

Queensberry Properties Limited

Annual report and consolidated financial statements

Registered number SC296464

31 March 2023

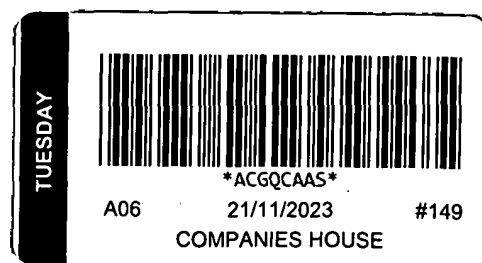


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Directors and Advisors

Directors	KD Reid SG Simpson D Peck NAG Waugh
Company Secretary	P Dimond
Registered office	16 Walker Street Edinburgh EH3 7LP
Auditor	RSM UK Audit LLP Third Floor Centenary House 69 Wellington Street Glasgow G2 6HG
Principal banker	Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2AD
Solicitors	Burness Paull LLP 50 Lothian Road Festival Square Edinburgh EH3 9WJ

Strategic Report

The directors present their Strategic Report together with the consolidated financial statements of the Group for the year ended 31 March 2023.

Principal activities

The Group's principal activities are development and sale of private residential housing. There have been no changes in these core business activities during the year.

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 10, turnover has decreased during the year to £14.8m (2022: £22.2m). Profit before tax has decreased to £0.7m (2022: £2.3m). This decrease 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 £0.8m (2022: £1.2m) was paid resulting in the Group's net asset value decreasing to £1.4m (2022: £1.7m). 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.
- The impact of the war in Ukraine.
- Supply chain – availability and pricing of materials and subcontractors.
- Employment market shortages.
- Cost inflation resulting from the above.
- Interest rate rises and the impact on mortgage availability and affordability.
- Planning and other statutory consent processes.
- The continuing impact of the UK's exit from the European Union.
- Continuing residual impacts of COVID-19.

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 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 variety of projects 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



P Dimond
Secretary
7 November 2023
16 Walker Street, Edinburgh, EH3 7LP

Directors' Report

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

Dividends

Dividends paid during the year comprise an interim dividend in respect of the year ended 31 March 2023 of £846,116 (2022: £1,245,000). The directors do not propose the payment of a final dividend (2022: £Nil).

Directors

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

KD Reid
SG Simpson
D Peck
NAG Waugh

The shareholders (note 19) maintain appropriate insurance for their respective directors of the Company and its subsidiaries against any liability incurred in the execution of their duties.

Financial instruments

Details of the Group's financial instruments are given in notes 10, 11, 12, 13, 15 and 16 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 (2022: £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 Group'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 Group's auditor is aware of that information.

Auditors

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 487 of the Companies Act 2006, RSM UK Audit LLP, is deemed to be reappointed.

Signed by order of the Board



P Dimond
Secretary
7 November 2023
16 Walker Street, Edinburgh, EH3 7LP

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the 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 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 the Company and of the profit or loss of the Group and 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 estimates that are reasonable and prudent; and
- 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 Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of 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 'parent company') and its subsidiaries (the 'group') for the period ended 31 March 2023 which comprise of the Consolidated Profit and Loss Account and Other Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statements of Changes in Equity, Consolidated Cash Flow Statement 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 FRS 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 group's and of the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and parent 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 group's or the parent 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are 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.

Independent Auditor's Report (*continued*)

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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 group's and the 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 the directors 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 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 the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Independent Auditor's Report (*continued*)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, distributable profits legislation and tax compliance legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included agreeing the financial statement disclosures to underlying supporting documentation, review of board and committee meeting minutes and enquiries with management.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the group is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

The group audit engagement team identified the risk of management override of controls and management bias in accounting estimates as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. We evaluated whether there was evidence of bias by management in accounting estimates that represented a risk of material misstatement due to fraud. We challenged assumptions and judgements made by management in their significant accounting estimates, in particular in relation to contract accounting, including the expected margin through assessment of post year end performance and stage of completion, through discussions with the relevant individuals, corroborating evidence provided and inspection of year end valuations.

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.

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.

Alan Aitchison

Alan Aitchison (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: 9 November 2023

Consolidated Profit and Loss Account and Other Comprehensive Income **for year ended 31 March 2023**

	<i>Note</i>	2023 £000	2022 £000
Turnover	2	14,784	22,210
Cost of sales		(14,017)	(19,818)
Gross profit		767	2,392
Administrative expenses		(28)	(39)
Group operating profit	3	739	2,353
Interest receivable and similar income	5	1	-
Interest payable and similar expenses	6	(2)	(38)
Profit before taxation		738	2,315
Tax on profit	7	(140)	(428)
Profit for the financial year and total comprehensive income		598	1,887

The Group has no other comprehensive income other than the profit for the current year and preceding year.

The notes on pages 16 to 26 form an integral part of these financial statements.

Consolidated Balance Sheet at 31 March 2023

	Note	2023 £000	2022 £000
Fixed assets			
Investments	8	124	106
		124	106
Current assets			
Stocks	9	21,288	31,817
Debtors	10	843	3,767
Cash at bank and in hand		193	425
		22,324	36,009
Creditors: amounts falling due within one year	11	(21,015)	(34,434)
Net current assets		1,309	1,575
Net assets		1,433	1,681
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account		1,433	1,681
Shareholders' funds		1,433	1,681

These financial statements were approved by the Board of directors on 7 November 2023 and were signed on its behalf by:


K D Reid
Director


D Peck
Director

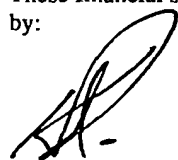
Company registered number: SC296464.

The notes on pages 16 to 26 form an integral part of these financial statements.

Company Balance Sheet at 31 March 2023

	Note	2023 £000	2022 £000
Fixed assets			
Investments	8	124	106
		124	106
Current assets			
Stocks	9	112	2,025
Debtors	10	15,028	11,638
Cash at bank and in hand		60	65
		15,200	13,728
Creditors: amounts falling due within one year	11	(6,310)	(6,837)
Net current assets		8,890	6,891
Total assets less current liabilities		9,014	6,997
Creditors: amounts falling due after more than one year	12	(8,450)	(6,181)
Net assets		564	816
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account		564	816
Shareholders' funds		564	816

These financial statements were approved by the Board of directors on 7 November 2023 and were signed on its behalf by:



K D Reid
Director



D Peck
Director

Company registered number: SC296464.

The notes on pages 16 to 26 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity **for year ended 31 March 2023**

	Called up share capital £000	Profit & loss account £000	Total equity £000
Balance at 1 April 2021	-	1,039	1,039
Total comprehensive income for the year			
Profit for the financial year	-	1,887	1,887
Total comprehensive income for the year	-	1,887	1,887
Transactions with owners, recorded directly in equity:			
Dividends	-	(1,245)	(1,245)
Total contributions by and distributions to owners	-	(1,245)	(1,245)
Balance at 31 March 2022 and 1 April 2022	-	1,681	1,681
Total comprehensive income for the year			
Profit for the financial year	-	598	598
Total comprehensive income for the year	-	598	598
Transactions with owners, recorded directly in equity:			
Dividends	-	(846)	(846)
Total contributions by and distributions to owners	-	(846)	(846)
Balance at 31 March 2023	-	1,433	1,433

The notes on pages 16 to 26 form an integral part of these financial statements.

Company Statement of Changes in Equity **for year ended 31 March 2023**

	Called up share capital £000	Profit & loss account £000	Total equity £000
Balance at 1 April 2021	-	802	802
Total comprehensive income for the year			
Profit for the financial year	-	1,259	1,259
Total comprehensive income for the year	-	1,259	1,259
Transactions with owners, recorded directly in equity:			
Dividends paid	-	(1,245)	(1,245)
Total contributions by and distributions to owners	-	(1,245)	(1,245)
Balance at 31 March 2022 and 1 April 2022	-	816	816
Total comprehensive income for the year			
Profit for the financial year	-	594	594
Total comprehensive income for the year	-	594	594
Transactions with owners, recorded directly in equity:			
Dividends paid	-	(846)	(846)
Total contributions by and distributions to owners	-	(846)	(846)
Balance at 31 March 2023	-	564	564

The notes on pages 16 to 26 form an integral part of these financial statements.

Consolidated Cash Flow Statement for year ended 31 March 2023

	Notes	2023 £000	2022 £000
Cash flows from operating activities			
Profit for the year		598	1,887
Adjustments for:			
Interest receivable and similar income		(1)	-
Interest payable and similar expenses		2	38
Taxation		140	428
		739	2,353
Decrease in stocks		10,529	10,907
Decrease / (increase) in trade and other debtors		2,924	(3,608)
Decrease in trade and other creditors		(1,101)	(7,455)
		13,091	2,197
Dividends paid		(846)	(1,245)
Tax paid		(479)	-
Net cash from operating activities		11,766	952
Cash flows from investing activities			
Interest received		1	-
Repayment of investment		-	1,537
Acquisition of investment	8	(18)	-
Net cash from investing activities		(17)	1,537
Cash flows from financing activities			
Interest paid		(2)	(38)
Repayment of borrowings		(11,979)	(3,632)
Net cash from financing activities		(11,981)	(3,670)
Net decrease in cash and cash equivalents		(232)	(1,181)
Cash and cash equivalents at 1 April		425	1,606
Cash and cash equivalents at 31 March	17	193	425

The notes on pages 16 to 26 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, registered and domiciled in the UK.

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

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 area:

- 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 17*.

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.

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 20.

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 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 a going concern assessment cash flow forecast 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, the company will have sufficient funds to meet its liabilities as they fall due for that period. The directors have received the support of their fellow subsidiaries confirming that amounts due will not be called until such time as the company has the funds available.

Notes (*continued*)

1 Accounting policies (*continued*)

1.2 Going concern (*continued*)

Consequently, the directors are confident that the company 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 2023. 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 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.

1.5 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.

Notes (*continued*)

1 Accounting policies (*continued*)

1.5 Basic financial instruments (*continued*)

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 Group'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 associates are carried at cost less impairment.

1.6 Stocks (land and 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.

1.7 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

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

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

Non-financial assets

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

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.

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.

1.8 Turnover

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

Notes (*continued*)

1 Accounting policies (*continued*)

1.9 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.

1.10 Investments

Investments in subsidiary undertakings are stated at cost.

1.11 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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. Turnover

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

Notes (continued)

3. Expenses and auditor's remuneration

Included in the profit are the following:

<i>Auditor's remuneration</i>	2023 £000	2022 £000
Audit of these financial statements	7	7
Audit of financial statements of subsidiaries of the Company	16	15
Taxation compliance services	13	14

4. Staff numbers and costs

The Company has no employees other than its directors. No directors' remuneration was paid during the year (2022: £Nil).

5. Interest receivable and similar income

	2023 £000	2022 £000
Bank interest receivable	1	-

6. Interest payable and similar expenses

	2023 £000	2022 £000
On bank loans	513	1,139
On shareholders' loans	395	252
Related party loan	2	38
	910	1,429
Less interest capitalised (see note 9)	(908)	(1,391)
	2	38

Notes (continued)

7. Taxation

Total tax expense recognised in the profit and loss account

	2023	2022
	£000	£000
<i>UK Corporation Tax</i>		
Current tax on income for the year	141	440
Adjustments in respect of prior periods	(1)	(12)
Total tax	140	428

Reconciliation of effective tax rate

	2023	2022
	£000	£000
Profit for the year	598	1,887
Total tax expense	140	428
Profit excluding taxation	738	2,315
 Tax using the UK corporation tax rate of 19% (2022: 19%)	 141	 440
Adjustment of tax charge in respect of prior periods	(1)	(12)
Total tax expense included in profit or loss	140	428

Factors affecting the future current and total tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2021 in the prior year and these changes are reflected within the tax figures. This included an increase to the main rate of corporation tax to 25% from 1 April 2023 and this is the rate which has been used in calculating deferred tax in the prior year and at the year end. Finance Act 2023 which received Royal Assent on 10 January 2023 will not have any impact on the corporation tax figures.

8. Fixed asset investments

Fixed asset investments – Group

<i>Group</i>	Shares in associates £000	Loans to associates £000	Total £000
Cost and net book value			
At beginning of year	-	106	106
Addition	-	18	18
At end of year	-	124	124

Notes (continued)

8. Fixed asset investments (continued)

Fixed asset investments - Company

<i>Company</i>	Shares in Subsidiaries £000	Shares in associates £000	Loans to associates £000	Total £000
Cost and net book value				
At beginning of year	-	-	106	106
Addition	-	-	18	18
At end of year	-	-	124	124

The Company has the following investments in material subsidiaries and associates:

	Key	Class of shares held	Ownership 2023 %	Ownership 2022 %
Queensberry Properties (Otago) Ltd	1 ∞ a	A Ordinary	100	100
Queensberry Properties (New Waverley) Ltd	1 ∞ a	A Ordinary	100	100
Queensberry Properties (New Waverley North) Ltd	1 ∞ a	A Ordinary	100	100
Edinburgh St James Residential Building Company Ltd	2 ≠ a	Ordinary	25	25

Registered offices (note reference above):

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

Country of incorporation (note reference above):

- ∞ Scotland
≠ England

Principal activity (note reference above):

- a Housebuilding and development

9. Stocks

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Land and development work in progress	21,288	31,817	112	2,025

Included above is loan interest and joint venture interest capitalised during the year of £907,918 (2022: £1,391,192).

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year for the Group amounted to £14,016,517 (2022: £19,818,288).

Notes (continued)

10. Debtors

	<i>Group</i>		<i>Company</i>	
	2023	2022	2023	2022
	£000	£000	£000	£000
Due within one year				
Trade debtors	33	3,743	5	665
Shared equity debtors	24	-	24	-
Other debtors	786	-	764	-
Amounts owed by group undertakings	-	-	5,785	4,768
	843	3,743	6,578	5,433
Due after more than one year				
Shared equity debtors	-	24	-	24
Amounts owed by group undertakings	-	-	8,450	6,181
	-	24	8,450	6,205
Total debtors	843	3,767	15,028	11,638

The Group operated 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 was secured via a second ranking security over the property. No further advances have been made under shared equity schemes during the year (2022: £Nil).

11. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade creditors	26	147	-	24
Accruals and deferred income	171	199	143	140
Land creditor	-	1,919	-	-
Other creditors	132	173	116	179
Corporation tax	101	440	152	13
Bank loan (see note 13)	1,203	13,182	-	-
Amounts due to shareholders	19,382	18,374	5,899	6,481
	21,015	34,434	6,310	6,837

Notes (continued)

12. Creditors: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	2023	2022	2023	2022
	£000	£000	£000	£000
Amounts due to shareholders	-	-	8,450	6,181

13. 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.

<i>Company</i>	<i>Currency</i>	<i>Nominal interest rate</i>	<i>Year of maturity</i>	<i>Repayment schedule</i>	2023	2022
					£000	£000
Queensberry Properties (New Waverley) Ltd	GBP	6.5% Fixed rate	2023	In line with development	1,203	13,182

This loan was secured by a floating charge over the subsidiary company's assets, along with a standard security over the development.

The bank facility was repaid in full on 26 May 2023.

14. Share capital

	2023	2022
	£	£
<i>Issued and fully paid:</i>		
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.

15. 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 relevant banks held standard securities over certain developments and a bond and floating charge over the assets of certain members of the Group.

Notes (continued)

16. Financial instruments - Group

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2023	2022
	£000	£000
Assets measured at amortised cost		
- Trade and other receivables	843	3,767
- Cash and cash equivalents	193	425
Liabilities measured at amortised cost		
- Trade and other creditors	(21,015)	(34,434)

17. Net debt

Group	Borrowings due within one year £000	Cash and cash Equivalents £000	Net debt £000
Net debt analysis			
Balance at 1 April 2022	(13,182)	425	(12,757)
Cash flows	11,979	(232)	11,747
Balance at 31 March 2023	(1,203)	193	(1,010)

18. Related party disclosures

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

Additional loans advanced to the Group during the year from Cruden Homes (East) Limited were £753,032 (2022: paid £474,318) and from Tarras Park Properties Limited £753,032 (2022: paid £455,599). At the year end, Cruden Homes (East) Limited was due £8,331,184 (2022: £7,578,152) and Tarras Park Properties Limited was due £8,331,538 (2022: £7,578,506) in respect of these loans. Cruden Homes (East) Limited and Tarras Park Properties Limited have charged interest on these loans during the year totalling £197,592 (2022: £60,324) and £197,245 (2022: £60,203) respectively. At the year-end accrued interest of £657,856 (2022: £460,264) was due to Cruden Homes (East) Limited and £658,040 (2022: £460,795) was due to Tarras Park Properties Limited. All outstanding balances are included within amounts due to shareholders.

At the year end, amounts due in respect of construction work carried out, recharges and management fees to Cruden Homes (East) Limited were £1,152,439 (2022: £2,046,213) and £250,915 (2022: £249,878) to Buccleuch Property Investment Managers Limited for a project management fee. All outstanding balances are included within amounts due to/from shareholders.

During the year £1,638,956 (2022: £6,456,303) of construction expenditure and project management fees was incurred in respect of construction work completed by Cruden Homes (East) Limited.

Notes (*continued*)

19. 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 MDS Group Investments 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.

20. 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 residential 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 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.