

Company Registration No. SC132918 (Scotland)

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

COMPANY INFORMATION

Directors	J C Campbell D A Fairfoull W A Murphy I S Scott C D Fairfoull	(Appointed 1 June 2023) (Appointed 1 June 2023)
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Secretary	D A Fairfoull
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Company number	SC132918
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Registered office	Alderstone House MacMillan Road Livingston EH54 7AW
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Auditor	Johnston Carmichael LLP 7-11 Melville Street Edinburgh EH3 7PE
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DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

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DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Fair review of the business

The financial results set out in this report reflect the effects of external factors which have materially impacted the housebuilding sector – such as Brexit, COVID-19, the conflict in Ukraine and customer affordability.

Performance during the year was satisfactory, taking into account the extremely challenging conditions in which the business operates, and was in line with group budgets. Both the sales volume of our new build residential properties and the development margins achieved are satisfactory.

Demand: Demand for new build residential properties across Dundas developments remained strong during the first half of the year. However - the Government's mini-budget in September 2022 had a negative effect on the housebuilding sector. Whilst the business did not suffer the cancellation rates experienced by some other developers, our reservation rate treaded water for a number of weeks until mortgage markets stabilised, and customer confidence returned.

Purchasers have been looking for larger properties since Covid, with a study and garden being key features in their decision-making process. Individuals have been willing to extend themselves financially to obtain a larger property for their family, on the basis of low interest rates. This proved to be a positive for the business through our desirable product and development locations, and has seen our average house price increase.

However - recent (post year-end) base rate interventions, made by the Bank of England in an effort to curb inflation, will have a negative impact on consumer confidence for the next few months – meaning the level of reservations we expect to achieve in early 2023/24 will remain flat until stability returns to the mortgage markets.

Completions: The impact of Brexit and the Coronavirus pandemic in particular have impacted significantly on material delivery and labour resource supply chains in the construction industry over these last two Financial Years. This has resulted in longer build timescales which has affected the volume of handovers during this time.

In total 110 completions took place in the year despite the effects of the foregoing (prior year 112). Property sales generated £31.4m (2022: £27.0m) of turnover and a gross profit of £4.1m (2022: £2.5m).

Looking forward: The ongoing supply chain shortages referred to above continue to be felt. This, coupled with inflationary pressures which the industry is experiencing (higher manufacturing and transportation costs), will mean an increase in future development build costs. We have re-appraised our undeveloped land accordingly and have written-down work-in-progress carrying values to prudent levels, where considered necessary.

Our year-end housing stocks have increased compared to the prior year despite these supply chain difficulties, by dint of ongoing works at a major flatted development, which will produce first sales in the next FY. Our carry forward order book remains at a reasonable level, and will provide good impetus for FY 2023/24.

The company balance sheet is strong with net assets of £25.5m (2022: £23.3m) after payment of a dividend relating to the prior year of £1.1m (2022: £1.1m), leaving us well placed moving into 2023/2024 and beyond.

Principal risks and uncertainties

Supply chain management, unprecedented cost pressures and reduced consumer confidence following interest rate increases are the most significant short-term risks to any developer at this time. The directors continue to monitor the business by the regular review of key performance indicators, and are committed to ensure the business remains agile as it delivers product for clients. The principal risk and uncertainties of the company are;

Market risk

Demand for new build residential housing is directly linked to general economic activity, mortgage availability, consumer confidence and affordability. Despite these uncertainties, reservations achieved in the year from available units were at an acceptable level. 25 units were available for sale at the year-end from those properties released for sale.

Our conversion rate remains reasonably strong and we have a healthy order book to carry forward into FY 2023/24, as a percentage of the sales budget.

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Principal risks and uncertainties (continued)

The directors will manage the business prudently until more clarity emerges from the fall-out from the Covid crisis, the current inflationary pressures being faced, and the impact to clients of mortgage availability. Risk mitigation will be met by producing quality homes built to high standards in sought after locations and at a fair price.

Maintaining a view of the global material supply chain and obtaining key materials will be central to the timeous delivery of properties and to the cost of construction. The business is well placed to source key materials as a member of a strong and diverse group of companies.

Product development is being continually reviewed and where practicable will reflect buyers' changing needs. This will provide an even a broader product mix for customers, and help to sustain our market share moving forward.

Attracting customers is essential and will be achieved through a combination of our innovative marketing strategy, strong website presence and social media awareness.

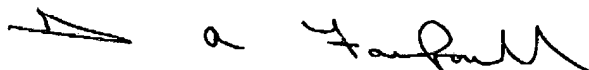
Sourcing land in desirable areas and acquiring it economically is fundamental to the long-term success of the business. The current landbank coupled with prospective ongoing land negotiations are sufficient to allow further expansion by the business in the medium to long term.

These form the cornerstone of the business and remain key to our long-term strategy.

Financial risk

The company finances its operations through a mixture of retained profits and where necessary to fund expansion by land acquisition or development expenditure programmes, through Group backed funding. Despite the challenging environment we all face, with our healthy order book and strong Balance Sheet, the company is well positioned to respond to changes in both customer demand and evolving macro-economic conditions.

By order of the board



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D A Fairfoul

Secretary
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DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company continued to be that of dealing in property acquisitions, their development and sale.

Directors

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

J C Campbell

D A Fairfoull

W A Murphy

(Appointed 1 June 2023)

I S Scott

C D Fairfoull

(Appointed 1 June 2023)

Results and dividends

The results for the year are set out on page 9. Ordinary dividends were paid in the year amounting to £1,112,746 (2022: £1,068,587).

The directors do not recommend payment of a further dividend.

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



.....
D A Fairfoull

Secretary

Date:

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

Opinion

We have audited the financial statements of Dundas Estates & Development Co. Limited (the 'company') for the year ended 31 March 2023 which comprise of the Statement of Comprehensive Income, Balance Sheet and Statement of Changes in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement as set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

Extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the sector in which it operates, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK Generally Accepted Accounting Practice;
- Companies Act 2006;
- Corporation Tax legislation;
- VAT legislation.

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened risk of fraud in relation to:

- Management override of controls;
- Revenue recognition.

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Revenue agreed to sales agreements, legal confirmation and bank receipt;
- Completion of appropriate checklists and use of our experience to assess the company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Irvine Spowart (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

Date:

Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh
EH3 7PE

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover	3	31,381,088	27,005,702
Cost of sales		(27,325,228)	(24,549,774)
Gross profit		4,055,860	2,455,928
Administrative expenses		(1,023,403)	(1,268,170)
Other operating income	3	1,000,000	1,500,000
Operating profit	4	4,032,457	2,687,758
Interest receivable and similar income	8	122,515	156,854
Interest payable and similar expenses	7	(82,587)	(62,748)
Profit before taxation		4,072,385	2,781,864
Tax on profit	9	(731,888)	(482,181)
Profit for the financial year		3,340,497	2,299,683
Total comprehensive income for the year		3,340,497	2,299,683

The profit and loss account has been prepared on the basis that all operations are continuing operations.

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Investments	11		2		2
Current assets					
Stocks	12	34,181,065		30,652,490	
Debtors	13	8,369,113		9,347,254	
		<u>42,550,178</u>		<u>39,999,744</u>	
Creditors: amounts falling due within one year	15	<u>(16,657,977)</u>		<u>(16,360,579)</u>	
Net current assets			<u>25,892,201</u>		<u>23,639,165</u>
Total assets less current liabilities			<u>25,892,203</u>		<u>23,639,167</u>
Provisions for liabilities					
Provisions	17	<u>(398,735)</u>	<u>(398,735)</u>	<u>(373,450)</u>	<u>(373,450)</u>
Net assets			<u>25,493,468</u>		<u>23,265,717</u>
Capital and reserves					
Called up share capital	19		2		2
Profit and loss reserves			<u>25,493,466</u>		<u>23,265,715</u>
Total equity			<u>25,493,468</u>		<u>23,265,717</u>

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:



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J C Campbell
Director

Company Registration No. SC132918

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2021		2	22,034,619	22,034,621
Year ended 31 March 2022:				
Profit and total comprehensive income for the year		-	2,299,683	2,299,683
Dividends	10	-	(1,068,587)	(1,068,587)
Balance at 31 March 2022		2	23,265,715	23,265,717
Year ended 31 March 2023:				
Profit and total comprehensive income for the year		-	3,340,497	3,340,497
Dividends	10	-	(1,112,746)	(1,112,746)
Balance at 31 March 2023		2	25,493,466	25,493,468

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Dundas Estates & Development Co. Limited is a private company limited by shares incorporated in Scotland. The registered office is Alderstone House, MacMillan Road, Livingston, EH54 7AW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity under FRS 102 Section 1.2 on the grounds that its parent company (James Walker (Leith) Limited) prepares publicly available consolidated financial statements, in which the company results are included. These accounts are available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

The company has therefore taken the following exemptions under the reduced disclosure framework of FRS 102:

- from the requirement to present a statement of cashflows.
- from the requirement of FRS 102 Section 11 paragraphs 11.39 to 11.48A relating to certain financial instrument disclosures as equivalent disclosures are included within consolidated financial statements.
- from the requirement to disclose key management personnel compensation.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

The turnover shown in the profit and loss account represents the fair value of the consideration received or receivable in relation to the sale of residential properties and land, recognised upon sale completion, exclusive of Value Added Tax and net of sale incentives.

1.4 Fixed asset investments

Interests in subsidiaries and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.5 Stocks

Developments and work in progress are held at the lower of cost and net realisable value. Cost consists of land, direct materials, labour and attributable overheads. Net realisable value is based on the estimated selling price, less any further costs of realisation.

Turnover and profit for such developments is recognised in line with plot sales. If the development is forecast to be loss making, the entire loss will be recognised as soon as this is foreseen.

Work in progress is stated as costs incurred, less any amounts expensed through the profit and loss account and after adjusting for any foreseeable losses.

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Loans and receivables

Trade debtors, loans and other debtors are initially recognised at amortised cost using the effective interest method, less any impairment.

Long term receivables are discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial liabilities

Trade payables are initially measured at transaction price, and thereafter are stated at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of work in progress

In order to determine the profit or loss that the company recognises on its various developments in a specific period, the company has to include an estimate of future costs to complete a development in its calculation of gross margin. The assessment of costs still to be incurred requires a degree of estimation. A calculation of the development's total revenue also requires a degree of estimation in relation to units not sold at the accounting date. However, the company has robust long standing, established internal controls in place, which allow a review of the appropriateness of these estimates for each specific contract.

Cladding provision

The business has handed over a small number of flatted development units historically which contained a modest amount of cladding materials. This is a highly complex area of which the industry has an initial understanding, but which is also the subject of evolving regulation. Per note 17 based on the initial assessment performed the directors are satisfied that the provision is a reasonable estimate of the expected costs to be incurred.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2023 £	2022 £
Turnover analysed by class of business		
Sales of properties and land	31,381,088	27,005,702
	<u> </u>	<u> </u>
	2023 £	2022 £
Other significant revenue		
Interest income	122,515	156,854
Management charge	1,000,000	1,500,000
	<u> </u>	<u> </u>
	2023 £	2022 £
Turnover analysed by geographical market		
United Kingdom	31,381,088	27,005,702
	<u> </u>	<u> </u>

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

4 Operating profit

	2023	2022
	£	£
Operating profit for the year is stated after charging/(crediting):		
(Reversal)/increase of bad debt provision	(256,498)	98,993
Impairment of stocks recognised or reversed	-	589,171
Operating lease charges	48,000	48,000
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2023	2022
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	12,400	9,900
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	1,300	1,200
	<u> </u>	<u> </u>

6 Employees

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	1,109,863	815,431
	<u> </u>	<u> </u>

There are no employees of the company. Wages and salaries are recharged from a fellow subsidiary undertaking of James Walker (Leith) Limited. Included in the above is an amount of £65,000 (2022: £105,000) allocated to developments in progress.

7 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	82,587	62,748
	<u> </u>	<u> </u>

8 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Other interest income	122,515	156,854
	<u> </u>	<u> </u>

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

9 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	778,194	539,582
Adjustments in respect of prior periods	(40,462)	(21,466)
Total current tax	<u>737,732</u>	<u>518,116</u>
Deferred tax		
Origination and reversal of timing differences	<u>(5,844)</u>	<u>(35,935)</u>
Total tax charge	<u>731,888</u>	<u>482,181</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	<u>4,072,385</u>	<u>2,781,864</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	773,753	528,554
Adjustments to tax charge in respect of previous periods	(40,462)	(21,467)
Effect of tax rate charge on opening balances	(1,403)	(24,495)
Fixed asset differences	-	(411)
Taxation charge for the year	<u>731,888</u>	<u>482,181</u>

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. This will increase in the company's tax charge in future years.

Deferred tax has been calculated using the rate effective in the period it is expected to reverse.

10 Dividends

	2023 £	2022 £
Declared and paid	<u>1,112,746</u>	<u>1,068,587</u>

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Fixed asset investments

	Notes	2023 £	2022 £
Investments in subsidiaries	23	2	2

Fixed asset investments represent shares held in subsidiaries and joint ventures. Further details are provided in note 23.

12 Stocks

	2023 £	2022 £
Developments in progress	34,181,065	30,652,490

13 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	344,503	323,165
Amounts owed by group undertakings	7,228,258	7,141,455
Other debtors	82,548	47,233
Prepayments and accrued income	41,357	1,080,793
	<u>7,696,666</u>	<u>8,592,646</u>

	2023 £	2022 £
Amounts falling due after more than one year:		
Trade debtors	564,539	652,544
Deferred tax asset (note 18)	107,908	102,064
	<u>672,447</u>	<u>754,608</u>
	<u>672,447</u>	<u>754,608</u>
Total debtors	<u>8,369,113</u>	<u>9,347,254</u>

Included in trade debtors more than one year is a bad debt provision of £108,670 (2022: £365,168).

Amounts owed by group undertakings are interest free and repayable on demand.

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

14 Loans and overdrafts

	2023 £	2022 £
Bank overdrafts	4,218,705	1,913,346
Payable within one year	4,218,705	1,913,346

15 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Bank loans and overdrafts	14	4,218,705	1,913,346
Trade creditors		319,246	192,647
Amounts owed to group undertakings		6,642,043	10,652,772
Corporation tax		778,193	539,582
Accruals and deferred income		4,699,790	3,062,232
		16,657,977	16,360,579

Amounts owed to group undertakings are interest free and repayable on demand

16 Retirement benefit schemes

Defined benefit schemes

A certain number of the company's employees participate in a group wide defined benefit pension scheme operated by the parent undertaking. As there is no contractual agreement or policy in place for charging the net defined benefit costs of a defined benefit plan as a whole to individual entities, the company recognises a cost equal to their contributions payable for the year, in line with FRS 102 section 28.38. The group's parent company James Walker (Leith) Limited is the principal employer of the defined benefit pension scheme and as such any deficit contribution commitment is between the trustees and this entity. As the company does not have any commitments to fund the pension deficit no liability has been recognised in these accounts.

17 Provisions for liabilities

	2023 £	2022 £
Cladding provision	398,735	373,450

The business has sold a small number of flatted development units historically which contained a modest amount of cladding materials. This is a highly complex area of which the industry has an initial understanding, but which is also the subject of evolving regulation. Our initial investigation suggests no significant risk to the business with the estimate of additional investigative works assessed at £398,735.

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Provisions for liabilities

(Continued)

Movements on provisions:

	Cladding provision £
At 1 April 2022	373,450
Additional provisions in the year	25,285
	<u>398,735</u>
At 31 March 2023	<u>398,735</u>

18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2023 £	Assets 2022 £
Balances:		
Origination and reversal of timing differences	107,908	102,064
	<u>107,908</u>	<u>102,064</u>
Movements in the year:		2023 £
Asset at 1 April 2022		(102,064)
Credit to profit or loss		(5,844)
		<u>(107,908)</u>
Asset at 31 March 2023		<u>(107,908)</u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

19 Share capital and reserves

	2023 £	2022 £
Ordinary share capital Issued and fully paid		
2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

Profit and loss reserves represent cumulative profits and losses, net of dividends.

DUNDAS ESTATES & DEVELOPMENT CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

20 Securities

An inter-company guarantee exists in favour of the Royal Bank of Scotland Plc among James Walker (Leith) Limited, Walker Timber Group Limited, WTG Treatment Limited, Guildway Limited, Walker Timber Engineering Limited, Walker Healthcare Limited, Ferryfield House Limited, Ellen's Glen House Limited, The Meadows Stockport Limited, Walker Facilities Management Limited, Cramond Residence Limited, Dundas Estates & Development Co. Limited, Dundas Building Co. Ltd, Walker Commercial Properties Limited, Walker Residential Properties Limited and Woodbridge Timber Limited.

As there is a net cash surplus for the companies noted above, there is no overall group exposure under the cross guarantee at the year end.

Standard securities exist over a limited number of properties held as stock housing within Developments in Progress (note 12).

21 Operating lease commitments

Lessee

Operating lease payables represent rentals payable by the company for its head office.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023	2022
	£	£
Within one year	48,000	48,000

22 Related party transactions

As a wholly owned subsidiary of James Walker (Leith) Limited, advantage has been taken of the exemption granted by Section 33 Related Party Disclosures 33.1A, not to disclose transactions entered into between two or more members of the group, with entities that are wholly owned by the common parent undertaking.

23 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Sundial Dundas (Corstorphine) Limited	Scotland	Property development	Ordinary shares	100

Registered office for the subsidiary is Alderstone House, Macmillan Road, Livingston, United Kingdom, EH54 7AW.

24 Ultimate controlling party

The company's ultimate parent undertaking is James Walker (Leith) Limited, a company registered in Scotland, which is the smallest and largest group of companies for which group financial statements are prepared. Copies of the group financial statements are available to the public from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.