Queensberry Properties Limited

Annual report and consolidated financial statements

Registered number SC296464

31 March 2020

Contents

Directors and Advisors

Directors	KD Reid SG Simpson D Peck NAG Waugh
Company Secretary	P Dimond
Registered office	16 Walker Street Edinburgh EH3 7LP
Auditor	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Principal banker	Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB
Solicitors	Burness Paull LLP 50 Lothian Road Festival Square Edinburgh EH3 9WJ

Strategic Report

The directors present their strategic report together with the financial statements for the year ended 31 March 2020.

Principal activity

The principal activity of the Group is the development and selling of private residential housing.

Review of the Company

Operating review and key performance indicators

The key performance indicators measured by the Group include the following:

- As shown in the Group's consolidated profit and loss account on page 7, turnover has decreased during the year to £1.1 million *(2019: £8.6 million)*. Profit before tax has also decreased to £46,699 (*2019: £1,005,603*). This reduction in turnover and profit related to the stage of development of the Group's housing sites.
- Following a period of successful trading, an interim dividend of £44,436 *(2019: £4,792,000)* was paid resulting in the Group's net asset value remaining at £2.2 million *(2019: £2.2 million)*. The Group continues to maintain a stable platform for future activity.

Principal Risks and Uncertainties

The principal risks and uncertainties affecting the Group arise from its participation in the house building sector and comprise:

- Economic factors affecting demand in the housing market;
- Planning and other statutory consent processes;
- Impact of the UK's exit from the European Union.

The directors regularly consider these main risks and plan future strategy with a view to mitigating their potential impact. The Group's future development programme based on consented land is regularly reviewed, as is the ongoing housing market, along with the economic environment and medium term economic outlook.

Outlook

The directors believe that the Group is well placed to benefit from the current market conditions due to the wide variety of projects secured and being developed. The Group's exposure to future downside risk is minimised through the implementation of innovative deal structures and partnering relationships with co-developers and land owners.

Signed by order of the Board

PDimond

P Dimond
Secretary

16 Walker Street
Edinburgh
EH3 7LP

16 December 2020

Directors' Report

Dividends

Dividends paid during the year comprise an interim dividend of £44,436 *(2019: 4,792,000)* in respect of the year ended 31 March 2020. The directors do not propose the payment of a final dividend (*2019: £Nil*).

Directors

The directors who served during the year and to the date of this report were as follows:

SG Simpson
KD Reid
NAG Waugh
D Peck

The Group maintains appropriate insurance for directors of the Company and certain directors of associated companies against any liability incurred in the execution of their duties.

Financial Instruments

Details of the Company's financial instruments are given in notes 10, 11, 12, 13, 14 and 17 to the financial statements

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (*2019: £Nil*).

Disclosure of information to auditor

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

Auditor

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

Signed by order of the Board

PDimond

P Dimond
Secretary

16 Walker Street
Edinburgh
EH3 7LP

16 December 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEENSBERRY PROPERTIES LIMITED

Opinion

We have audited the financial statements of Queensberry Properties Limited ("the company") for the year ended 31 March 2020 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF QUEENSBERRY PROPERTIES LIMITED *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Hugh Harvie

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh, EH1 2EG

17 December 2020

Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2020

	Note	2020 £	2019 £
Turnover	2	**1,080,713**	8,579,858
Cost of sales		**(996,430)**	(7,723,474)
Gross profit		**84,283**	856,384
Administrative expenses		**(20,392)**	(23,890)
Group operating profit	3	**63,891**	832,494
Interest receivable and similar income	5	**552**	508
Interest payable and similar expenses	6	**(17,744)**	(12,920)
Exceptional profit (shareholder loans written off)		**-**	185,521
Profit before taxation		**46,699**	1,005,603
Tax on profit	7	**(10,146)**	(191,068)
Profit for the financial year and total comprehensive income		**36,553**	814,535
Retained earnings at the beginning of year		**2,184,656**	6,162,121
Dividend paid		**(44,436)**	(4,792,000)
Retained earnings at end of year		**2,176,773**	2,184,656

The Company has no other comprehensive income other than the result for the current and previous period.

The result for the year has been derived from continuing activities

Consolidated Balance Sheet
at 31 March 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Investments	*8*		**990,878**		506,193
Current assets					
Stocks	*9*	**25,631,030**		11,706,485	
Debtors: due within one year	*10*	**674,678**		433,899	
Debtors: due after more than one year	*10*	**67,660**		146,635	
Cash at bank and in hand	*11*	**236,498**		347,721	
		26,609,866		12,634,740	
Creditors: amounts falling due within one year	*12*	**(13,396,167)**		(7,460,572)	
Net current assets			**13,213,699**		5,174,168
Total assets less current liabilities			**14,204,577**		5,680,361
Creditors: amounts falling due after one year	*13*		**(12,027,704)**		(3,495,605)
Net assets			**2,176,873**		2,184,756
Capital and reserves					
Called up share capital	*15*		**100**		100
Profit and loss account			**2,176,773**		2,184,656
Shareholder's funds			**2,176,873**		2,184,756

These financial statements were approved by the board of directors on 16 December 2020 and signed on its behalf by:

KD Reid
Director

D Peck
Director

Company registered number: SC296464

Notes on pages 13 to 23 form an integral part of these financial statements

Balance Sheet
at 31 March 2020

	Note	2020 £	£	2019 £	£
Fixed Assets					
Investments	*8*		**990,882**		506,197
Current assets					
Stocks	*9*	**2,378,858**		280,762	
Debtors: due within one year	*10*	**4,850,377**		4,907,669	
Debtors: due after more than one year	*10*	**67,660**		146,635	
Cash at bank and in hand		**153,791**		40,422	
		7,450,686		5,375,488	
Creditors: amounts falling due within one year	*12*	**(7,413,554)**		(4,829,145)	
Net current assets			**37,132**		546,343
Net assets			**1,028,014**		1,052,540
Capital and reserves					
Called up share capital	*15*		**100**		100
Profit and loss account			**1,027,914**		1,052,440
Shareholders' funds			**1,028,014**		1,052,540

These financial statements were approved by the board of directors on 16 December 2020 and signed on their behalf by:

KD Reid
Director

D Peck
Director

Company registered number: SC296464

Consolidated Statement of Changes in Equity

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 April 2018	100	6,162,121	6,162,221
Total comprehensive income for the period			
Profit for the financial year	-	814,535	814,535
Total comprehensive income for the period	-	814,535	814,535
Transactions with owners, recorded directly in equity:			
Dividends paid	-	(4,792,000)	(4,792,000)
Total contributions by and distributions to owners	-	(4,792,000)	(4,792,000)
Balance at 31 March 2019	**100**	**2,184,656**	**2,184,756**
Balance at 1 April 2019	100	2,184,656	2,184,756
Total comprehensive income for the period			
Profit for the financial year	-	36,553	36,553
Total comprehensive income for the period	-	36,553	36,553
Transactions with owners, recorded directly in equity:			
Dividends paid	-	(44,436)	(44,436)
Total contributions by and distributions to owners	-	(44,436)	(44,436)
Balance at 31 March 2020	**100**	**2,176,773**	**2,176,873**

Company Statement of Changes in Equity

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 April 2018	100	5,707,713	5,707,813
Total comprehensive income for the period			
Profit for the financial year	-	136,727	136,727
Total comprehensive income for the period	-	136,727	136,727
Transactions with owners, recorded directly in equity:			
Dividends paid	-	(4,792,000)	(4,792,000)
Total contributions by and distributions to owners	-	(4,792,000)	(4,792,000)
Balance at 31 March 2019	**100**	**1,052,440**	**1,052,540**
Balance at 1 April 2019	100	1,052,440	1,052,540
Total comprehensive income for the period			
Profit for the financial year	-	(24,526)	(24,526)
Total comprehensive income for the period	-	(24,526)	(24,526)
Transactions with owners, recorded directly in equity:			
Dividends received	-	44,436	44,436
Dividends paid	-	(44,436)	(44,436)
Total contributions by and distributions to owners	-	-	-
Balance at 31 March 2020	**100**	**1,027,914**	**1,028,014**

Notes on pages 13 to 23 form an integral part of these financial statements

Consolidated Cash Flow Statement

for year ended 31 March 2020

	Note	2020	2019
		£	£
Cash flows from operating activities			
Profit for the year		36,553	814,535
Adjustments for:			
Interest receivable and similar income		(552)	(508)
Interest payable and similar expenses		17,744	12,920
Taxation		10,146	191,068
		63,891	1,018,015
(Increase)/decrease in trade and other debtors		(44,174)	279,160
Increase in stocks		(13,924,545)	(2,596,342)
Increase in trade and other creditors		5,817,965	4,424,524
		(8,086,863)	3,125,357
Dividends paid		(44,436)	(4,792,000)
Tax paid		(10,146)	(191,068)
Net cash from operating activities		(8,141,445)	(1,857,711)
Cash flows from investing activities			
Interest received		552	508
Acquisition of investment		(484,685)	(166,449)
Net cash from investing activities		(484,133)	(165,941)
Cash flows from financing activities			
Proceeds from new loan		8,532,099	3,495,605
Interest paid		(17,744)	(12,920)
Repayment of borrowings		-	(2,201,698)
Net cash from financing activities		8,514,355	1,280,987
Net decrease in cash and cash equivalents		(111,223)	(742,665)
Cash and cash equivalents at 1 April		347,721	1,090,386
Cash and cash equivalents at 31 March	*11, 18*	236,498	347,721

Notes on pages 13 to 23 form an integral part of these financial statements

Notes
(forming part of the financial statements)

1 Accounting policies

Queensberry Properties Limited (the "Company") is a private company limited by shares and is incorporated, domiciled and registered in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling.

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

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

In these financial statements the Company has applied the following amendments to FRS102, with the date of transition being 1 April 2018, in the following areas:

- Triennial review 2017 Amendments: Section 7 Statement of Cash Flows. As a result a net debt reconciliation has been disclosed for the Group – see note 18.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the profit or loss.

1.2 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2.

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

The directors have prepared going concern assessment for a period covering at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, and the anticipated impact of COVID-19, which is minimal, the Group will have sufficient funds, through funding from its shareholders, Cruden Homes (East) Limited and Tarras Park Properties Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on those shareholders not seeking repayment of the amounts currently due from the Group, which at 31 March 2020 amounted to £12,481,835, and providing additional financial support during that period. The shareholders have indicated their intention to continue to make available such funds as are needed by the Group, and that they do not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern *(continued)*

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

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2020. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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

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

1.4 Basic financial instruments

Trade and other debtors / creditors

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

Interest-bearing borrowings classified as basic financial instruments

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

Cash and cash equivalents

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

Investments in subsidiaries, jointly controlled entities and associates

These are separate financial statements of the Company. Investments in subsidiaries, jointly controlled entities and assocaiates are carried at cost less impairement.

1.5 Stocks (land and residential property development work in progress)

Stocks comprise land and residential property development costs and are included in the financial statements at the lower of cost and net realisable value. No profit is taken in respect of properties sold until settlement has been achieved.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Impairment excluding stocks

Financial assets (including trade and other debtors)

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

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

1.7 Turnover

Turnover comprises settlement income from residential properties and land which is recognised on legal completion.

1.8 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions. Borrowing costs are expensed as incurred, or, for those that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

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

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Taxation

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

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

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

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

1.10 Classification of financial instruments issued by the Company

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

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

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

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

1.11 Investments

Investments in subsidiary undertakings are stated at cost.

Notes *(continued)*

2 Turnover

Turnover comprises settlement income from the sale of residential properties and land. All turnover originates in the United Kingdom.

3 Expenses and auditor's remuneration

Included in profit are the following:

Auditor's remuneration:

	2020 £	2019 £
Audit of these financial statements	**6,447**	4,100
Audit of financial statements of subsidiaries of the Company	**12,630**	7,625
Taxation compliance services	**1,559**	5,760

4 Staff numbers and costs

The Company has no employees other than its directors. No directors' remuneration was paid during the year *(2019: £Nil)*.

5 Interest receivable and similar income

	2020 £	2019 £
Bank interest receivable	**552**	508

6 Interest payable and similar expenses

	2020 £	2019 £
On bank loans	**514,087**	92,017
On shareholders' loans	**319,646**	(22,278)
Related party loan	**16,120**	10,911
Other	**1,624**	2,009
	851,477	82,659
Less interest capitalised (note 9)	**(833,733)**	(69,739)
	17,744	12,920

Notes *(continued)*

7 Taxation

Total tax expense recognised in the profit and loss account

	2020	2019
	£	£
UK Corporation tax		
Current tax on income for the period	**10,146**	191,065
Adjustment in respect of previous year	-	3
Total tax	**10,146**	191,068

Reconciliation of effective tax rate

	2020	2019
	£	£
Profit for the year	**36,553**	814,535
Total tax expense	**10,146**	191,068
Profit excluding taxation	**46,699**	1,005,603
Current tax at 19% *(2019: 19%)*	**8,873**	191,065
Effects of:		
Tax affect of non-deductible expenses	**1,273**	-
Adjustment to tax charge in respect of prior periods	-	3
Total tax charge included in profit or loss	**10,146**	191,068

Factors affecting the future current and total tax charges
A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 March 2020 has been calculated based on this rate. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the Company's future current tax charge accordingly.

Notes *(continued)*

8 Investments

Fixed asset investments - Group

	Shares in associates	Loans to associates	Total
	£	£	£
Cost and net book value			
At beginning of year	50	506,143	506,193
Additions	-	484,685	484,685
At end of year	**50**	**990,828**	**990,878**

Fixed asset investments – Company

	Shares in Subsidiaries	Shares in associates	Loans to associates	Total
	£	£	£	£
Cost and net book value				
At beginning of year	4	50	506,143	506,197
Additions	-	-	484,685	484,685
At end of year	4	50	**990,828**	**990,882**

The Company has the following investments in subsidiaries:

		Country of incorporation	Class of shares held	Ownership 2020 %	Ownership 2019 %
Queensberry Properties (Kinnear Road) Ltd	1 a	Scotland	Ordinary	100	100
Queensberry Properties (Peebles) Ltd	1 a	Scotland	Ordinary	100	100
Queensberry Properties (Otago) Ltd	1 a	Scotland	Ordinary	100	100
Queensberry Properties (New Waverley) Ltd	1 a	Scotland	Ordinary	100	100
Queensberry Properties (Bonnington) Ltd	1 a	Scotland	Ordinary	100	-

The Company has the following investments in associates:

		Country of incorporation	Class of shares held	Ownership 2020 %	Ownership 2019 %
Edinburgh St James Residential Building Company Ltd	2 a	Scotland	Ordinary	25	25

Registered offices (note reference above):

1 16 Walker Street, Edinburgh, EH3 7LP
2 201 Bishopsgate, London, EC2M 3BN

Principal activity (note reference above):
a Housebuilding and development

9 Stocks

	Group 2020	Group 2019	Company 2020	Company 2019
	£	£	£	£
Land and residential work in progress	**25,631,030**	11,706,485	**2,378,858**	280,762

Included above is capitalised loan interest of £514,087 *(2019: £92,017)*.

Notes *(continued)*

10 Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due within one year				
Trade debtors	**169,655**	94,949	**49,350**	94,949
Other debtors	**387,393**	338,950	**364,116**	301,524
Corporation tax	**117,630**	-	**59,361**	55,928
Amounts owed by group undertakings	**-**	-	**4,376,516**	4,295,965
Amounts owed by shareholders	**-**	-	**1,034**	159,303
	674,678	433,899	**4,850,377**	4,907,669
Due after more than one year				
Shared equity debtors	**67,660**	146,635	**67,660**	146,635

The Group operates a shared equity scheme that assisted prospective homeowners with their house purchase. The terms of the scheme are such that the Group provided a loan of a maximum of 25% of the house price, to the customer which is required to be repaid within 10 years of the house purchase. The loan to the customer is secured via a second ranking security over the property. No further advances have been made under shared equity schemes during the year *(2019: £Nil)*.

11 Cash and cash equivalents/ bank loans

	2020 £000	2019 £000
Cash and cash equivalents per cash flow statement	**236,498**	347,721
Bank loans (see Note 14)	**(12,027,704)**	(3,495,605)
Total cash and cash equivalents net of bank loans	**(11,791,206)**	(3,147,884)

12 Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	**113,041**	159,443	**55,319**	88,817
Accruals and deferred income	**232,303**	117,351	**53,842**	32,714
Other creditors	**568,988**	350,810	**542,340**	309,216
Corporation tax	**-**	101,431	**-**	-
Amounts due to shareholders	**12,481,835**	6,731,537	**6,762,053**	4,385,612
Amounts due to group undertakings	**-**	-	**-**	12,786
	13,396,167	7,460,572	**7,413,554**	4,829,145

Notes *(continued)*

13 Creditors: amounts falling due after one year

	Group		Company	
	2020	2019	**2020**	2019
	£	£	**£**	£
Bank loans	**12,027,704**	3,495,605	**-**	-

14 Interest-bearing loans and borrowings

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

Company	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2020	2019
					£	£
Queensberry Properties (New Waverley) Ltd	GBP	6.5%	2021	In line with development	**10,726,252**	3,495,605
QueensberryProperties (Bonnington) Ltd	GBP	3.0%	2022	In line with development	**1,301,452**	-

The bank facilities are secured by way of standard securities over the properties.

15 Called up share capital

	2020	2019
	£	£
Issued and fully paid:		
50 'A' ordinary shares of £1 each	50	50
50 'B' ordinary shares of £1 each	50	50
	100	100

The A and B shares rank pari-pasu in all respects. The holders of ordinary shares are entitled to receive dividends, as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally.

16 Contingent liabilities

There are contingent liabilities within certain subsidiary companies in respect of contractual obligations of subsidiary companies undertaken in the normal course of the subsidiaries' business.

The bank holds a bond and floating charge over the assets of the Company, and standard securities over certain developments and a bond and floating charge over the assets of certain members of the Group.

Notes *(continued)*

17 Financial instruments - Group

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2020	2019
	£	**£**
Assets measured at amortised cost		
- Trade and other receivables	**742,338**	580,534
- Cash and cash equivalents	**236,498**	347,721
Liabilities measured at amortised cost		
- Trade and other creditors	**(25,423,871)**	(10,956,177)

18 Net debt

Group	**Borrowings due within one year**	**Cash and cash equivalents**	**Net debt**
	£	**£**	**£**
Net debt analysis			
Balance at 1 April 2019	(3,495,605)	347,721	**(3,147,884)**
Cash flows	(8,532,099)	(111,223)	**(8,643,322)**
Balance at 31 March 2020	**(12,027,704)**	**236,498**	**(11,791,206)**

19 Related party disclosures

The Group is jointly owned by Cruden Homes (East) Limited and Tarras Park Properties Limited.

Loans advanced to the Group during the year from Cruden Homes (East) Limited were £2,553,145 (*2019: £3,651,072*) and from Tarras Park Properties Limited were £2,553,005 (*2019: £3,672,435*). At the year end, Cruden Homes (East) Limited was due £5,057,189 (*2019: £2,729,840*) and Tarras Park Properties Limited was due £5,057,306 (*2019: £2,729,874*) in respect of these loans. Cruden Homes (East) Limited and Tarras Park Properties Limited have charged interest on these loans during the year totalling £159,822 *(2019: £11,417)* and £159,824 *(2019: £10,861)* respectively. At the year-end accrued interest of £258,479 *(2019: £98,656)* was due to Cruden Homes (East) Limited and £258,983 *(2019: £99,156)* was due to Tarras Park Properties Limited. All outstanding balances are included within amounts owed to shareholders.

At the year end the Company owes £1,843,795 *(2019: £895,014)* to Cruden Homes (East) Limited in respect of construction work and project management fees and £139,959 *(2019: £40,645)* to Buccleuch Property Investment Managers Limited for a project management fee. At the year end £6,083 *(2019: £138,351)* was due to Cruden Homes East for recharges. All outstanding balances are included within amounts owed to/from shareholders.

During the year £9,377,435 (2019: £1,641,817) of construction expenditure and project management fees was recognised in respect of construction work completed on contracts with Cruden Homes (East) Limited.

Notes *(continued)*

20 Parties with significant control

Cruden Homes (East) limited, a 50% shareholder, is ultimately owned by Cruden Holdings Limited, incorporated in Scotland, whose financial statements are available to the public and may be obtained from 16 Walker Street, Edinburgh, EH3 7LP.

Tarras Park Properties Limited, a 50% shareholder, is ultimately owned by The MDS Estates Limited, incorporated in England, whose financial statements are available to the public and may be obtained from the Company Secretary, Buccleuch Property Estate Office, Weekley, Kettering, Northamptonshire, NN16 9UP.

21 Accounting estimates and judgements

Key sources of estimation uncertainty

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

Carrying value of WIP (stocks of land and development work in progress)

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

Carrying value of shared equity

The Group operates a shared equity scheme to assist prospective homeowners with their house purchase. The loans are held at the present value of expected future cash flows taking into account the a number of factors, including the expected market value of the property at the time of the loan repayment, the likely date of repayments and the default rates. Accordingly there are a number of uncertainties which could impact the carrying value. The carrying amount of shared equity debtors at year end is detailed within note 10.

22 Post Balance Sheet Events

Subsequent to the balance sheet date, the UK's short-term economic outlook has deteriorated as a consequence of the COVID-19 pandemic and the measures taken by government to control the spread of the virus.

The Directors have reviewed the impact of COVID-19 and its potential impact on the business but believe that there is no requirement for disclosure beyond that already made in the Going Concern note (note 1.2).