

Company registration number SC200452 (Scotland)

STIRLING DEVELOPMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2022

STIRLING DEVELOPMENTS LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Director | Mr Peter Stirling |
| Company number | SC200452 |
| Registered office | Unit 1A Halbeath Interchange Business Park Kingseat Road Dunfermline Fife KY11 8RY |
| Auditor | Findlays Chartered Accountants 11 Dudhope Terrace Dundee DD3 6TS |
| Business address | Unit 1A Halbeath Interchange Business Park Kingseat Road Dunfermline Fife KY11 8RY |
| Bankers | Royal Bank of Scotland 3 High Street Dundee DD1 9LY |

STIRLING DEVELOPMENTS LIMITED

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STIRLING DEVELOPMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2022

The company's principal activities are that of property development.

The company specializes in the acquisition, planning, design and development of large, strategic housing projects, of 2000+ homes in Fife and the Lothians. Once planning permissions have been obtained, the group develops the infrastructure and supervises the build out, selling serviced land parcels to national house builders.

Business review

The company had a good trading year with turnover increasing significantly from just under £5m to just over £10m. This was expected and due to the timing of the completion of the sales of land. This was in line with projections. Margins increased in the year and the company again made a good profit, and contributed strongly towards the group profit position,

The Calderwood village project continued with very strong demand from house builders and homes are selling extremely well. The company's Broomhall project at Dunfermline received outline planning permission for some 2,200 homes and 70ha of commercial business, from Fife Council in December 2018. Initial site works commenced in 2022. The company believe that demand will be strong for these units, and sales will be significant over the next few financial periods.

Principal risks and uncertainties

The directors feel that there are a number of risks that could affect the future execution of the group's strategy.

Property development businesses always faces the risk from potential downturns in the housing market. The Edinburgh market is very strong with a good mix of diverse, first class businesses. Both sites the company is working on are high demand, and there appears to be a strong desire to move to out of town living following the COVID 19 pandemic restrictions.

There is also a risk of the post economic impact of both BREXIT and COVID 19 issues in the UK, however, the housing market has been very strong to date.

The company's financial policy only permits expenditure on a new phase of infrastructure costs once land sales have been agreed and obtained from house builders, helping reduce financial exposure.

Financial key performance indicators

The group measures KPIs on a weekly and monthly basis as part of its internal control processes and management accounts function.

Given the size, structure and diversity of the group, the directors are of the opinion that additional disclosure regarding the use of KPIs is not necessary

On behalf of the board

Mr Peter Stirling
Director

27 October 2022

STIRLING DEVELOPMENTS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 JANUARY 2022

The director presents his annual report and financial statements for the year ended 31 January 2022.

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Director

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

Mr Peter Stirling

Post reporting date events

There have been no significant events affecting the Company since the year end.

Future developments

There are no material changes planned or expected for the company.

Auditor

In accordance with the company's articles, a resolution proposing that Findlays be reappointed as auditor of the company will be put at a General Meeting.

Statement of director's responsibilities

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

STIRLING DEVELOPMENTS LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

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.

On behalf of the board

Mr Peter Stirling
Director

27 October 2022

STIRLING DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF STIRLING DEVELOPMENTS LIMITED

Opinion

We have audited the financial statements of Stirling Developments Limited (the 'company') for the year ended 31 January 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 January 2022 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's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 director with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of 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 director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

STIRLING DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF STIRLING DEVELOPMENTS LIMITED

Matters on which we are required to report by exception

In the light of the 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 or the director's 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognize non-compliance with applicable laws and regulations
- We identified the laws and regulations applicable to the company through discussions with management and through our own knowledge of the industry
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements; specifically Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and The Companies Act 2006
- We assessed the extent of compliance with the laws and regulation identified above through making enquiries of management and inspecting invoices for evidence of legal matters
- The identified laws and regulations were communicated to the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud may occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud
- Considering internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

STIRLING DEVELOPMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF STIRLING DEVELOPMENTS LIMITED

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify and unusual or unexpected relationships
- Reviewed journal postings to identify unusual transactions

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statements disclosures to underlying supporting documentation
- Enquiring of management as to actual and potential litigation and claims
- Reviewing correspondence with Companies House

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

Alexander Squires, C.A. (Senior Statutory Auditor)
For and on behalf of Findlays

27 October 2022

Chartered Accountants
Statutory Auditor

Chartered Accountants
11 Dudhope Terrace
Dundee
DD3 6TS

STIRLING DEVELOPMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2022

| | Notes | 2022 £ | 2021 £ |
|---------------------------------------|-------|------------------|------------------|
| Turnover | 3 | 10,162,008 | 4,894,114 |
| Cost of sales | | (5,785,553) | (3,178,342) |
| Gross profit | | 4,376,455 | 1,715,772 |
| Administrative expenses | | (958,039) | (554,184) |
| Other operating income | | 3,917 | 50,791 |
| Operating profit | 4 | 3,422,333 | 1,212,379 |
| Interest payable and similar expenses | 7 | (7,878) | (11,455) |
| Profit before taxation | | 3,414,455 | 1,200,924 |
| Tax on profit | 8 | (615,613) | (133,280) |
| Profit for the financial year | | 2,798,842 | 1,067,644 |

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

STIRLING DEVELOPMENTS LIMITED

BALANCE SHEET

AS AT 31 JANUARY 2022

| | Notes | 2022 £ | £ | 2021 £ | £ |
|---|-------|-------------|------------|-------------|-----------|
| Fixed assets | | | | | |
| Tangible assets | 9 | | 205,164 | | 209,266 |
| Current assets | | | | | |
| Stocks | 10 | 1,524,443 | | 2,476,939 | |
| Debtors | 11 | 4,786,702 | | 4,355,157 | |
| Cash at bank and in hand | | 6,399,706 | | 3,146,411 | |
| | | 12,710,851 | | 9,978,507 | |
| Creditors: amounts falling due within one year | 12 | (1,969,195) | | (2,039,795) | |
| Net current assets | | | 10,741,656 | | 7,938,712 |
| Net assets | | | 10,946,820 | | 8,147,978 |
| Capital and reserves | | | | | |
| Called up share capital | 14 | 500,000 | | 500,000 | |
| Profit and loss reserves | | 10,446,820 | | 7,647,978 | |
| Total equity | | | 10,946,820 | | 8,147,978 |

The financial statements were approved and signed by the director and authorised for issue on 27 October 2022

Mr Peter Stirling
Director

Company Registration No. SC200452

The notes set out on pages 11 - 20 form part of these financial statements

STIRLING DEVELOPMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2022

| | Share capital | Profit and loss reserves | Total |
|--|---------------|--------------------------|------------|
| | £ | £ | £ |
| Balance at 1 February 2020 | 500,000 | 6,580,334 | 7,080,334 |
| Year ended 31 January 2021: | | | |
| Profit and total comprehensive income for the year | - | 1,067,644 | 1,067,644 |
| Balance at 31 January 2021 | 500,000 | 7,647,978 | 8,147,978 |
| Year ended 31 January 2022: | | | |
| Profit and total comprehensive income for the year | - | 2,798,842 | 2,798,842 |
| Balance at 31 January 2022 | 500,000 | 10,446,820 | 10,946,820 |

The notes set out on pages 11 - 20 form part of these financial statements

STIRLING DEVELOPMENTS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2022

| | | 2022 | | 2021 | |
|---|-------|-------------------------|---|-------------------------|---|
| | Notes | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 16 | 3,912,179 | | 416,100 | |
| Interest paid | | (7,878) | | (11,455) | |
| Income taxes (paid)/refunded | | (649,013) | | 11,455 | |
| Net cash inflow from operating activities | | <u>3,255,288</u> | | <u>416,100</u> | |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | - | | (823) | |
| Receipts arising from loans made | | (1,993) | | (815,629) | |
| Net cash used in investing activities | | <u>(1,993)</u> | | <u>(816,452)</u> | |
| Net increase/(decrease) in cash and cash equivalents | | <u>3,253,295</u> | | <u>(400,352)</u> | |
| Cash and cash equivalents at beginning of year | | 3,146,411 | | 3,546,763 | |
| Cash and cash equivalents at end of year | | <u><u>6,399,706</u></u> | | <u><u>3,146,411</u></u> | |

The notes set out on pages 11 - 20 form part of these financial statements

STIRLING DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies

Company information

Stirling Developments Limited is a private company limited by shares incorporated in Scotland. The registered office is Unit 1A, Halbeath Interchange Business Park, Kingseat Road, Dunfermline, Fife, KY11 8RY.

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 under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Going concern

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

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|--------------------|--------------------------------|
| Freehold property | 2% straight line per annum |
| Computer equipment | 25% reducing balance per annum |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

STIRLING DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

STIRLING DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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.

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.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

STIRLING DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 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.

1.10 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.

STIRLING DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

STIRLING DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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.

Judgement is used to assess whether there has been any impairment in the value of debtors and creditors.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Depreciation

Tangible fixed assets are depreciated over a period to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.

Fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

Stock valuation

The valuation of stock is assessed by the management based on an estimation of the value of the land held for sale.

Infrastructure provision

The value of the infrastructure provision is the client's estimate of the costs to complete the infrastructure work around the properties and land previously sold to property developers.

3 Turnover and other revenue

| | 2022 £ | 2021 £ |
|---|-------------------|------------------|
| Turnover analysed by class of business | | |
| Class 1 | 10,162,008 | 4,894,114 |
| | <u>10,162,008</u> | <u>4,894,114</u> |
| | 2022 £ | 2021 £ |
| Turnover analysed by geographical market | | |
| United Kingdom | 10,162,008 | 4,894,114 |
| | <u>10,162,008</u> | <u>4,894,114</u> |
| | 2022 £ | 2021 £ |
| Other revenue | | |
| Grants received | 3,917 | 50,791 |
| | <u>3,917</u> | <u>50,791</u> |

STIRLING DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

4 Operating profit

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | £ | £ |
| Operating profit for the year is stated after charging/(crediting): | | |
| Government grants | (3,917) | (50,791) |
| Fees payable to the company's auditor for the audit of the company's financial statements | 7,700 | 2,500 |
| Depreciation of owned tangible fixed assets | 4,102 | 5,012 |
| | <u> </u> | <u> </u> |

5 Auditor's remuneration

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | £ | £ |
| Fees payable to the company's auditor and associates: | | |
| For audit services | | |
| Audit of the financial statements of the company | 7,700 | 2,500 |
| | <u> </u> | <u> </u> |

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

| | 2022 | 2021 |
|-----------|-------------------|-------------------|
| | Number | Number |
| Employees | 6 | 7 |
| | <u> </u> | <u> </u> |

Their aggregate remuneration comprised:

| | 2022 | 2021 |
|-----------------------|-------------------|-------------------|
| | £ | £ |
| Wages and salaries | 296,834 | 308,746 |
| Social security costs | 32,588 | 30,045 |
| Pension costs | 8,923 | 9,241 |
| | <u> </u> | <u> </u> |
| | 338,345 | 348,032 |
| | <u> </u> | <u> </u> |

7 Interest payable and similar expenses

| | 2022 | 2021 |
|-----------------------------|-------------------|-------------------|
| | £ | £ |
| Other finance costs: | | |
| Other interest | 7,878 | 11,455 |
| | <u> </u> | <u> </u> |

STIRLING DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

8 Taxation

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| Current tax | | |
| UK corporation tax on profits for the current period | 638,742 | 124,960 |
| Adjustments in respect of prior periods | (23,129) | 8,320 |
| Total current tax | 615,613 | 133,280 |

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:

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| Profit before taxation | 3,414,455 | 1,200,924 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | 648,746 | 228,176 |
| Adjustments in respect of prior years | (23,129) | 8,320 |
| Group relief | (10,572) | (103,759) |
| Permanent capital allowances in excess of depreciation | 568 | 543 |
| Taxation charge for the year | 615,613 | 133,280 |

9 Tangible fixed assets

| | Freehold property £ | Computer equipment £ | Total £ |
|--|---------------------------|----------------------------|------------|
| Cost | | | |
| At 1 February 2021 and 31 January 2022 | 201,986 | 44,931 | 246,917 |
| Depreciation and impairment | | | |
| At 1 February 2021 | 3,659 | 33,992 | 37,651 |
| Depreciation charged in the year | 1,362 | 2,740 | 4,102 |
| At 31 January 2022 | 5,021 | 36,732 | 41,753 |
| Carrying amount | | | |
| At 31 January 2022 | 196,965 | 8,199 | 205,164 |
| At 31 January 2021 | 198,327 | 10,939 | 209,266 |

STIRLING DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

9 Tangible fixed assets (Continued)

The carrying value of land and buildings comprises:

| | 2022 £ | 2021 £ |
|----------|-----------|-----------|
| Freehold | 196,965 | 198,327 |

10 Stocks

| | 2022 £ | 2021 £ |
|-------------------------------|-----------|-----------|
| Raw materials and consumables | 1,524,443 | 2,476,939 |

11 Debtors

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 273,774 | 2,402 |
| Amounts owed by group undertakings | 2,145,052 | 828,643 |
| Amounts owed by undertakings in which the company has a participating interest | 91,867 | 1,046,495 |
| Other debtors | 2,270,202 | 2,476,902 |
| Prepayments and accrued income | 5,807 | 715 |
| | 4,786,702 | 4,355,157 |

12 Creditors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------------|-----------|-----------|
| Trade creditors | 168,838 | 89,702 |
| Corporation tax | 748,451 | 781,851 |
| Other taxation and social security | 106,089 | 230,140 |
| Other creditors | 942,317 | 934,602 |
| Accruals and deferred income | 3,500 | 3,500 |
| | 1,969,195 | 2,039,795 |

13 Retirement benefit schemes

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 8,923 | 9,241 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

STIRLING DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2022

14 Share capital

| | 2022 Number | 2021 Number | 2022 £ | 2021 £ |
|---|----------------|----------------|-----------|-----------|
| Ordinary share capital Issued and fully paid | | | | |
| Ordinary shares of £1 each | 500,000 | 500,000 | 500,000 | 500,000 |

15 Ultimate controlling party

Peter J Stirling Limited is the sole shareholder and ultimate controlling parent of Stirling Developments Limited with Registered office at Windyhills, Auchmithie, Arbroath, DD11 5SF

16 Cash generated from operations

| | 2022 £ | 2021 £ |
|--|------------------|----------------|
| Profit for the year after tax | 2,798,842 | 1,067,644 |
| Adjustments for: | | |
| Taxation charged | 615,613 | 133,280 |
| Finance costs | 7,878 | 11,455 |
| Depreciation and impairment of tangible fixed assets | 4,102 | 5,012 |
| Movements in working capital: | | |
| Decrease/(increase) in stocks | 952,496 | (454,020) |
| (Increase)/decrease in debtors | (429,552) | 3,230,016 |
| Decrease in creditors | (37,200) | (3,577,287) |
| Cash generated from operations | 3,912,179 | 416,100 |

17 Analysis of changes in net funds

| | 1 February 2021 £ | Cash flows £ | 31 January 2022 £ |
|--------------------------|----------------------|-----------------|----------------------|
| Cash at bank and in hand | 3,146,411 | 3,253,295 | 6,399,706 |

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.