

Company Registration No. SC717355 (Scotland)

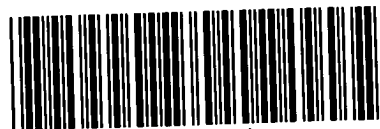
Parent A/C's  
SC393098

**M2 HOLDCO LIMITED**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

TUESDAY



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## **M2 HOLDCO LIMITED**

### **COMPANY INFORMATION**

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<b>Directors</b>	A A King D T Milloy E M Young	(Appointed 16 December 2021) (Appointed 10 December 2021) (Appointed 16 December 2021)
<b>Secretary</b>	K M Park	(Appointed 16 December 2021)
<b>Company number</b>	SC717355	
<b>Registered office</b>	201 West George Street Glasgow United Kingdom G2 2LW	
<b>Auditor</b>	Johnston Carmichael LLP 227 West George Street GLASGOW G2 2ND	

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# **M2 HOLDCO LIMITED**

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# **M2 HOLDCO LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present the strategic report for the year ended 31 December 2021.

M2 Holdco Limited was incorporated on 10 December 2021 and this is the first annual report and financial statements. The company was established to act as a new intermediate holding company for the M2 Group following a corporate restructuring exercise.

This strategic report has been prepared for the M2 Group as a whole and therefore gives greater emphasis to those matters which are significant to the wider M2 Holdco Group and the company's subsidiary undertakings when viewed as a whole.

#### **Basis of preparation**

As outlined above, the company was established to act as a new intermediate holding company for the M2 Group following a corporate restructuring exercise. As the corporate restructuring qualified for merger accounting under FRS 102, these consolidated financial statements have been prepared by applying the principles of merger accounting. The current period and comparative financial information are therefore presented as if the group was in existence throughout the entire current and prior period.

#### **Fair review of the business**

The Group has performed very well in 2021 and delivered an increased operating profit of £15,711,285 (2020 - £14,211,846).

The development of three distribution units totalling 736,299 sqft at Omega Business Park, Warrington was successfully completed on 24 September 2021, having been prefunded by Mountpark Logistics EU. The units have been let to Gousto and Amazon. Omega is the pre-eminent manufacturing and distribution location in the North West. Planning approval was obtained on the 11 November 2021 to extend the development by 2,212,002 sqft. A contract was concluded with TJMorris (t/a Home Bargains) to occupy Unit 1, which will extend to 878,031 sqft.

Two residential sites were sold at Omega to Castle Green Homes (145 units) and Bloor Homes (195 units). Other housebuilders currently developing on Omega include Redrow and Taylor Wimpey.

Detailed planning consent was obtained for 105 residential units at Kirkcaldy following which the site was sold into a new 50/50 Joint Venture company to be developed.

The Group's strategy of acquiring land that offers potential for development was progressed during the year. 529 acres were acquired at Broxburn, part of which has a residential allocation. An 11 acre site benefiting from planning permission in principle was acquired at Maddiston, Falkirk and will be developed in Joint Venture with a national housebuilder.

The Board considers profits generated to be a key indicator of the Group. The profit before tax delivered in 2021 was £15,696,028 compared to £15,310,126 in 2020. The nature of property development is such that profits may vary year to year to reflect timings to obtain statutory consents and construction programmes.

#### **Principal risks and uncertainties**

The main risk to the Group is a slowdown in the logistics/distribution and residential markets which are our primary focus. To mitigate risk we manage our cashflows prudently and have the added benefit of having no debt on the balance sheet.

#### **Future developments**

The Group will continue to progress opportunities on all of its sites and will pursue other opportunities which arise that are in line with Group strategy.

## M2 HOLDCO LIMITED

### STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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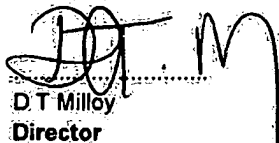
#### S172 statement

Section 172(1) of the Companies Act 2006 provides that the directors of the Group must act in a way that they consider, in good faith, would be most likely to promote the success of the Group for the benefit of all of its members as a whole, and in doing so have regard (amongst other matters) to various other stakeholder interests, as follows:

- the likely consequences of any decision in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Group.

The directors work together to run and grow the business. Formal chaired, minuted meetings are held monthly where strategic, operational and financial matters are reviewed and discussed, providing a platform for well-informed decision making. We work closely with our employees, consultants and suppliers to develop a motivated and well trained team. Health and safety is of paramount importance in our business.

On behalf of the board

  
D T Milloy  
Director

Date: 19 May 2022

# M2 HOLDCO LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the period from incorporation on 10 December 2021 to 31 December 2021.

#### Principal activities

The principal activity of the company is that of an intermediate holding company. The principal activity of the group is that of property development.

#### Results and dividends

The results for the year are set out on page 8.

#### Directors

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

AA King	(Appointed 16 December 2021)
D T Milloy	(Appointed 10 December 2021)
E M Young	(Appointed 16 December 2021)

#### Future developments

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

#### Auditor

The auditor, Johnston Carmichael LLP, was appointed as auditor in the period and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

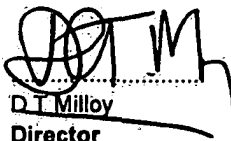
#### Energy and carbon report

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

#### Statement of disclosure to auditor

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

On behalf of the board

  
D.T. Milloy  
Director

Date: 19 May 2022

## **M2 HOLDCO LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

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

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

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

# **M2 HOLDCO LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF M2 HOLDCO LIMITED**

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#### **Opinion**

We have audited the financial statements of M2 Holdco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 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.



## **M2 HOLDCO LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF M2 HOLDCO LIMITED**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of our 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 and the directors' report.

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

- adequate accounting records have not been kept 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, 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 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.

#### ***Extent to which the audit is considered capable of detecting irregularities, including fraud***

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

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

- UK GAAP
- Companies Act 2006
- Corporation tax legislation
- VAT legislation

## M2 HOLDCO LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF M2 HOLDCO LIMITED

We gained an understanding of how the parent company and group is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of submitted returns and board meeting minutes.

We assessed the susceptibility of the parent company and group's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance where available;
- Reviewing the level of and reasoning behind the parent company and group's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. 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.

Hugh Boyle (Senior Statutory Auditor)  
For and on behalf of Johnston Carmichael LLP

Chartered Accountants  
Statutory Auditor

  
Date: 14 May 2022

227 West George Street  
Glasgow  
G2 2ND

## M2 HOLDCO LIMITED

### GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	55,579,205	44,198,427
Cost of sales		(41,305,495)	(31,646,767)
<b>Gross profit</b>		<b>14,273,710</b>	<b>12,551,660</b>
Administrative expenses		(976,975)	(668,063)
Net goodwill amortisation credit	10	2,410,422	2,328,249
Other operating income		4,128	-
<b>Operating profit</b>	4	<b>15,711,285</b>	<b>14,211,846</b>
Share of results of associates and joint ventures		(16,140)	1,136,528
Interest receivable and similar income	7	883	32,943
Interest payable and similar expenses	8	-	(71,191)
<b>Profit before taxation</b>		<b>15,696,028</b>	<b>15,310,126</b>
Tax on profit	9	(2,364,007)	(2,217,549)
<b>Profit and total comprehensive income for the financial year</b>	21	<b>13,332,021</b>	<b>13,092,577</b>

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

# M2 HOLDCO LIMITED

## GROUP BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Goodwill	10	640,329		731,805	
Negative goodwill	10	-		(2,501,898)	
Net goodwill		640,329		(1,770,093)	
Investments	11	3,927,163		4,874,789	
		4,567,492		3,104,696	
<b>Current assets</b>					
Development work in progress	15	15,498,625	25,362,193		
Debtors falling due after more than one year	16	8,047,000			
Debtors falling due within one year	16	11,546,544	4,249,653		
Cash at bank and in hand		10,013,530	5,616,222		
		45,105,699	35,228,068		
Creditors: amounts falling due within one year	17	(18,597,037)	(18,881,288)		
Net current assets		26,508,662		16,346,780	
Total assets less current liabilities		31,076,154		19,451,476	
Creditors: amounts falling due after more than one year	18	(8,781,573)		(248,916)	
Net assets		22,294,581		19,202,560	
<b>Capital and reserves</b>					
Called up share capital	20	100,000		100,000	
Other reserves	21	9,640,027		9,640,027	
Profit and loss reserves	21	12,554,554		9,462,533	
Total equity		22,294,581		19,202,560	

The financial statements were approved by the board of directors and authorised for issue on 19 May 2022 and are signed on its behalf by:

AA King  
Director

D T Milloy  
Director

# M2 HOLDCO LIMITED

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£
<b>Fixed assets</b>			
Investments	11		99,999
<b>Current assets</b>			
Debtors	16	1	
<b>Net current assets</b>			1
<b>Net assets</b>			<u>100,000</u>
<b>Capital and reserves</b>			
Called up share capital	20		<u>100,000</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the period was £nil.

The financial statements were approved by the board of directors and authorised for issue on 19 May 2022 and are signed on its behalf by:

AA King  
Director

D T Milloy  
Director

Company Registration No. SC717355

## M2 HOLDCO LIMITED

### GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 January 2020</b>	100,000	9,640,027	2,769,956	12,509,983
<b>Year ended 31 December 2020:</b>				
Profit and total comprehensive income for the year	-	-	13,092,577	13,092,577
Dividends	-	-	(6,400,000)	(6,400,000)
<b>Balance at 31 December 2020</b>	100,000	9,640,027	9,462,533	19,202,560
<b>Year ended 31 December 2021:</b>				
Profit and total comprehensive income for the year	-	-	13,332,021	13,332,021
Dividends	-	-	(10,240,000)	(10,240,000)
<b>Balance at 31 December 2021</b>	100,000	9,640,027	12,554,554	22,294,581

## **M2 HOLDCO LIMITED**

### **COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021**

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	<b>Notes</b>	<b>Share capital £</b>
<b>Period ended 31 December 2021</b>		
Profit and total comprehensive income for the year		
Issue of share capital	<b>20</b>	<b>100,000</b>
<b>Balance at 31 December 2021</b>		<b>100,000</b>

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## M2 HOLDCO LIMITED

### GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	24	17,742,979		(2,693,683)	
Interest paid		-		(71,191)	
Income taxes paid		(3,939,922)		(18,437)	
<b>Net cash inflow/(outflow) from operating activities</b>		<b>13,803,057</b>		<b>(2,783,311)</b>	
<b>Investing activities</b>					
Funds received from associates and joint ventures		833,368		3,169,622	
Interest received		883		32,943	
<b>Net cash generated from investing activities</b>		<b>834,251</b>		<b>3,202,565</b>	
<b>Financing activities</b>					
Dividends paid to equity shareholders		(10,240,000)		(6,400,000)	
<b>Net cash used in financing activities</b>		<b>(10,240,000)</b>		<b>(6,400,000)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,397,308</b>		<b>(5,980,746)</b>	
Cash and cash equivalents at beginning of year		5,616,222		11,596,968	
<b>Cash and cash equivalents at end of year</b>		<b>10,013,530</b>		<b>5,616,222</b>	



# **M2 HOLDCO LIMITED**

## **NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Company information**

M2 Holdco Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is 201 West George Street, Glasgow, United Kingdom, G2 2LW.

The group consists of M2 Holdco Limited and all of its subsidiaries.

#### **1.1 Accounting convention**

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

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

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

The parent company is a qualifying entity for the purposes of FRS 102 and has taken advantage of the exemption available from the requirement to present a company only cash flow statement and related notes and disclosures.

#### **1.2 Basis of consolidation**

The consolidated group financial statements consist of the financial statements of the parent company M2 Holdco Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

## M2 HOLDCO LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

#### Group reconstructions

Group reconstructions are accounted for using the merger accounting method where ultimate equity holders and non-controlling interest remain the same, the rights of each equity holder are unchanged and use of the merger accounting method is not prohibited by company law or other relevant legislation.

The merger method of accounting is applied to group reconstructions as if the entities had always been combined. The total comprehensive income, assets and liabilities of the entities are amended, where necessary, to align the accounting policies. The carrying values of the entities' assets and liabilities are not adjusted to fair value. Any difference between the nominal value of shares issued and the value of the consideration received is taken to other reserves in equity. Any existing balances on the share premium account or capital redemption reserve of the legal subsidiary are shown as a movement on other reserves.

#### 1.3 Going concern

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

#### 1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover represents the value of the sales of property developments, management fees and other property income.

Where turnover is derived from long term contracts, the value of work done during the year is ascertained by reference to contract measurement in accordance with the stage of completion of the contract when the following conditions are satisfied:

- The amount of turnover can be measured reliably;
- It is probable that the group will receive the consideration due under the contract;
- The stage of completion of the contract at the end of the reporting period can be measured; and
- The costs incurred and the costs to complete the contract can be measured reliably.

## **M2 HOLDCO LIMITED**

### **NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **1 Accounting policies**

**(Continued)**

##### **1.5 Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet and released to the statement of comprehensive income in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired are recognised in the statement of comprehensive income in the periods expected to benefit.

##### **1.6 Fixed asset investments**

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

##### **1.7 Development work in progress**

Developments in progress are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cost includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

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

##### **1.8 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

# M2 HOLDCO LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.9 Financial instruments

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

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

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

##### **Basic financial assets**

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

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

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

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

##### **Derecognition of financial assets**

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

##### **Classification of financial liabilities**

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

## M2 HOLDCO LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

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

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

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

##### **Derecognition of financial liabilities**

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

#### 1.10 Equity instruments

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

#### 1.11 Taxation

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

##### **Current tax**

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

##### **Deferred tax**

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

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

## M2 HOLDCO LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2 Judgements and key sources of estimation uncertainty

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

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

##### Critical judgements

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

##### *Development Work in Progress £15.5m (2020: £25.4m)*

In order to assess the appropriateness of the carrying value of the development work in progress, the directors are required to consider the potential for each site held in order to assess whether any impairments are required. By using this approach, this ensures that work in progress is stated at the lower of cost and estimated selling price less costs to complete and sell.

##### Key sources of estimation uncertainty

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

##### *Carrying value of goodwill and negative goodwill - £0.6m net positive goodwill (2020: £1.8m net negative goodwill)*

The directors review the amortisation rates of goodwill on an annual basis. The directors assess the carrying value of goodwill for impairment at least annually, or more frequently when there is an indication that goodwill may be impaired. Assessment requires consideration of the underlying acquisition to which the goodwill relates.

#### 3 Turnover and other revenue

	2021	2020
	£	£
<b>Turnover analysed by class of business</b>		
Property development	55,361,389	43,924,330
Property management	217,816	274,097
	<u>55,579,205</u>	<u>44,198,427</u>
	2021	2020
	£	£
<b>Other significant revenue</b>		
Interest income	<u>883</u>	<u>32,943</u>

## M2 HOLDCO LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 4 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Impairment against loans to associates and joint ventures	98,118	138,092
Amortisation of intangible assets	(2,410,422)	(2,328,249)
Stocks impairment losses recognised	(1,820,910)	849,011

#### 5 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	12,750	4,500
Audit of the financial statements of the company's subsidiaries	25,350	35,500
	<u>38,100</u>	<u>40,000</u>
For other services		
Taxation compliance services	<u>22,150</u>	<u>19,450</u>

#### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during year was 0 (2020 - 0).

#### 7 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	<u>883</u>	<u>32,943</u>

#### 8 Interest payable and similar expenses

	2021 £	2020 £
Other interest on financial liabilities	<u>-</u>	<u>71,191</u>

## M2 HOLDCO LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 9 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	2,406,513	2,113,768
Adjustments in respect of prior periods	(42,506)	(116,218)
<b>Total UK current tax</b>	<b>2,364,007</b>	<b>1,997,550</b>
Share of joint venture and associate tax	-	219,999
<b>Total current tax</b>	<b>2,364,007</b>	<b>2,217,549</b>

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

	2021 £	2020 £
Profit before taxation	15,696,028	15,310,126
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	2,982,245	2,908,924
Tax effect of expenses that are not deductible in determining taxable profit	21,392	4,624
Tax effect of income not taxable in determining taxable profit	(2,750)	(14,124)
Unutilised tax losses carried forward	-	35,587
Adjustments in respect of prior years	(42,506)	(116,218)
Group relief	(136,632)	(140,780)
Amortisation on assets not qualifying for tax allowances	(457,980)	(442,367)
Remeasurement of deferred tax	(159)	(27,648)
Other differences	397	9,551
<b>Taxation charge</b>	<b>2,364,007</b>	<b>2,217,549</b>

#### 10 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Total £
<b>Cost</b>			
At 1 January 2021 and 31 December 2021	914,757	(7,505,693)	(6,590,936)
<b>Amortisation and impairment</b>			
At 1 January 2021	182,952	(5,003,795)	(4,820,843)
Amortisation charged for the year	91,476	(2,501,898)	(2,410,422)
<b>At 31 December 2021</b>	<b>274,428</b>	<b>(7,505,693)</b>	<b>(7,231,265)</b>



## M2 HOLDCO LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 10 Intangible fixed assets (Continued)

<b>Carrying amount</b>			
At 31 December 2021	640,329	-	640,329
At 31 December 2020	731,805	(2,501,898)	(1,770,093)

The company had no intangible fixed assets at 31 December 2021.

#### 11 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £
Investments in subsidiaries	12	-	-	99,999
Investments in associates	13	2,186,347	2,307,239	-
Loans to associates	13	609,279	1,733,399	-
Investments in joint ventures	14	112,023	127,816	-
Loans to joint ventures	14	1,019,514	706,335	-
		3,927,163	4,874,789	99,999

#### Movements in fixed asset investments Group

	Shares in associates and joint ventures £	Loans to associates and joint ventures £	Total £
<b>Cost or valuation</b>			
At 1 January 2021	2,435,055	3,509,102	5,944,157
Additions	2	406,630	406,632
Disposals and repayments	(120,547)	(1,119,453)	(1,240,000)
Share of results of associates and joint ventures	(16,140)	-	(16,140)
At 31 December 2021	2,298,370	2,796,279	5,094,649
<b>Impairment</b>			
At 1 January 2021	-	1,069,368	1,069,368
Impairment losses	-	98,118	98,118
At 31 December 2021	-	1,167,486	1,167,486
<b>Carrying amount</b>			
At 31 December 2021	2,298,370	1,628,793	3,927,163
At 31 December 2020	2,435,055	2,439,734	4,874,789

## M2 HOLDCO LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 11 Fixed asset investments (Continued)

Movements in fixed asset investments Company		Shares in subsidiaries £
Cost or valuation		
At 10 December 2021		-
Additions		99,999
At 31 December 2021		99,999
Carrying amount		
At 31 December 2021		99,999

## M2 HOLDCO LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 12 Subsidiaries

M2 Holdco Limited's subsidiaries are exempt from the audit requirements of their individual accounts in relation to S479A of the Companies Act 2006 relating to subsidiary companies. Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Company registration number	% Ordinary shares held	
				Direct	Indirect
M2 Investco Limited	1	Dormant	SC662551	100.00	-
M2 Residential Limited	1	Property development	SC674671	100.00	-
M2 Three Limited	1	Property development	SC393098	100.00	-
M2 (Warriston Road) Limited	1	Property development	SC245711	-	100.00
South Queensferry Limited	1	Property development	SC167959	-	100.00
Miller (St Neots) Limited	2	Property development	03400684	-	100.00
M2 Northern Limited	1	Property development	SC178109	-	100.00
M2 Farms Limited	1	Property development	SC687276	-	100.00
M2 Broxburn Limited	1	Property development	SC687272	-	100.00
M2 Broxburn Industrial Limited	1	Property development	SC689868	-	100.00
M2 Dyce Limited	1	Property development	SC603058	-	100.00
Omega St Helens Limited	2	Property development	07521873	-	100.00
Omega Warrington Limited	2	Property development	04263502	-	100.00
Miller Group Holdings (UK) Limited	1	Property development	SC453327	-	100.00
M2 Paisley Limited	2	Property development	07521907	-	100.00
Omega West Management Company Limited	2	Property maintenance and management	13751895	3	-
Omega South Management Company Limited	2	Property maintenance and management	08659634	3	-
Omega South (Zone 7) Management Company Limited	2	Property maintenance and management	08659610	3	-

1 - The registered office of the companies above is; 201 West George Street, Glasgow, G2 2LW.

2 - The registered office of the companies above is; Octagon Point, 5 Cheapside, London, EC2V 6AA.

3 - These companies are limited by guarantee and have no share capital.

#### 13 Associates

Details of associates at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Newton Mearns Patterson Limited	1	Property Development	Ordinary	-	40
Miller Craigrossie Hawkhead LLP	1	Property Development	N/A	-	40

1 - The registered office of the entities above is; 201 West George Street, Glasgow, G2 2LW.

#### 14 Joint ventures

Details of joint ventures at 31 December 2021 are as follows:

## M2 HOLDCO LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 14 Joint ventures

(Continued)

Name of undertaking	Registered office	Nature of business	Interest held	% Held	
				Direct	Indirect
SQ3 Limited	2	Property development	Ordinary	-	50.00
SQ1 LLP	1	Property development	N/A	-	50.00
Miller Kirkcaldy Limited	1	Property development	Ordinary	-	50.00
Miller Markinch Limited	1	Property development	Ordinary	-	50.00
Miller Cardenden Limited	2	Property development	Ordinary	-	50.00
Miller Auchendinny LLP	1	Property development	N/A	-	50.00
Miller M2 (Maddiston) Limited	3	Property development	Ordinary	-	50.00
Miller M2 (Kirkcaldy) Limited	3	Property development	Ordinary	-	50.00

1 - The registered office of the entities above is; 201 West George Street, Glasgow, G2 2LW.

2 - The registered office of the entities above is; Octagon Point, 5 Cheapside, London, EC2V 6AA.

3 - The registered office of the entities above is; Miller House, 2 Lochside View, Edinburgh, EH12 9DH.

#### 15 Development work in progress

	Group 2021 £	2020 £	Company 2021 £
Development work in progress	15,498,625	25,362,193	-

#### 16 Debtors

	Group 2021 £	2020 £	Company 2021 £
<b>Amounts falling due within one year:</b>			
Trade debtors	10,501,922	126,228	-
Amounts owed by group undertakings	-	2,544,596	1
Other debtors	1,044,622	795,509	-
Prepayments and accrued income	-	783,320	-
	11,546,544	4,249,653	1
<b>Amounts falling due after more than one year:</b>			
Trade debtors	8,047,000	-	-
<b>Total debtors</b>	<b>19,593,544</b>	<b>4,249,653</b>	<b>1</b>

## M2 HOLDCO LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 17 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £
Trade creditors		3,982,941	2,161,905	-
Amounts owed to group undertakings		8,170,591	1,220,443	-
Corporation tax payable		410,734	1,986,649	-
Other taxation and social security		2,828	586,618	-
Deferred income	19	14,785	14,787	-
Other creditors		621,374	10,298,440	-
Accruals		5,393,784	2,612,446	-
		<u>18,597,037</u>	<u>18,881,288</u>	<u>-</u>

#### 18 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £
Deferred income	19	234,132	248,916	-
Accruals and deferred income		8,547,441	-	-
		<u>8,781,573</u>	<u>248,916</u>	<u>-</u>

#### 19 Deferred income

	Group 2021 £	2020 £	Company 2021 £
Other deferred income	<u>248,917</u>	<u>263,703</u>	<u>-</u>

Deferred income is included in the financial statements as follows:

Current liabilities	14,785	14,787	-
Non-current liabilities	234,132	248,916	-
	<u>248,917</u>	<u>263,703</u>	<u>-</u>

#### 20 Share capital

Company	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary Shares of £1 each	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>

## M2 HOLDCO LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 20 Share capital

(Continued)

The company issued 1 Ordinary share of £1 on 10 December 2021 on incorporation. On 21 December 2021 the company issued a further 99,999 Ordinary shares of £1 each as consideration for the acquisition of M2 Three Limited, M2 Investco Limited and M2 Residential Limited from M2 Group Limited as part of a corporate restructuring exercise.

As outlined in note 1.2 of these financial statements, group reconstructions are accounted for under the principles of merger accounting where the qualifying criteria are met. It is on this basis that the group balance sheet reflects the above share capital as at 31 December 2020 as if the company and group were in existence throughout the current and prior year.

#### 21 Reserves

##### Profit and loss reserves

Profit and loss reserves represent accumulated comprehensive income/ (expenditure) for the year and prior periods, less any dividends paid.

##### Other reserves

The other reserve relates to a merger reserve, created as part of a group restructuring and in application of the merger accounting basis of consolidation in presenting the results of the group.

#### 22 Related party transactions

##### Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Purchases	
	2021	2020
	£	£
Group		
Other related parties	257,500	751,740

#### 23 Controlling party

The immediate and ultimate parent company is M2 Group Limited, a company registered in Scotland which has its registered office at 201 West George Street, C/O Miller Developments, Glasgow, G2 2LV.

M2 Group Limited is the largest group that prepares consolidated accounts and copies of the consolidated accounts may be obtained from the registered office.

## M2 HOLDCO LIMITED

### NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

#### 24 Cash generated from/(absorbed by) group operations

	2021 £	2020 £
Profit for the year after tax	13,332,021	13,092,577
<b>Adjustments for:</b>		
Share of results of associates and joint ventures	16,140	(1,136,528)
Taxation charged	2,364,007	2,217,549
Finance costs	-	71,191
Investment income	(883)	(32,943)
Amortisation and impairment of intangible assets	(2,410,422)	(2,328,249)
Impairment on loans to joint ventures and associates	98,118	138,092
<b>Movements in working capital:</b>		
Decrease/(increase) in stocks	9,863,568	(7,311,703)
(Increase)/decrease in debtors	(15,343,891)	10,538,410
Increase/(decrease) in creditors	9,839,107	(17,927,292)
Decrease in deferred income	(14,786)	(14,787)
<b>Cash generated from/(absorbed by) operations</b>	<b>17,742,979</b>	<b>(2,693,683)</b>

#### 25 Analysis of changes in net funds - group

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	5,616,222	4,397,308	10,013,530