

Company Registration No. SC717355 (Scotland)

M2 HOLDCO LIMITED
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

PARENT ACCOUNTS
FOR

SC603058

Section 479a

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M2 HOLDCO LIMITED

COMPANY INFORMATION

Directors	A A King D T Milloy E M Young
Secretary	K M Park
Company number	SC717355
Registered office	201 West George Street Glasgow United Kingdom G2 2LW
Auditor	Johnston Carmichael LLP 227 West George Street Glasgow G2 2ND

M2 HOLDCO LIMITED

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M2 HOLDCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Fair review of the business

The Group has performed very well in 2022 and delivered an increased profit before tax of £60,656,507 (2021 - £15,696,028) and increased net assets of £26,754,208 (2021: £22,294,581).

The Group has sold, funded and acquired in excess of £240m of development projects and land in 2022. Given the economic backdrop of high inflation, rising interest rates and more recently a structural reduction in valuations across various market sectors, the Group is delighted with what has been achieved in 2022. The performance is testament to the dedication of the M2 team and its advisors.

One of the Group's preminent projects is Omega Business Park, Warrington, Cheshire. Omega is the largest mixed use development in the North West with over 5m sqft of logistics and manufacturing space, in excess of 600 residential homes and a 40 acre public park having been developed to date. To expand the scheme the Group took control of over 200 acres of greenbelt land immediately to the west of Omega and following a Public Inquiry in 2021, obtained a planning consent for an additional 2.3m sqft of logistics and manufacturing space in January 2022. The Group completed the land purchase of the entire site (200 acres) and sub-sale of 64 acres to T.J. Morris, t/a Home Bargains in the same month. Work commenced on infrastructure works to open up the site and construction work also started on a building extending to 878,000 sqft for T.J.Morris.

A pre-let was secured for a 505,000 sqft distribution unit to Iceland Foods Ltd which was forward funded by Aviva Life and Pensions UK Ltd in July 2022. Construction works have commenced and practical completion is scheduled for October 2023.

Speculative funding was also secured for a 308,000 sqft unit with funds managed by Barings Real Estate in August 2022. Construction works are due to be practically completed in August 2023.

Having secured pre-let agreements with Lidl, Costa and McDonalds, planning consent was secured for a retail development and construction works commenced in April 2022 with practical completion scheduled for March 2023. The scheme is being funded by M2 Holdco's investment subsidiary M2 Investco and will be held by the Group as part of its investment portfolio.

Two residential sites were sold to Bellway Homes during the year. The sale of the first site in Penicuik, Midlothian completed in July 2022. The Group had acquired the site unconditionally and secured a residential allocation and subsequently a detailed planning permission for 395 units. The other site is located in Warrington and had outline planning consent for 205 units. Infrastructure to the site boundary had already been constructed and this sale completed in August 2022.

Another highlight for the Group was the unconditional acquisition of a 19 acre development site on Turnhouse Road, Edinburgh. The site, which is the former RAF Turnhouse barracks, is unusual in that it is classified as 'white land' in the City of Edinburgh LDP and as such can be redeveloped for a variety of uses including commercial and residential. We are working on the preparation of a planning application which we expect to submit in 2023.

The Board considers profits generated to be the key indicator of the Group. The profit before tax delivered in 2022 was £60,656,507 compared to £15,696,028 in the previous year. The nature of large scale property development means that year-on-year profits may vary significantly due to the timing and stage deals are at.

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 2022

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:

a) The likely consequences of any decision in the long term

When considering any key business decisions, the directors balance both short and long-term decisions to ensure strategies are carefully balanced. 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.

b) the interests of the Group's employees

The group values all stakeholders and understands the importance of investing in people to ensure the highest quality is delivered to external parties.

c) the need to foster the Group's business relationships with suppliers, customers and others

The group maintains key relationships with our client groups understanding their key requirements and aiming to exceed expectations. The directors have a "hands on approach" to ensure relationships are maintained to a high level with all stakeholders.

d) the impact of the Group's operations on the community and the environment

The group and the directors have a focus on how projects and the group impact both communities and the environment.

e) the desirability of the Group maintaining a reputation for high standards of business conduct

The directors and Group work closely with employees, consultants and suppliers to develop a motivated and well trained team. Health and safety is of paramount importance in the business.

f) the need to act fairly as between members of the Group

The directors carefully consider all decisions to ensure that they achieve a fair balance between the Group and its members.

On behalf of the board

D T Milloy
Director

1 June 2023

M2 HOLDCO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

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 9.

Ordinary dividends were paid amounting to £44,800,000. The directors do not recommend payment of a further dividend.

Directors

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

A A King
D T Milloy
E M Young

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, is 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

1 June 2023

M2 HOLDCO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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 2022 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 2022 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

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 set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the 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.

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.

M2 HOLDCO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF M2 HOLDCO LIMITED

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

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the 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

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 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. We identified a heightened fraud risk in relation to:

- Management override of controls
- Revenue recognition

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

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the 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;
- Completion of appropriate checklists and use of our experience to assess the Company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

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

M2 HOLDCO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF M2 HOLDCO LIMITED

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.

Use of our report

This report is made solely to the parent 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 parent 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.

Allison Dalton (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP

5 June 2023

Chartered Accountants
Statutory Auditor

227 West George Street
Glasgow
G2 2ND

M2 HOLDCO LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	98,921,431	55,579,205
Cost of sales		(48,452,396)	(41,305,495)
Gross profit		50,469,035	14,273,710
Administrative expenses		77,920	(976,975)
Net goodwill amortisation (charge)/credit	11	(91,476)	2,410,422
Other operating income		-	4,128
Operating profit	4	50,455,479	15,711,285
Share of results of associates and joint ventures		10,080,888	(16,140)
Interest receivable and similar income	7	135,193	883
Interest payable and similar expenses	8	(15,053)	-
Profit before taxation		60,656,507	15,696,028
Tax on profit	9	(11,396,880)	(2,364,007)
Profit and total comprehensive income for the financial year	22	49,259,627	13,332,021

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 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Goodwill	11		548,853		640,329
Negative goodwill	11		-		-
Net goodwill			548,853		640,329
Investments	12		14,423,477		3,927,163
			14,972,330		4,567,492
Current assets					
Development work in progress	16	28,556,875		15,498,625	
Debtors falling due after more than one year	17	-		8,047,000	
Debtors falling due within one year	17	32,094,984		11,546,544	
Cash at bank and in hand		2,957,751		10,013,530	
		63,609,610		45,105,699	
Creditors: amounts falling due within one year	18	(51,608,383)		(18,597,037)	
Net current assets			12,001,227		26,508,662
Total assets less current liabilities			26,973,557		31,076,154
Creditors: amounts falling due after more than one year	19		(219,349)		(8,781,573)
Net assets			26,754,208		22,294,581
Capital and reserves					
Called up share capital	21		100,000		100,000
Other reserves	22		9,640,027		9,640,027
Profit and loss reserves	22		17,014,181		12,554,554
Total equity			26,754,208		22,294,581

The financial statements were approved by the board of directors and authorised for issue on 1 June 2023 and are signed on its behalf by:

A A King
Director

D T Milloy
Director

M2 HOLDCO LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investments	12		99,999		99,999
Current assets					
Debtors	17	43,700,000		1	
Cash at bank and in hand		10		-	
		<u>43,700,010</u>		<u>1</u>	
Creditors: amounts falling due within one year	18	<u>(43,500,009)</u>		<u>-</u>	
Net current assets			200,001		1
Net assets			<u>300,000</u>		<u>100,000</u>
Capital and reserves					
Called up share capital	21		100,000		100,000
Profit and loss reserves	22		200,000		-
Total equity			<u>300,000</u>		<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 year was £45,000,000 (2021 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 1 June 2023 and are signed on its behalf by:

A A 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 2022

		Share capital	Other reserves	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2021		100,000	9,640,027	9,462,533	19,202,560
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	13,332,021	13,332,021
Dividends	10	-	-	(10,240,000)	(10,240,000)
Balance at 31 December 2021		100,000	9,640,027	12,554,554	22,294,581
Year ended 31 December 2022:					
Profit and total comprehensive income for the year		-	-	49,259,627	49,259,627
Dividends	10	-	-	(44,800,000)	(44,800,000)
Balance at 31 December 2022		100,000	9,640,027	17,014,181	26,754,208

M2 HOLDCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Profit and loss reserves	Total
Notes	£	£	£
Balance at 10 December 2021	-	-	-
Period ended 31 December 2021:			
Profit and total comprehensive income for the period	-	-	-
Issue of share capital	100,000	-	100,000
Balance at 31 December 2021	100,000	-	100,000
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	45,000,000	45,000,000
Dividends	10	(44,800,000)	(44,800,000)
Balance at 31 December 2022	100,000	200,000	300,000

M2 HOLDCO LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	25	48,578,489		17,742,979	
Interest paid		(15,053)		-	
Income taxes paid		(10,503,757)		(3,939,922)	
Net cash inflow from operating activities		38,059,679		13,803,057	
Investing activities					
Net funds (advanced to)/received from associates and joint ventures		(315,458)		833,368	
Interest received		-		883	
Net cash (used in)/generated from investing activities		(315,458)		834,251	
Financing activities					
Dividends paid to equity shareholders		(44,800,000)		(10,240,000)	
Net cash used in financing activities		(44,800,000)		(10,240,000)	
Net (decrease)/increase in cash and cash equivalents		(7,055,779)		4,397,308	
Cash and cash equivalents at beginning of year		10,013,530		5,616,222	
Cash and cash equivalents at end of year		2,957,751		10,013,530	

M2 HOLDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022. 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 2022

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 and parent company 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 2022

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 2022

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.

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.

M2 HOLDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

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 2022

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

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.

The carrying value of development stocks at the reporting date is outlined at note 16.

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 investments

Investments are initially held at cost. At the end of every year the directors assess whether the carrying value of the investments is still appropriate and whether any impairment is required.

The carrying value of the company's investments at the reporting date is outlined at note 12.

3 Turnover and other revenue

	2022 £	2021 £
Turnover analysed by class of business		
Property development	98,639,629	55,361,389
Property management	281,802	217,816
	<u>98,921,431</u>	<u>55,579,205</u>

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Impairment (reversal)/charge on loans to associates and joint ventures	(99,968)	98,118
Amortisation of intangible assets	91,476	(2,410,422)
Stocks impairment losses recognised	-	(1,820,910)
	<u></u>	<u></u>

M2 HOLDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	13,640	12,750
Audit of the financial statements of the company's subsidiaries	10,725	25,350
	<u>24,365</u>	<u>38,100</u>
For other services		
Taxation compliance services	<u>24,665</u>	<u>22,150</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during year was 0 (2021 - 0).

7 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	13,322	883
Income from fixed asset investments		
Income from participating interests - joint ventures	<u>121,871</u>	<u>-</u>
Total income	<u>135,193</u>	<u>883</u>

8 Interest payable and similar expenses

	2022	2021
	£	£
Other interest	<u>15,053</u>	<u>-</u>

9 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	11,397,274	2,406,513
Adjustments in respect of prior periods	<u>(394)</u>	<u>(42,506)</u>
Total current tax	<u>11,396,880</u>	<u>2,364,007</u>

M2 HOLDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

9 Taxation

(Continued)

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

	2022 £	2021 £
Profit before taxation	60,656,507	15,696,028
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	11,524,736	2,982,245
Tax effect of expenses that are not deductible in determining taxable profit	1,821,664	21,392
Tax effect of income not taxable in determining taxable profit	(1,864,432)	(2,750)
Change in unrecognised deferred tax assets	(5,422)	-
Adjustments in respect of prior years	(394)	(42,506)
Group relief	(94,909)	(136,632)
Amortisation on assets not qualifying for tax allowances	17,380	(457,980)
Remeasurement of deferred tax	-	(159)
Other differences	(1,743)	397
Taxation charge	11,396,880	2,364,007

A change in the future UK Corporation tax rate to 25% with effect from 1 April 2023 was announced in the March 2021 budget and substantively enacted on 24 May 2021. This change will have a consequential effect on the group's future tax charge in the UK and as the 25% tax rate was substantively enacted prior to the reporting date, deferred tax where appropriate has been calculated at 25% as opposed to the current tax rate of 19%.

10 Dividends

	2022 £	2021 £
Recognised as distributions to equity holders:		
Interim paid	44,800,000	-

11 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 January 2022 and 31 December 2022	914,757	(7,505,693)	(6,590,936)
Amortisation and impairment			
At 1 January 2022	274,428	(7,505,693)	(7,231,265)
Amortisation charged for the year	91,476	-	91,476
At 31 December 2022	365,904	(7,505,693)	(7,139,789)

M2 HOLDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Intangible fixed assets (Continued)

Carrying amount

At 31 December 2022	548,853	-	548,853
At 31 December 2021	640,329	-	640,329

The company had no intangible fixed assets at 31 December 2022.

12 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	13	-	-	99,999	99,999
Investments in associates	14	1,048,829	2,186,347	-	-
Loans to associates	14	615,956	609,279	-	-
Investments in joint ventures	15	6,318,459	112,023	-	-
Loans to joint ventures	15	6,440,233	1,019,514	-	-
		<u>14,423,477</u>	<u>3,927,163</u>	<u>99,999</u>	<u>99,999</u>

Movements in fixed asset investments

Group	Shares in associates and joint ventures	Loans to associates and joint ventures	Total
	£	£	£
Cost or valuation			
At 1 January 2022	2,298,370	2,796,279	5,094,649
Additions	-	5,949,153	5,949,153
Disposals and repayments	(5,011,970)	(621,725)	(5,633,695)
Share of results of associates and joint ventures	10,080,888	-	10,080,888
At 31 December 2022	<u>7,367,288</u>	<u>8,123,707</u>	<u>15,490,995</u>
Impairment			
At 1 January 2022	-	1,167,486	1,167,486
Reversal of provision for impairment	-	(99,968)	(99,968)
At 31 December 2022	<u>-</u>	<u>1,067,518</u>	<u>1,067,518</u>
Carrying amount			
At 31 December 2022	<u>7,367,288</u>	<u>7,056,189</u>	<u>14,423,477</u>
At 31 December 2021	<u>2,298,370</u>	<u>1,628,793</u>	<u>3,927,163</u>

M2 HOLDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

12 Fixed asset investments (Continued)

Movements in fixed asset investments Company

Shares in
subsidiaries
£

Cost or valuation

At 1 January 2022 and 31 December 2022

99,999

Carrying amount

At 31 December 2022

99,999

At 31 December 2021

99,999

13 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 2022 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
M2 West Edinburgh Limited	1	Property development	SC737033	-	100.00
M2 Energy Storage Limited	1	Property development	SC748399	-	100.00
Omega West Management Company Limited	2	Property maintenance and management	13751895	3	
Omega South Management Company Limited	2	Property maintenance and management	09659634	3	
Omega South (Zone 7) Management Company Limited	2	Property maintenance and management	09659610	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; One St Peters Square, Manchester, M2 3DE.

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

M2 HOLDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Associates

Details of associates at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Newton Means Paterton 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.

15 Joint ventures

Details of joint ventures at 31 December 2022 are as follows:

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; One St Peters Square, Manchester, M2 3DE.

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

16 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Development work in progress	28,556,875	15,498,625	-	-

M2 HOLDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	24,586,260	10,501,922	-	-
Amounts owed by group undertakings	-	-	43,700,000	1
Other debtors	2,208,047	1,044,622	-	-
Prepayments and accrued income	5,300,677	-	-	-
	<u>32,094,984</u>	<u>11,546,544</u>	<u>43,700,000</u>	<u>1</u>
Amounts falling due after more than one year:				
Trade debtors	-	8,047,000	-	-
	<u>-</u>	<u>8,047,000</u>	<u>-</u>	<u>-</u>
Total debtors	<u>32,094,984</u>	<u>19,593,544</u>	<u>43,700,000</u>	<u>1</u>

18 Creditors: amounts falling due within one year

	Group 2022	2021	Company 2022	2021
Notes	£	£	£	£
Trade creditors	8,043,023	3,982,941	-	-
Amounts owed to group undertakings	26,120,386	8,170,591	43,500,009	-
Corporation tax payable	1,303,857	410,734	-	-
Other taxation and social security	175,267	2,828	-	-
Deferred income	20 14,784	14,785	-	-
Other creditors	1,119,968	621,374	-	-
Accruals	14,831,098	5,393,784	-	-
	<u>51,608,383</u>	<u>18,597,037</u>	<u>43,500,009</u>	<u>-</u>

19 Creditors: amounts falling due after more than one year

	Group 2022	2021	Company 2022	2021
Notes	£	£	£	£
Deferred income	20 219,349	234,132	-	-
Accruals	-	8,547,441	-	-
	<u>219,349</u>	<u>8,781,573</u>	<u>-</u>	<u>-</u>

M2 HOLDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Deferred income

	Group 2022 £	2021 £	Company 2022 £	2021 £
Other deferred income	234,133	248,917	-	-

Deferred income is included in the financial statements as follows:

Current liabilities	14,784	14,785	-	-
Non-current liabilities	219,349	234,132	-	-
	234,133	248,917	-	-

21 Share capital

Group and company	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary Shares of £1 each	100,000	100,000	100,000	100,000

22 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.

23 Related party transactions

Transactions with related parties

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

	Purchases 2022 £	2021 £
Group		
Other related parties	-	257,500

Other information

The company has taken advantage of disclosure exemptions available under Section 33 of FRS 102 whereby it has not disclosed transactions entered into with any wholly-owned subsidiary of the group.

M2 HOLDCO LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

24 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 2LW.

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

25 Cash generated from group operations

	2022 £	2021 £
Profit for the year after tax	49,259,627	13,332,021
Adjustments for:		
Share of results of associates and joint ventures	(10,080,888)	16,140
Taxation charged	11,396,880	2,364,007
Finance costs	15,053	-
Investment income	(135,193)	(883)
Amortisation and impairment of intangible assets	91,476	(2,410,422)
Impairment (reversal)/charge on loans to joint ventures and associates	(99,968)	98,118
Movements in working capital:		
(Increase)/decrease in stocks	(13,058,250)	9,863,568
Increase in debtors	(12,366,247)	(15,343,891)
Increase in creditors	23,570,783	9,839,107
Decrease in deferred income	(14,784)	(14,786)
Cash generated from operations	48,578,489	17,742,979

26 Analysis of changes in net funds - group

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	10,013,530	(7,055,779)	2,957,751

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