – Scope 2	3,148,558	3,233,784	669	754
Transport – Scope 3	761,578	852,769	194	211
	14,833,849	**12,884,480**	**3,461**	**2,971**
Intensity ratio (tCO^2e per £m turnover)			**11**	**11**

The increase in energy usage and emissions reflects lower activity in 2020 as a result of COVID restrictions.

Please note, kWhs reported for gas and electricity are shown on a gross calorific basis and transport is shown on a net calorific basis.

Stewart Milne Homes/Group

Our sustainability strategy has been introduced to the business with formal governance regime and annual KPIs evolving. We have appointed a fulltime sustainability director to drive change. There are ten core sustainability pillars. The business will join Next Generation, the recognised housing sector Sustainability Benchmarking accreditation, to share best practises, foster change and compare performance. One of our strategies is to reduce fossil fuel energy consumption arising from our offices, site cabins and sales centres. This includes efficiency measures, reducing demand and the conversion towards renewable low carbon energy sources over time.

Across the group, there are numerous projects already underway to reduce energy efficiency of the business going forward. These include considering introducing LED lights in offices and exploring the use of PV solar panels in our site cabins & main offices with the building owners, in addition we are investigating ways to reduce reliance on diesel used on site for plant and power generation. In the period, we started to investigate the transition to low carbon renewable energy tariffs, from our existing energy suppliers. We implemented EV charging on some of our office locations, and plan to increase this over time. We also increased the range of EV cars available on the company car list and actively promote these to staff. In addition, we are members of cycle to work scheme, promoted through our employment benefits scheme. The COVID 19 pandemic introduced immediate working from home practises, leading to increased IT investment to facilitate home working, reducing the emissions associated from commuting to work and energy used to heat/light offices. In recent months, new employee working has been implemented to support flexible working, with 2 days office and 3 days home working now agreed, reducing staff commuting emissions.

For the homes and communities, we create we have incorporated PV solar panels, to generate low carbon power for self-consumption by our home purchasers or export to the grid, to aid the decarbonisation of the grid. In addition, all homes we build utilise high performance timber based building fabric specifications, that reduce heating demand and embrace low embodied carbon material such as timber. Through our innovation projects we have undertaken embodied carbon studies or materials used in homes to inform future strategies and evaluated short-medium and long term regulatory compliance changes to move towards NZC homes on all our developments.

Strategic Report *(continued)*

Energy usage and carbon emissions *(continued)*

Alongside this, we have increased our level of community engagement and ensured our developments have as much green space as is viable, as well as enhancing existing development features, to move toward biodiversity net gain outcome for land assets to be developed under our control. Another focus of our sustainability strategy is to reduce our transportation emissions from site deliveries, embracing MMC (modern Methods of Construction), using premanufactured offsite building systems and components on all our development sites. All timber based materials are sustainably and ethically sourced, with a formalised procurement and ethics policy in place. We are planning to extend this policy for all materials. In addition, we have implemented waste reduction strategy on site, to segregate and reduce the volume of waste away skips/costs, with each site operating under a waste improvement plan, championed, and monitored through our Group HSEQ team. Work is ongoing looking a material commodity such as timber, plasterboard, and single use plastic packaging to reduce, and recycle waste wherever possible

Stewart Milne Timber Systems

During the year, SMTS developed and launched their own specific Sustainability Strategy to suit their business needs as the UK's leading timber MMC supplier. Major achievements included, one of the factories installed a new energy efficient heating system, all offices/factories were converted to LED lighting, all factories operate at zero waste to landfill, with 100% recycled or reused factory waste. At Witney EV charging stations were introduced to allow free EV charging for staff, new more energy efficient factory machinery was purchased to replace aging inefficient equipment and a procurement plan implemented to phase our diesel fuelled forklifts and phase in, all electric powered forklifts to all factories as part of ongoing forklift renewal contract in the years ahead. In addition, at Witney factory, studies were completed with SNRG energy and the building owner, to develop a proposal for 900 kWp roof top PV array (circa 2000 PV panels) to self-generate and store electricity, as part of transition towards NZC operating business.

Conclusion

Although COVID continues to present challenges across the UK housing sector, Stewart Milne Group has seen unprecedented demand for its quality family homes and has reported its best trading results for many years. We have continued to react positively and constructively to the challenges presented by the pandemic and have seen high levels of customer interest in our new "Villages" housing range. Our new homes have been designed to meet changing customer needs and to accommodate requirements such as increased home working while being more efficient and cost effective to build. This means that despite a significant increase in input costs, the business has also managed to increase Gross Margins in addition to growing turnover.

Following two years in which the business impaired over £70m of assets which had been acquired prior to the oil and gas sector downturn, the market for housing in North East Scotland has seen the start of a recovery in pricing and transaction levels which augers well for future trading. Following the disposal of the Timber Systems business in December 2021, the Group has returned to a positive net asset position and has made tangible strides in transforming its core homes product and operations. As the market conditions across its core housing markets remain highly positive, the Group has a strong forward sales position for the financial year currently underway with over 70% of this year's sale already secured.

Following the decision of the founder and principal shareholder to retire, the Directors have commenced a sale process to find a new buyer for the Stewart Milne Homes business. After a period of balance sheet restructuring, transformation in product and process and a renewed focus on our core activity – housebuilding, we believe the outlook for the business is highly encouraging and we look forward to working with new owners to drive further profitable growth.

On behalf of the board

RFP Park
Director

Peregrine House
Mosscroft Avenue
Westhill Business Park
Westhill, Aberdeen
AB32 6JQ
30 April 2022

Directors' Report

The directors present the Annual Report and financial statements for the year ended 31 October 2021.

Directors

The directors who held office during the year and at the date of this report were as follows:

S Milne
SA MacGregor
A Goodfellow (resigned 15 December 2021)
RFP Park
GC More
C Fenton
MJ Everett

The directors benefitted from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Engagement with Employees, Suppliers, Customers and Others

Relationships with stakeholders are of strategic importance to the company and these matters are therefore dealt with in the strategic report (under section 172 obligations).

The Group is committed to maintaining and improving the methods by which employees are informed, either through meetings with representatives or otherwise, on matters affecting their work and the progress of the Group. The Group is also committed to offering employment, training and career development to disabled persons with the appropriate skills and qualifications.

Dividends

No dividends were paid during the year (*2020: £nil*). The directors do not recommend the payment of a final dividend.

Financial instruments

Details of the Group's principal financial instruments, comprising bank loans and interest rate swap derivatives, are set out in notes 17 and 22 to the financial statements.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the period.

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 Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company'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.

On behalf of the board

RFP Park
Director

Peregrine House
Mosscroft Avenue
Westhill Business Park
Westhill, Aberdeen
AB32 6JQ

30 April 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 Group and parent Company 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.

Independent auditor's report to the members of Stewart Milne Group Limited

Opinion

We have audited the financial statements of Stewart Milne Group Limited ("the company") for the year ended 31 October 2021 which comprise the Consolidated Profit and Loss Account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, 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 31 October 2021 and of the group's loss 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.

Material uncertainty relating to going concern

We draw attention to note 1 to the financial statements which explains that subsequent to the year end the company's shareholder has commenced a sale process of the Group, as a going concern, and that the Group's £114.3m bank facilities will require refinancing before 30 April 2023. The timing and outcome of the sale process and the related refinancing are not certain. Note 1 also explains that the Group assumes that certain amounts owed by the Group to related parties will not be called for repayment. These conditions, along with the other matters explained in note 1, constitute a material uncertainty for the company that may cast significant doubt on the group and company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Going concern basis of preparation

The directors have prepared the financial statements on the going concern basis. As stated above, they have concluded that a material uncertainty related to going concern exists.

Our conclusion based on our financial statements audit work: we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 and the audit committee, and inspection of policy documentation, as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

Independent auditor's report to the members of Stewart Milne Group Limited (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

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, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, 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; and the risk that revenue earned from construction of affordable homes or land sales is overstated, through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included revenue entries made to unrelated accounts and cash journals posted to unusual or unexpected accounts.
- Agreeing, on a sample basis, revenue recognised from the construction of affordable homes and land sales to evidence of construction work done or legal completion, respectively.

Identifying and responding to risks of material misstatement related to 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 and other management (as required by auditing standards), and from inspection of Stewart Milne Group's regulatory and legal correspondence and discussed with the directors and other management 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 Company 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 Company 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, building regulation, employment law and certain aspects of company legislation recognising the nature of the Company's activities. 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.

Independent auditor's report to the members of Stewart Milne Group Limited (continued)

Fraud and breaches of laws and regulations – ability to detect (continued)

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

Owing to the inherent limitations 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 10, 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.

Independent auditor's report to the members of Stewart Milne Group Limited (continued)

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.

David Dey

David Derbyshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Marischal Square
Broad Street
Aberdeen
AB10 1DD

9 May 2022

Consolidated Profit and Loss Account
for the year ended 31 October 2021

	Note	**31 October 2021**	31 October 2020
		£000	£000
Turnover	*2*	**305,538**	269,670
Cost of sales		**(257,831)**	(279,387)
Gross profit/(loss)		**47,707**	(9,717)
Gross profit/(loss) is analysed between:			
Gross profit before exceptional items		**48,738**	35,244
Exceptional gross profit items	*4*	**(1,031)**	(44,961)
		47,707	(9,717)
Administrative expenses	*4*	**(37,513)**	(35,209)
Other operating expenses	*3,4*	**(5,981)**	(14,252)
Other operating income	*3*	**2,305**	744
Operating profit/(loss)		**6,518**	(58,434)
Operating profit/(loss) is analysed between:			
Operating profit before exceptional items		**13,530**	779
Exceptional operating items	*4*	**(7,012)**	(59,213)
		6,518	(58,434)
Amounts written off investments	*11*	**(1,677)**	-
Interest receivable and similar income		**24**	25
Interest payable and similar expenses	*7*	**(12,967)**	(13,135)
Loss before taxation		**(8,102)**	(71,544)
Loss before tax is analysed between:			
Profit/(loss) before tax before exceptional items		**587**	(12,331)
Exceptional items	*4*	**(8,689)**	(59,213)
		(8,102)	(71,544)
Tax on loss	*8*	**55**	1,343
Loss for the financial year		**(8,047)**	(70,201)

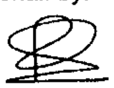
Consolidated Other Comprehensive Loss
for year ended 31 October 2021

	Note	**31 October 2021 £000**	31 October 2020 £000
Loss for the year		**(8,047)**	(70,201)
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges	22	**2,448**	(708)
Net change in fair value of cash flow hedges recycled to profit or loss	22	**656**	-
Deferred tax on other comprehensive (income)/loss	8	**(612)**	268
Other comprehensive income/(loss) for the year, net of tax		**2,492**	(440)
Total comprehensive loss for the year		**(5,555)**	(70,641)

Consolidated Balance Sheet
at 31 October 2021

	Note	**31 October 2021**		31 October 2020	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*9*		**1,620**		-
Tangible assets	*10*		**6,918**		2,606
Investments	*11*				
Investment in joint ventures		**8**		8	
Other investments		**1,738**		3,415	
			1,746		3,423
			10,284		6,029
Current assets					
Stocks	*12*	**228,984**		255,683	
Debtors due within one year	*13*	**37,295**		38,217	
Debtors due greater than one year	*13*	**16,289**		12,833	
Total debtors		**53,584**		51,050	
Cash at bank	*14*	**7,702**		15,394	
		290,270		322,127	
Creditors: amounts falling due within one year	*15*	**(271,798)**		(295,516)	
Net current assets			**18,472**		26,611
Total assets less current liabilities			**28,756**		32,640
Creditors: amounts falling due after more than one year	*16*		**(90,141)**		(88,470)
Net liabilities			**(61,385)**		(55,830)
Capital and reserves					
Called up share capital	*19*		**180**		180
Share premium reserve	*19*		**60**		60
Revaluation reserve	*19*		**-**		191
Cash flow hedge reserve	*19*		**-**		(2,492)
Profit and loss account	*19*		**(61,625)**		(53,769)
Shareholders' deficit			**(61,385)**		(55,830)

The financial statements were approved by the board of directors on 30 April 2022 and were signed on its behalf by:



RFP Park
Director

Company registered number: SC057709

Company Balance sheet
at 31 October 2021

	Note	**31 October 2021**		31 October 2020	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*9*		**886**		-
Tangible assets	*10*		**168**		217
Investments	*11*		**50,680**		52,357
			51,734		52,574
Current assets					
Stocks	*12*	**24,658**		27,218	
Debtors due within one year	*13*	**82,384**		86,463	
Debtors due greater than one year	*13*	**9,400**		9,749	
Total debtors		**91,784**		96,212	
		116,442		123,430	
Creditors: amounts falling due within one year	*15*	**(262,117)**		(249,971)	
Net current liabilities			**(145,675)**		(126,541)
Total assets less current liabilities			**(93,941)**		(73,967)
Creditors: amounts falling due after more than one year	*16*		**-**		(2,064)
Net liabilities			**(93,941)**		(76,031)
Capital and reserves					
Called up share capital	*19*		**180**		180
Share premium account	*19*		**60**		60
Revaluation reserve	*19*		**-**		191
Cash flow hedge reserve	*19*		**-**		-
Profit and loss account	*19*		**(94,181)**		(76,462)
Shareholders' deficit			**(93,941)**		(76,031)

The financial statements were approved by the board of directors on 30 April 2022 and were signed on its behalf by:

RFP Park
Director

Company registered number: SC057709

Consolidated Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Revalua -tion reserve £000	Cash flow hedge reserve £000	Profit and loss account £000	Total shareholder's funds £000
Balance at 31 October 2019	180	60	191	(2,052)	16,432	14,811
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(70,201)	(70,201)
Other comprehensive loss	-	-	-	(440)	-	(440)
Total comprehensive loss for the year	-	-	-	(440)	(70,201)	(70,641)
Balance at 31 October 2020	**180**	**60**	**191**	**(2,492)**	**(53,769)**	**(55,830)**
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	**(8,047)**	**(8,047)**
Other comprehensive income	-	-	-	**2,492**	-	**2,492**
Transfer	-	-	**(191)**	-	**191**	-
Total comprehensive income/(loss) for the year	-	-	**(191)**	**2,492**	**(7,856)**	**(5,555)**
Balance at 31 October 2021	**180**	**60**	-	-	**(61,625)**	**(61,385)**

The notes on pages 22 to 50 form part of these financial statements.

Company Statement of Changes in Equity

	Called up Share capital £000	Share Premium account £000	Revalua -tion reserve £000	Cash flow hedge reserve £000	Profit and loss account £000	Total shareholder's funds £000
Balance at 31 October 2019	180	60	191	(58)	(10,988)	(10,615)
Total comprehensive loss for the year						
Loss for the year	-	-	-	-	(65,508)	(65,508)
Other comprehensive income	-	-	-	92	-	92
Transfer	-	-	-	(34)	34	-
Total comprehensive income/(loss) for the year	-	-	-	58	(65,474)	(65,416)
Balance at 31 October 2020	**180**	**60**	**191**	**-**	**(76,462)**	**(76,031)**
Total comprehensive loss for the year						
Loss for the year	**-**	**-**	**-**	**-**	**(17,910)**	**(17,910)**
Transfer	**-**	**-**	**(191)**	**-**	**191**	**-**
Total comprehensive loss for the year	**-**	**-**	**(191)**	**-**	**(17,719)**	**(17,910)**
Balance at 31 October 2021	**180**	**60**	**-**	**-**	**(94,181)**	**(93,941)**

The notes on pages 22 to 50 form part of these financial statements.

Consolidated Cash Flow Statement
for year ended 31 October 2021

	Note	2021	2020
		£000	£000
Cash flows from operating activities			
Loss for the year		**(8,047)**	(70,201)
Adjustments for:			
Depreciation, amortisation and impairment	*9, 10*	**883**	646
Impairment of investment	*11*	**1,677**	-
Loss on disposal of tangible fixed assets		-	-
Loss on disposal of investment		-	992
Interest receivable and similar income		**(24)**	(25)
Interest payable and similar charges		**12,967**	13,135
Taxation		**(55)**	(1,343)
		7,401	(56,796)
(Increase)/decrease in trade and other debtors		**(1,839)**	3,418
Decrease/(increase) in stocks			
-Provision against stocks		**1,031**	42,983
-Decrease in stocks		**25,668**	33,554
Increase/(decrease) in trade and other creditors		**6,979**	(4,885)
		39,240	18,274
Tax paid		**(256)**	-
Net cash from operating activities		**38,984**	18,274
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**8**	-
Proceeds from sales of investments		-	301
Loans to joint ventures		-	-
Interest received		**9**	25
Acquisition of intangible assets	*9*	**(1,841)**	
Acquisition of tangible fixed assets	*10*	**(4,982)**	(234)
Net cash from investing activities		**(6,806)**	92
Cash flows from financing activities			
Proceeds from new loans		**4,949**	16,628
Repayment of borrowings		**(32,809)**	(19,780)
Interest paid		**(12,010)**	(13,141)
Net cash from financing activities		**(39,870)**	(16,293)
Net increase in cash and cash equivalents		**(7,692)**	2,073
Cash and cash equivalents at 1 November		**15,394**	13,321
Cash and cash equivalents at 31 October	*14*	**7,702**	15,394

The notes on pages 22 to 50 form part of these financial statements.

Notes

forming part of the financial statements

1 Accounting policies

Stewart Milne Group Limited (the "Company") is a company incorporated, domiciled and registered in Scotland in the UK. The registered number is SC057709 and the registered address is Peregrine House, Mosscroft Avenue, Westhill Business Park, Westhill, Aberdeen, AB32 6JQ.

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; and
- Key Management Personnel compensation has not been included a second time.
- Certain 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.

Measurement convention

The financial statements are prepared on the historical cost basis.

Going concern

The Directors have considered the future financial performance and liquidity of the group headed by Stewart Milne Group Limited (the "Group"). The Group's business activities, together with factors likely to affect its future development, performance and position are also set out in the Strategic report. These financial statements have been prepared on a going concern basis notwithstanding the Group's loss for the year of £(8.0)m.

Subsequent to the year end, the Group recorded a gain on disposal of Stewart Milne Timber Systems Limited in December 2021 and Countesswells Development Limited left the Group in November 2021. Whilst the Group reported net liabilities of £(61.4)m at 31 October 2021, had these two transactions taken place as at the balance sheet date, the Group would have reported net assets of £0.1m.

The Group operates in a number of different regions within the UK housing market. As discussed in the Strategic report, the Group's markets are trading positively, reflected by strong forward sales and secured order books.

The Group currently meets its day to day working capital and long term financing requirements through a £114.3m term and revolving credit loan with Bank of Scotland. The bank facility's financial covenant is for the Group to have an available cash headroom of £5m and if forecasts determine that this is required to be utilised then the company can do so, unless the bank provides notice to the contrary. At 31 October 2021, the bank loan facilities were repayable in July 2022. Subsequent to the year end, the Group has agreed an extension of the term of these bank loan facilities with Bank of Scotland to 30 April 23, further details of which are set out below.

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern (continued)

The Group also has access to development financing from Homes England to fund specific developments in North West England. A total of £10.9m was drawn at 31 October 2021.

In the coming year, the Group anticipates further land assembly and development works at its planned sites in the UK. Forecast private housing settlements and affordable housing sales reflect a very strong reservation order book particularly in North West England and Central Scotland. Whilst during the year ended 31 October 2021, the timing of sales and construction was at times impacted by the government restrictions of the COVID-19 pandemic, the Group has demonstrated its ability to continue to operate successfully with necessary safeguards in place, and to undertake all necessary actions to optimise its trading performance and cash flows, including managing disruption to supply chains of people and materials.

The directors have prepared cash flow forecasts for a period of twelve months from the date of approval of these financial statements which take into account a base case and a reasonably possible severe but plausible trading downside in this period.

In respect of forecast trading cash flows, in addition to the timing and number of private and affordable home sales, the Group's cash flows are impacted by the timing of land purchase related payments and land sale receipts. The business can develop cash actions to mitigate these uncertainties by managing the timing and phasing of site infrastructure development and uncommitted capital expenditure. These actions have been deployed successfully during the past two years. The risk of higher supply costs is forecast to be offset by an increase in sale prices. Under the reasonably possible severe but plausible downside trading scenario, which includes a delay in the timing of expected home and land sales cash receipts, the Group continues to forecast sufficient liquidity and bank covenant compliance.

The forecasts are dependent on the Group refinancing its existing bank loan facility with new funds during the forecast period. Raising sufficient new funding, and its form, will be dependent upon and completed at the time of the sale of the Group, as a going concern, by its existing shareholder, Stewart Milne Group Holdings Limited. This sale was announced in April 2022. Stewart Milne Group Holdings Limited has started a comprehensive sale process which is scheduled to complete in 2022. Subsequent to the year end, the Group's £114.3m bank facility term was extended to 30 April 2023 to assist with the sale process of the Group. The bank loan facility will be refinanced as part of the sale.

The future cash flows and liquidity of the Group, including the refinancing, are therefore dependent upon the outcome of the sale process, which is not certain, and upon the new shareholder, who is not yet identified and whose intentions and financial position are not known at this time.

Based on their inquiries, the directors have also forecast that during the forecast period amounts falling due by the Group to related parties (note 17) will not be called for repayment by their lender unless the Group is able to settle these amounts.

Based on their evaluation and inquiries, the directors believe that a sale of the Company and its refinancing will be successfully completed in 2022 and that amounts falling due by the Group to related parties will not be called for repayment by their lender unless the Group is able to settle these amounts. On this basis, the directors believe that is appropriate to prepare the Company's financial statements on a going concern basis. However, the above circumstances represent a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and therefore to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

Notes *(continued)*

1 Accounting policies *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 October 2021. 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.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significance influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights. The directors do not consider that the Group exercises significant influence over the affairs of Aberdeen Football Club and accordingly this investment has not been accounted for as an associated undertaking.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The loss for the Company for the year was £17,910,000 (2020: loss of £65,508,000).

In the parent financial statements, investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

1 Accounting policies *(continued)*

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors (other than debtors receivable under shared equity ownership schemes) 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. Debtors receivable under shared equity ownership schemes are recognised at fair value.

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 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 and call deposits. 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.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on re-measurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

Notes *(continued)*

1 Accounting policies *(continued)*

Fair value hedges (continued)

If hedge accounting is discontinued and the hedged financial asset or liability has not been derecognised, any adjustments to the carrying amount of the hedged item are amortised into profit or loss using the effective interest method over the remaining life of the hedged item.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in Other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets whose fair value cannot be measured reliably without undue cost or effort. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

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. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 10 to 50 years
- Plant and machinery 5 to 15 years
- Fixtures and equipment 3 to 5 years
- Motor vehicles 4 years
- Computer equipment 3 years

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

Notes *(continued)*

1 Accounting policies *(continued)*

Intangible assets and goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Other intangible assets that are acquired by the group are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value.

Computer software is amortised over 5 years.

Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the group.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Discontinued operations

Discontinued operations are components of the company that have been disposed of at the reporting date and previously represented a separate major line of business or geographical area of operation.

They are included in the profit and loss account in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

Construction contract debtors

Construction contract debtors represent the gross unbilled amount for contract work performed to date. They are measured at cost plus profit recognised to date less a provision for foreseeable losses and less progress billings. Variations are included in contract revenue when they are reliably measurable and it is probable that the customer will approve the variation itself and the revenue arising from the variation. Claims are included in contract revenue only when they are reliably measurable and negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Construction contract debtors are presented as part of debtors in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as accruals and deferred income in the balance sheet.

Stocks

Stocks, including land, are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and 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.

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGUs") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis. An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Notes *(continued)*

1 Accounting policies *(continued)*

Turnover

Turnover represents sales of residential properties, including those sold under shared equity arrangements, and land legally completed in the year, and invoiced sales and the value of work executed by construction activities, including timber frame manufacture. Turnover excludes value added tax and the proceeds from sales of houses taken in part exchange.

Turnover and profits in respect of residential property sales (including related land sales) are recognised on legal completion. Profits in respect of long term manufacturing or construction contracts are recognised when the contract outcome can be foreseen with reasonable certainty and are determined based on the value of work done less costs of sale. Provision is made for foreseeable contract losses. Turnover from other contracts is recognised on delivery of the related goods or services.

Where properties are sold under a shared equity scheme, up to 25% of the value of the property is offered to the customer by way of a loan. This loan is either repayable on the subsequent sale of the property or on a specified anniversary of the initial property sale, or on such earlier date as the purchaser may choose to repay the loan. The initial sale of properties sold under shared equity schemes includes the fair value of shared equity in turnover and debtors.

Government grants

Government grants are credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred. The cost of UK employees on furlough and the related Job Retention Scheme income received is presented net within the profit and loss account (note 3).

Exceptional items

Exceptional operating and financing items are those significant items which in management's judgement are highlighted by virtue of their size or incidence to enable a full understanding of the Group's financial performance. Such items are included within the profit and loss caption to which they relate.

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 payable and interest receivable

Interest payable and similar expenses include interest payable and unwinding of the discount on provisions.

Other interest receivable and similar income include interest receivable on funds invested.

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 company's right to receive payments is established.

Notes *(continued)*

1 Accounting policies *(continued)*

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Leases where the Group acts as lessor and in which the Group transfers substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. For finance leases, the Group recognises in its balance sheet a finance lease asset equal to its net investment in the lease. This is defined as the lessor's gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment in the lease is the minimum lease payments receivable plus any unguaranteed residual value accruing to the lessor.

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.

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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

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. Deferred tax balances are not discounted.

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

Notes *(continued)*

1 Accounting policies *(continued)*

Critical judgements

Principal judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements, are:

Going concern

Consideration of the use of the going concern basis of accounting in the preparation of these financial statements is set out above.

Turnover

Turnover and profits in respect of residential property sales are recognised on legal completion. Judgment can be required to determine the timing of recognition of non-routine sale transactions relating to other property, including land sales. Each transaction is evaluated based on its relevant facts and consideration of the residual risks and reward retained by the Group, if any, at the balance sheet date.

Critical estimates

Principal estimates made by the directors, with a significant risk of material adjustment in the next year, are:

Carrying value of stocks.

Monitoring of land and development carrying values is carried out regularly on a site by site basis throughout the year. For sites under development, the assessment includes an estimation of costs to complete and forecast revenues. These assessments include a degree of inherent uncertainty when estimating the profitability of sites, particularly longer term developments. For sites which are no longer planned to be developed, net realisable value requires estimation of net realisable value on sale. Where applicable, the Group may use an external valuer to assess the market price. Details of provisions recorded in the period against the carrying value of stocks are set out in note 12.

Construction contract liabilities

The Group is currently, and may be from time to time, involved in matters of a commercial or legal nature arising from its ordinary course of business. Estimation is required in making accrual for the value of liabilities which are judged probable and in determining any recoverable amounts which may remain on the related contracts. These judgments and estimates are dependent upon factors including the determination of the Company's contractual obligations, and those of any third party contractors, and technical building assessments. Estimates may subsequently vary based on updated legal or other expert advice received. Liabilities of £1.5m (2020: £4.0m) were charged to profit and loss in the year. Economic outflow is not expected within twelve months of the balance sheet date.

Notes *(continued)*

2 Turnover

	31 October 2021 £000	31 October 2020 £000
Sale of goods in the United Kingdom:		
Housebuilding	**209,215**	192,831
Timber Frame manufacture	**84,423**	55,589
Other income – land sales	**11,900**	21,250
	305,538	269,670

3 Other operating expenses and other operating income

	31 October 2021 £000	31 October 2020 £000
Other operating expenses		
Loss on disposal of investment	**-**	992
Operational provisions	**42**	6,326
Provision for other receivables	**383**	275
Restructuring costs	**4,498**	4,467
Other professional fees	**67**	292
Redundancy	**965**	-
Covid related costs including furlough and additional site costs	**26**	1,900
	5,981	14,252
Other operating income	**2,305**	744

The other operating expense items above are all separately disclosed as exceptional items within the operating result and loss before tax for the current and prior year (note 4).

Other operating income in the year comprises shared equity uplift, grant income and other income.

Notes *(continued)*

4 Loss before taxation

Loss before taxation is stated after charging	**31 October 2021 £000**	31 October 2020 £000
Depreciation – owned assets	**572**	606
Depreciation – leased assets	**90**	40
Amortisation	**221**	-
Loss on disposal of joint venture investment	**-**	992
Operating lease rentals – plant and machinery	**425**	218
Operating lease rentals – other	**728**	729

Exceptional items	**31 October 2021 £000**	31 October 2020 £000
Provision for stocks (note 12)	**1,031**	42,983
Loss on sale of development land	**-**	1,273
Other gross profit expenses	**-**	705
Other operating expenses (note 3)	**5,981**	14,252
Amounts written off investments (note 11)	**1,677**	-
	8,689	59,213

Auditor's remuneration:	**31 October 2021 £000**	31 October 2020 £000
Audit of these financial statements	**30**	20
Amounts receivable by the company's auditor and its associates in respect of:		
- Audit of financial statements of subsidiaries of the company	**143**	130
- Taxation compliance services	**57**	65
- Taxation advisory services	**28**	16

During the year, wages and salary costs were incurred of £0.5m (2020: £6.2m) for employees on furlough, which was offset by receipt of UK Job Retention Scheme grant income of £0.2m (2020: £5.2m). There were no unfulfilled conditions as at 31 October 2021 relating to this grant income.

Notes *(continued)*

5 Staff numbers and costs

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

	Number of employees	
	31 October 2021	31 October 2020
Office and administration	**482**	540
Manufacturing	**405**	459
	887	999

The aggregate payroll costs of these persons were as follows:

	31 October 2021 £000	31 October 2020 £000
Wages and salaries	**45,736**	45,257
Social security costs	**5,419**	4,571
Contributions to defined contribution plans	**3,105**	2,931
	54,260	52,759

6 Directors' remuneration

	31 October 2021 £000	31 October 2020 £000
Directors' remuneration	**2,940**	2,130
Company contributions to money purchase pension plans	**105**	100
	3,045	2,230

The remuneration of the highest paid director was £858,000 *(2020: £541,000)* and company pension contributions of £nil *(2020: £nil)* were made to a money purchase scheme on his behalf. Retirement benefits are accruing to two directors under money purchase schemes *(2020: two)*.

Notes *(continued)*

7 Interest payable and similar expenses

	31 October 2021 £000	31 October 2020 £000
On bank loans and overdrafts	**6,270**	7,063
On loan notes	**3,788**	3,892
Other interest payable	**2,253**	2,180
Interest on swap	**656**	-
Total interest payable and similar expenses	**12,967**	13,135

8 Taxation

Total tax charge/(credit) recognised in profit and loss and in other comprehensive income

	31 October 2021		31 October 2020	
	£000	**£000**	£000	£000
Current tax				
Current tax on income for the year	**1,252**		-	
Adjustments in respect of prior years	**-**		(10)	
Total current tax		**1,252**		(10)
Deferred tax (note 18)				
Origination and reversal of timing differences	**4,110**		378	
Deferred tax in Other Comprehensive Income	**612**		(268)	
Change in tax rate	**(3,904)**		(1,275)	
Adjustments in respect of prior years	**(1,513)**		(436)	
Total deferred tax		**(695)**		(1,601)
Total tax charge/(credit) recognised in the year		**557**		(1,611)

Notes *(continued)*

8 Taxation *(continued)*

	31 October 2021			31 October 2020		
	£000 Current tax	**£000 Deferred tax**	**£000 Total tax**	£000 Current tax	£000 Deferred tax	£000 Total tax
Recognised in profit and loss	**1,252**	**(1,307)**	**(55)**	(10)	(1,333)	(1,343)
Recognised in other comprehensive income	**-**	**612**	**612**	-	(268)	(268)
Total tax	**1,252**	**(695)**	**557**	(10)	(1,601)	(1,611)

The total tax credit for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below.

Reconciliation of total tax included in profit and loss

	31 October 2021 £000	31 October 2020 £000
Loss for the year	**(8,047)**	(70,201)
Total tax credit	**(55)**	(1,343)
Loss excluding taxation	**(8,102)**	(71,544)
Tax using the UK corporation tax rate of 19% *(2020: 19%)*	**(1,539)**	(13,593)
Corporate interest restriction	**665**	2,154
Non-deductible depreciation	**1**	4
Other non-deductible expenses	**243**	4,179
Change in tax rate	**(3,904)**	(1,275)
Loss carried forward – deferred tax not recognised	**5,786**	7,634
Origination and reversal of timing differences	**206**	-
Adjustment in respect of prior years	**(1,513)**	(446)
Total tax credit included in profit or loss	**(55)**	(1,343)

Factors affecting current and future taxation

Deferred tax was measured at 25% (2020: 19%) at the year end.

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

Notes *(continued)*

9 Intangible assets and goodwill

Group	Goodwill	Computer software	Total
	£000	£000	£000
Cost			
Balance at beginning of year	12,136	-	12,136
Acquisitions	-	1,841	1,841
Balance at end of year	12,136	1,841	13,977
Amortisation and impairment			
Balance at beginning of year	12,136	-	12,136
Amortisation	-	221	221
Balance at end of year	12,136	221	12,357
Net book value			
At 31 October 2021	-	1,620	1,620
At 31 October 2020	-	-	-

Company	Goodwill	Computer software	Total
	£000	£000	£000
Cost			
Balance at beginning of year	10,247	-	10,247
Acquisitions	-	1,107	1,107
Balance at end of year	10,247	1,107	11,354
Amortisation and impairment			
Balance at beginning of year	10,247	-	10,247
Amortisation	-	221	221
Balance at end of year	10,247	221	10,468
Net book value			
At 31 October 2021	-	886	886
At 31 October 2020	-	-	-

Goodwill was amortised over 10 years.

Notes *(continued)*

10 Tangible fixed assets

Group	Freehold land and buildings £000	Plant and equipment £000	Fixtures & fittings £000	Assets under construction £000	Total £000
Cost					
Balance at beginning of year	2,790	8,168	4,501	-	15,459
Additions	-	175	14	4,793	4,982
Disposals	(9)	(861)	(435)	-	(1,305)
Balance at end of year	2,781	7,482	4,080	4,793	19,136
Depreciation					
Balance at beginning of year	1,868	6,766	4,219	-	12,853
Charge for the year	165	406	91	-	662
Disposals	(9)	(853)	(435)	-	(1,297)
Balance at end of year	2,024	6,319	3,875	-	12,218
Net book value					
At 31 October 2021	**757**	**1,163**	**205**	**4,793**	**6,918**
At 31 October 2020	922	1,402	282	-	2,606

Company	Freehold land and buildings £000	Plant and equipment £000	Fixtures & fittings £000	Assets under construction £000	Total £000
Cost					
Balance at beginning of year	94	650	2,439	-	3,183
Additions	-	-	14	-	14
Balance at end of year	94	650	2,453	-	3,197
Depreciation and impairment					
Balance at beginning of year	4	554	2,408	-	2,966
Charge for the year	-	47	16	-	63
Balance at end of year	4	601	2,424	-	3,029
Net book value					
At 31 October 2021	**90**	**49**	**29**	**-**	**168**
At 31 October 2020	90	96	31	-	217

The value of land not depreciated for the Group and Company is £90,000 *(2020: £90,000).*

Notes *(continued)*

11 Fixed asset investments

	Interests in Joint Ventures £000	Other investments £000	Total £000
Group			
Cost			
At beginning of year	299	6,209	6,508
Disposals	-	-	-
At end of year	299	6,209	6,508
Provisions			
At beginning of year	291	2,794	3,085
Provided during the year	-	1,677	1,677
At end of year	291	4,471	4,762
At 31 October 2021	**8**	**1,738**	**1,746**
At 31 October 2020	8	3,415	3,423

Notes *(continued)*

11 Fixed asset investments *(continued)*

Company	Joint ventures and associates £000	Investment in subsidiaries £000	Other investments £000	Other loans £000	Total £000
Cost					
At beginning of year	12	70,440	3,417	1,190	75,059
At end of year	12	70,440	3,417	1,190	75,059
Provisions					
At beginning of year	-	22,266	-	436	22,702
Provided during the year	-	-	1,677	-	1,677
At end of year	-	22,266	1,677	436	24,379
Net book value					
At 31 October 2021	**12**	**48,174**	**1,740**	**754**	**50,680**
At 31 October 2020	12	48,174	3,417	754	52,357

Subsidiary undertakings	Principal activity	Ordinary share capital owned Group %	Company %
Stewart Milne Commercial Limited	Non-trading	100	100
Stewart Milne Developments Limited *	Non-trading	100	100
Stewart Milne Properties Limited	Non-trading	100	100
Dalglen (No. 817) Limited	Non-trading	100	100
Stewart Milne Central Limited	Non-trading	100	100
Stewart Milne Westhill Limited	Non-trading	100	100
Stewart Milne Investments (Scotland) Limited	Non-trading	100	-
Stewart Milne Homes (Auchterarder) Limited	Residential developer	100	-
Stewart Milne Homes (Kirkton) Limited	Residential developer	100	-
Stewart Milne Holdings (Perthshire) Limited	Investment holding Company	100	100
Stewart Milne Homes (Southern) Limited	Investment holding Company	100	100
Countesswells Development Ltd**	Residential & commercial developer	100	100
Countesswells Development (No.1) Limited ****	Residential & commercial developer	100	-
Stewart Milne Homes Central Scotland Limited	Residential & commercial developer	100	100
Stewart Milne Homes North West England Limited***	Residential & commercial developer	100	100
Stewart Milne Homes North West England (Developments) Limited ***	Residential & commercial developer	100	-
Stewart Milne Homes Central Scotland (Developments) Limited	Residential & commercial developer	100	-
Stewart Milne Timber Systems Limited**	Timber frame manufacture	100	100
Mowbray Homes Ltd***	Dormant	100	100
Grafton Street Developments Ltd***	Dormant	60.61	60.61
Cobco 415 Limited***	Dormant	100	100
Maymat Limited	Dormant	100	100
Stewart Milne Part Exchange Limited	Dormant	100	100
Stewart Milne Home Options Limited	Dormant	100	100
Stewart Milne Homes Limited*	Dormant	100	100

Notes *(continued)*

11 Fixed asset investments *(continued)*

Subsidiary undertakings	Principal activity	Ordinary share capital owned Group	Company
Headland Commercial Limited*	Dormant	100	100
Stewart Milne Construction Limited*	Dormant	100	100
Stewart Milne Holdings Limited	Dormant	100	100
Stewart Milne Homes North Scotland Limited	Dormant	100	100
Caledonia Composites (UK) Limited	Dormant	80	80
Caledonia Composites Limited	Dormant	80	-
Ambion Homes Limited	Dormant	100	-
Aberdeen Development Co Limited	Dormant	100	-
Stewart Milne Investments Limited	Dormant	100	-
Persley Development company Limited	Dormant	100	-
Aberdeen Development Properties Limited	Dormant	100	-
Nuttall Construction Group Limited***	Dormant	100	-
JMC Kitchens Limited***	Dormant	100	-
Nuttall Construction Limited***	Dormant	100	-
Stewart Milne Homes (Arbroath) Limited	Dormant	100	-
James Turner and Company Limited	Dormant	100	-
Joint ventures		%	%
Stewart Milne (West) Limited	Residential & commercial developer	50	-
Stewart Milne (Glasgow) Limited	Residential & commercial developer	50	-
Other investments		%	%
Aberdeen Football Club	Football Club	10.9	8.3

All subsidiary undertakings are incorporated in Scotland and have a registered office address of Peregrine House, Mosscroft Avenue, Westhill Business Park, Westhill, Aberdeen, AB32 6JQ, other than the following:

Those marked with a * are incorporated in Scotland and have a registered office address of Osprey House, Mosscroft Avenue, Westhill Business Park, Westhill, Aberdeen, AB32 6TQ.

Those marked with a ** are incorporated in England and have a registered office address of Falcon House, Curbridge Business Park, Downs Road, Witney, Oxon, OX29 7WJ.

Those marked with a *** are incorporated in England and have a registered office address of Harrier House, 2 Lumsdale Road, Cobra Business Park, Trafford Park, Manchester, M32 0UT.

The company marked with **** is incorporated in Northern Ireland and has a registered office address of Royston House, 34 Upper Queen Street, Belfast, United Kingdom, BT1 6FD.

Stewart Milne (West) Limited and Stewart Milne (Glasgow) Limited have financial year ends of 31 December consistent with that of the other joint venture partner.

The Group will be exempting the following companies from an audit for the year ended 31 October 2021 under section 479A of the Companies Act 2006. All of these companies are fully consolidated in these Group financial statements:

Dalglen (No.871) Limited (SC229722); Stewart Milne Commercial Limited (SC152943); Stewart Milne Developments Limited (SC054259); Stewart Milne Investments (Scotland) Limited (SC063606); Stewart Milne Part Exchange Limited (SC204848); Stewart Milne Properties Limited (SC145941); Stewart Milne Westhill Limited (SC305009).

Notes *(continued)*

12 Stocks

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Raw materials including land banks	**117,827**	134,807	**5,070**	15,401
Work in progress	**108,228**	116,241	**19,259**	10,340
Finished goods	**2,929**	4,635	**329**	1,477
	228,984	255,683	**24,658**	27,218

Included within finished goods is £2,929,000 *(2020: £4,635,000)* in respect of Part Exchange properties held. The reduction in Part Exchange properties represent the success of the management focus in this area of the business.

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £256,800,000 for the group *(2020: £236,404,000)*. A proportion of inventories will not be realised within 12 months due to factors including development plans, consumer demand and planning permission timings.

The write-down of stocks to net realisable value amounted to £1,031,000 *(2020: £42,983,000)* and is an exceptional item. The exceptional charge reflects the expected cash flows on completion of individual sites as well as a reassessment of the net realisable value of undeveloped sites where the Group no longer seeks to undertake development.

13 Debtors

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Trade debtors	**20,251**	21,141	**1,264**	3,251
Amounts owed by subsidiaries	**-**	-	**59,046**	64,475
Amounts owed by joint ventures	**15**	8	**-**	-
Corporation tax recoverable	**810**	810	**807**	807
Group relief receivable	**-**	-	**14,835**	10,901
Other debtors – related parties (note 23)	**3,153**	3,389	**2,971**	3,207
Other debtors	**7,373**	9,741	**2,435**	3,025
Deferred tax assets (note 18)	**13,059**	12,364	**8,922**	9,280
Prepayments and accrued income	**6,171**	3,597	**1,504**	1,266
Finance lease receivable	**2,752**	-	**-**	-
	53,584	51,050	**91,784**	96,212
Due within one year	**37,295**	38,217	**82,384**	86,463
Due after more than one year	**16,289**	12,833	**9,400**	9,749
	53,584	51,050	**91,784**	96,212

Debtors due after more than one year in the current and prior year include deferred tax assets which are forecast to be utilised over more than one year, and a rental deposit and a finance lease receivable. The finance lease receivable relates to the Group's residual interest in freeholds retained by the Group over certain home sales.

Also included in trade debtors, in the Group and Company, is an amount of £nil (2020: £1,710,000) relating to loans provided under the Group's shared equity scheme where a percentage of the sales value of the property is offered to the customer by way of an interest free loan and other shared equity schemes through the National Housing Trust arrangements. This is included within amounts due within one year in the prior year. Other than this shared equity trade debtor, which is carried at fair value, all financial assets included within debtors are carried at amortised cost.

Notes *(continued)*

14 Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	**7,702**	15,394
Cash and cash equivalents per cash flow statements	**7,702**	15,394

At 31 October 2021 and 31 October 2020 the balance sheet presentation of cash and cash equivalents reflects the right of offset between the amount drawn on the Group's revolving credit facility (falling due within 12 months) and cash at bank balances which were held with the same counterparty.

15 Creditors: amounts falling due within one year

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Bank loans and overdrafts (note 17)	**157,678**	154,229	**170,222**	162,791
Other interest-bearing loans (note 17)	**10,922**	43,281	**-**	-
Finance lease liability	**98**	102	**-**	-
Trade creditors	**37,711**	32,655	**5,565**	6,603
Land creditors	**7,033**	5,140	**1,667**	-
Amounts owed to group undertakings	**-**	-	**50,112**	45,691
Amounts owed to associated undertakings	**12**	12	**-**	-
Corporation tax payable	**1,253**	257	-	257
Group relief payable	**-**	-	**-**	-
Other creditors including tax and social security	**5,667**	8,913	**946**	2,788
Other creditors – related parties (note 23)	**9,107**	7,662	**9,107**	7,535
Other financial liabilities – interest rate derivatives	**656**	3,119	**-**	-
Accruals and deferred income	**41,661**	40,146	**24,498**	24,306
	271,798	295,516	**262,117**	249,971

Creditors: amounts falling due within one year comprise financial liabilities, other than corporation tax and deferred income balances. With the exception of derivative financial instruments, financial liabilities are carried at amortised cost.

Notes *(continued)*

16 Creditors: amounts falling due more than one year

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Loan notes (note 17)	**86,000**	86,000	-	-
Finance lease liability	**308**	406	-	-
Other creditors – land creditors	**3,833**	-	-	-
Other creditors – related party (note 23)	-	2,064	-	2,064
	90,141	88,470	-	2,064

Creditors: amounts falling due after more than one year comprise financial liabilities which are carried at amortised cost.

Loan notes, finance leases and other creditors due after more than one year are all payable as follows:

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Between one and two years	**3,938**	2,168	-	2,064
Between two and five years	**36,203**	22,302	-	-
After more than five years	**50,000**	64,000	-	-
	90,141	88,470	-	2,064

17 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 2021 £000	2020 £000	Company 2021 £000	2020 £000
Amounts falling due within less than one year				
Secured bank term loan and revolving credit facility (note 15)	**157,678**	154,229	**170,222**	162,791
Other loans (note 15)	**10,922**	43,281	-	-
Finance lease liability	**98**	102	-	-
Related party loans (note 23)	**9,107**	7,535	**9,107**	7,535
	177,805	205,147	**179,329**	170,326

Notes *(continued)*

17 Interest-bearing loans and borrowings (continued)

	Group		Company	
	2021	2020	**2021**	2020
Amounts falling due after than one year	**£000**	£000	**£000**	£000
Loan notes (note 16)	**86,000**	86,000	-	-
Finance lease liability	**308**	406	-	-
Related party loans (note 23)	-	2,064	-	2,064
	86,308	88,470	-	2,064

The Group's secured bank term loan and revolving credit facility forms part of a variable interest rate facility, which was based on LIBOR plus an applicable margin. At 31 October 2021, the facility was repayable over the period to 27 March 2022.

After the year end, the Group extended its existing bank facilities with Bank of Scotland to 30 April 2023 and this is now based on SONIA rate plus an applicable margin.

As at 31 October 2021, loan notes represent Countesswells Development Limited's borrowing facility, to 2031, provided by Lloyds Banking Group and supported by a guarantee provided by HM Treasury. Interest rates are based on LIBOR with margins at market rates. Subsequent to the year end, Countesswells Development Ltd went into administration.

Other loans comprise amounts advanced to the Group by the Home Building Fund (Homes England) and Building Scotland Fund (Homes Central) to fund purchases of land. Other loans have reduced significantly in the year to £10.9m at 31 October 2021 from £43.3m in the prior year, following repayments made by the Group. All amounts were repaid to Building Scotland Fund during the period and the balance as at 31 October 2021 of £10.9m relates to Homes England only. Amounts bear a variable rate of interest and are secured on land held in stock. Repayment is linked to the timing of the development and sale of the purchased land. Amounts are expected to be repaid within one year of the balance sheet date.

Net debt

The below is an analysis of changes in net debt of the Group from the beginning to the end of the current reporting period:

Group	Borrowings due within one year	Borrowings due after one year	**Subtotal**	Cash and cash equivalents	**Net debt**
	£000	**£000**	**£000**	**£000**	**£000**
Net debt analysis					
Balance at 1 November 2020	(205,147)	(88,470)	**(293,617)**	15,394	**(278,223)**
Cash flows	31,510	-	**31,510**	(7,692)	**23,818**
Non-cash changes	(4,168)	2,162	**(2,006)**	-	**(2,006)**
Balance at 31 October 2021	**(177,805)**	**(86,308)**	**(264,113)**	**7,702**	**(256,411)**

Net non-cash changes comprise capitalised interest recorded in the loan principal.

Notes *(continued)*

18 Deferred taxation

The movement in deferred tax in the year was as follows:

	Group £000	Company £000
At beginning of the year	12,364	9,280
Credit/(debit) to the profit and loss account	1,307	(358)
Debit to other comprehensive income	(612)	-
At end of the year	**13,059**	**8,922**

Deferred tax assets and liabilities are attributable to the following:

Group	**Assets**		**Liabilities**		**Net**	
	2021 £000	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Capital allowances	**-**	171	**(62)**	-	**(62)**	171
Unused tax losses	**12,967**	11,337	**-**	-	**12,967**	11,337
Other	**154**	244	**-**	-	**154**	244
Derivative financial instruments	**-**	612	-	-	-	612
Tax assets	**13,121**	12,364	**(62)**	-	**13,059**	12,364

Company	**Assets**		**Liabilities**		**Net**	
	2021 £000	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Capital allowances	**34**	171	-	-	**34**	171
Unused tax losses	**8,734**	8,865	**-**	-	**8,734**	8,865
Other	**154**	244	-	-	**154**	244
Tax assets	**8,922**	9,280	**-**	-	**8,922**	9,280

Deferred tax is measured at the statutory enacted rate at which the company expects timing differences to reverse of 25% *(2020: 19%)*. A net deferred tax asset has been recognised based on forecast future taxable profits.

A deferred tax asset for the Group has not been recognised in respect of corporate interest restrictions carried forward with a gross value of £32.2m (of which £3.5m arose in the current period) and taxable losses of £56m of which £9.9m are current year.

Notes *(continued)*

19 Capital and reserves

Share capital

	Group and Company	
	2021	2020
	£000	£000
Allotted, called up and fully paid		
139,000 ordinary shares of £1 each	**139**	139
41,000 'A' ordinary shares of £1 each	**41**	41
Shares classified as shareholders' funds	**180**	180

The directors may declare varying dividends in respect of the ordinary shares and 'A' ordinary shares. The directors recommend that no dividend on Ordinary Shares or on 'A' ordinary shares is declared or paid.

Share premium account

This reserve represents the amounts paid in excess of the nominal value for the company's share capital.

Revaluation reserve

This reserve represents all current and prior period revaluations of buildings.

Cash flow hedge reserve

This reserve relates to the interest rate swaps the Group has entered into.

Profit and loss account

This reserve includes all current and prior period retained profits and losses.

20 Operating leases

At 31 October 2021 the Group and Company had annual commitments for assets under non-cancellable operating leases as follows:

	Group		Company	
	31 October 2021	31 October 2020	**31 October 2021**	31 October 2020
	£000	£000	**£000**	£000
Less than one year	**2,968**	2,995	**2,080**	2,132
Between one and five years	**8,644**	8,609	**7,240**	7,231
More than five years	**9,309**	10,976	**9,309**	10,976
	20,921	22,580	**18,629**	20,339

21 Contingent liabilities

(i) At the year end the Group and Company had granted performance bonds and guarantees amounting to £12,825,000 *(2020: £12,825,000)* of which £3,238,000 relates to the Company *(2020: £1,669,000)*

(ii) The Company and certain subsidiaries are parties to a cross guarantee given in respect of their bank debt. At 31 October 2021 the Company had contingent liabilities under the cross guarantee arrangements of £nil *(2020: £nil).*

(iii) The Company and its subsidiaries are currently, and may be from time to time, involved in matters of a commercial or legal nature arising from its ordinary course of business. Provision is made for probable economic outflows which may be reliably measured.

Notes *(continued)*

22 Financial instruments

Financial risk management

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument (including joint venture) fails to meet its contractual obligations and arises principally from the Group's receivables from customers. Group policies are aimed at minimizing such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the Group's debtors are shown in Note 13 to the financial statements. The Group has processes and controls in place to regular monitor individual trade debtor counterparty exposure.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group aims to mitigate liquidity risk by carefully managing cash generation by its operations and applying cash collection targets throughout the group. The Group also manages liquidity risk via revolving credit facilities and long-term debt.

Further details of the Group's long-term borrowings are set out in note 17. Details of amendments to the Group's bank facility terms, completed subsequent to the year end, are given in notes 17 and 24.

Market risk
Market risk is the risk that changes in market prices, such as interest rates will affect the Group's income or the value of its holdings of financial instruments. The most significant market risk to which the Group is exposed is variable interest rates in the UK. The Group has hedged its interest rate exposure on its bank borrowings using interest rate swaps and options.

Carrying amount of financial assets and liabilities

The carrying amounts of the Group's financial assets and liabilities include:

	2021	2020
	£000	£000
Assets measured at fair value through profit or loss	**-**	1,710
Assets measured at amortised cost (cash)	**7,702**	15,394
Assets measured at amortised cost (debtors)	**39,715**	36,166
Assets measured at cost less impairment (investments)	**1,738**	3,415
Liabilities measured at fair value	**(656)**	(3,119)
Liabilities measured at amortised cost less than one year	**(269,889)**	(292,140)
Liabilities measured at amortised cost after more than one year	**(90,141)**	(88,470)

Assets measured at amortised cost comprise cash balances; trade debtors (excluding shared equity loans); amounts owed by joint ventures; other debtors; and accrued income.

Liabilities measured at amortised cost comprise bank loans and overdrafts; other loans, trade creditors; amounts owed to associated undertakings; other creditors, including related party balances, and accruals.

Liabilities measured at fair value comprise interest rate swap derivatives.

The difference between the carrying value of financial instruments and their fair value is not considered to differ materially.

Notes *(continued)*

22 Financial instruments *(continued)*

Financial instruments measured at fair value

Derivative financial instruments

The fair value of interest rate swaps is based on bank valuations. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Shared equity debtors

For receivable loans issued under shared equity scheme. The related receivables are carried at fair value. This is calculated based on the Group's assessment of counterparty risk and the time value of money discounted to reflect the estimated timing of settlement.

Fair values

The amounts for all financial assets and financial liabilities carried at fair value are as follows:

	Fair value 2021 £000	Fair value 2020 £000
Interest rate swap derivative	**(656)**	(3,119)
Shared equity debtor (note 13)	**-**	1,710

Interest rate hedges

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur:

2021	**Carrying amount £000**
Interest rate swaps:	
Liabilities	
Hedge of £64,000,000 loan principal to 31 December 2026	**656**
	656

2020	**Carrying amount £000**
Interest rate swaps:	
Liabilities	
Hedge of £64,000,000 loan principal to 31 December 2026	**3,119**
	3,119

The cash flows are expected to affect profit and loss in similar time periods.

A surplus of £2,448,000 *(2020: deficit of £708,000)* was recognised in other comprehensive income for the period relating to the change in fair value of interest rate derivatives and amounts recycled to profit and loss. Hedge ineffectiveness of £656,000 (*2020: £nil*) was recorded in profit and loss in the current year.

Notes *(continued)*

23 Ultimate controlling party and related party transactions

Group

The Company is a subsidiary of Stewart Milne Group Holdings Limited. Stewart Milne Group Holdings Limited is controlled by Stewart Milne. Stewart Milne Group Holdings Limited is the largest company in which Stewart Milne Group Limited is consolidated. The Stewart Milne Group Holdings Limited financial statements can be obtained from Peregrine House, Mosscroft Avenue, Westhill Business Park, Westhill, Aberdeen, Scotland, AB32 6JQ.

Transactions with key management personnel

The directors consider key management personnel to be the Group board of directors. Total compensation of key management personnel in the year amounted to £3,045,000 *(2020: £2,230,000).*

Directors' loans

Included in other debtors in the Group and Company at the year-end are unsecured, interest free advance to Stewart Milne of £2,913,000 *(2020: £2,914,000)* plus loans relating to other directors of £57,500 *(2020: £72,500)* with a total Directors' loan balance of £2,970,500 (per note 13).

Transactions with joint ventures

Amounts owed by joint venture undertakings at the year-end are disclosed in notes 11 and 13.

Other balances due to / from related parties

Included within other creditors falling due within one year and other creditors falling due after more than one year is a balance of £9,107,000 *(2020. £9,599,000)* due to Lombard Merton Trust, a trust in which Stewart Milne is a beneficiary. The balance is secured on land. £*nil* (2020: £2,064,000) is due after more than one year at the balance sheet date.

The Group and Company have two operating leases with Lombard Merton Trust (note 20) which have an annual lease value of £1,075,000 payable with £1,030,000 *(2020: £1,075,000)* paid for the lease during the year.

During the prior year the Group entered property sale and leaseback agreements with certain directors and close family members which meet the definition of a related party. The properties were sold by the group for £*nil (2020: £849,000)* with a deferred consideration of £*nil (2020: £127,000)*. The total rental amount to be paid by the group over the lease period is £*nil (2020: £207,000)* of which £*nil (2020: £54,000)* was paid in the period. The transactions were on an arm's length basis using market values and on similar terms to those available to third parties.

During the year, certain properties which were under sale & lease agreements per above were sold to third parties. Stewart Milne Group received £64,000 (2020: £95,000) of deferred consideration in relation to these sales. Outstanding deferred consideration due from related parties sitting within Group debtors at year end is £182,000 (2020: £402,000) and sitting within Company debtors is £nil (2020: £220,000).

During the year, a rental total for sale and leaseback agreements of £177,000 (2020: £367,000) was paid to related parties.

24 Subsequent events

As set out in note 1 and note 17, subsequent to the year end, the Group agreed amendments to the term of its existing funding facility with the Bank of Scotland.

In November 2021, Countesswells Developments Limited was placed into administration.

In December 2021, the Group disposed of Stewart Milne Timber Systems Limited subsidiary.

In April 2022, Stewart Milne announced a sale of his shares in the Company.