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MAC MIC GROUP ANNUAL REPORT 2023

MAC MIC
GROUP

CONTENTS

ACCEPTING THE BATON

I would like to begin by expressing – on behalf of everyone at Mac Mic Group – our thanks to Alan Hartley, who's been a fabulous Chairman for the company. His expertise in running companies is unsurpassed and he steered the business through some very choppy waters. He will certainly be an incredibly hard act to follow. Alan also delivered the best Christmas speeches – something I'll never be able to compete with!

Having taken up the role in question myself, I wish to state that I'm extremely honoured that the board saw fit to ask me to become Chairman. The business has clearly changed dramatically over the past two years and the challenge now, for me, is around how we bed in its new status, taking things forward steadily and building an even more successful company.

EAGER FOR PROGRESS
I joined the Group seven years ago, when it was primarily a housebuilder. Now it's revitalised with a youthful team of 27 people, who are very keen and full of motivation. I love their enthusiasm, because whether it's encountering it in the office, or when you're meeting out on sites, it gives me faith that they'll deliver. They're going to be busy as well, as our big area for growth will be in acquiring more opportunities for Strategic Land.

I think we possess a big difference, too, something that sets us apart: our long-term approach. We're not a flash in the pan, we're a family business concerned with legacy, yet one that understands landowners. We want to work with new partners and like-minded people, to bring nearly 100 years of property experience to the table, and to invest in things we can be proud of. Of course, our collaborative record is already strong: our work at Shawfair and for Glasgow's Commonwealth Games are good examples.

LEGACY IS KEY
In fact, our work always involves collaboration, be it engaging with planning officers or working in partnership with communities. Which brings me to the subject of Environmental, Social and Governance (ESG) concerns. Sure, it's the current buzzword but being in this sector for the long-term enables us to give communities a real helping hand.

As a company, we've always engaged with local communities and taken great pride in creating good places to live that endure down the years. Leaving that legacy of homes and properties that will be enjoyed for generations is gratifying and the key to our motivation to strive to enable the next generation of development.

TOP
Our Strategic Land team

LEFT
Our London Office at Merchant Square, Paddington

27

Team members

The continuation of that aspect of our work remains vital and is hopefully further evidenced by the relaunch of our Mac Mic Foundation. It will now be more strategic and proactive in identifying local needs through local networks, landowners and partnerships, and it's another strand we look forward to supporting in the coming months and years.

From the planning consent for our solar park – which should hopefully be coming on stream in 12 to 18 months - to enhancing our sites with green infrastructure, our belief in legacy underpins our ability to make a difference in people's lives and to help communities to be more sustainable. With all that in mind, and like Alan before me, I aim to keep a steady hand on the tiller as we navigate our route ahead.

A WELCOME
On behalf of the directors, I would like to welcome Craig Ormond onto the Group Board.

DAVID SHAW
Executive Group Chairman

OUR BOARD

ANDREW MICKEL
Group Director

ROSS MICKEL
Group Director

ALAN HARTLEY
Non-Executive Director

CRAIG ORMOND
Group Director

NICHOLA MCKELVIE
Group Finance Controller
Group Company Secretary

IN GREAT SHAPE

We'd like to start by welcoming David's appointment as Executive Group Chairman, which is a great coup for the company. He's a real all-round property professional and being England-based he's well-placed to help us with our diversified, UK-wide aspirations. It's great timing too, after the Group's huge strategic move. Our approach is different now, more contemporary and a better fit for the market we see today. We've significantly de-risked the business from being a capital- and overhead-hungry operation. That's freed up the capacity of our senior management, capital and funding, allowing us to double down on a handful of activities that we're already familiar with. In short, we're in great shape.

TURNING THE PAGE

It is a great honour being custodians of a business with such a rich heritage – with this comes a great responsibility. We've already proved that we're open to change and the ever present need to progress, by helping steward the business through a massive alteration and to the refreshing perspective it now enjoys.

We're very optimistic about that outlook. We currently have minimal debt to speak of, which is a great position to be in and creates a platform for growth and investment. While change can be difficult, we've become much more efficient, with a new generation here that's energised for the future. The sense of enthusiasm is palpable. Everybody sees they're contributing directly to results and there's a newfound ability to help ideas flourish quickly.

FRESH OPPORTUNITIES

For 97 years we were making homes and were mainly known as a housebuilder, but there was always much more going on that we never shouted about. While our core focus is still on providing people with great places to live, the process and end products have changed. We're currently involved in a very diverse range of sites, from more affordable offerings to high-end projects. Masterplanning for new communities, increasing biodiversity, infrastructure investments, new build rentals and joint venture projects show the deep reach of the Group. Numbers-wise, we're working on over 80 land projects UK-wide, plus we're invested in over 90 new companies.

Crucially, the decisions that got us here were made by us, the board, they weren't imposed by a bank or a funder, we've set our own direction of travel. Not only are we open for business, with this Group you get easier access to the top table, the decision-makers. We're more available and agile than ever, we've set clear investment criteria that the whole team understands and we're looking to invest in the long-term and with new partners.

80

Land projects UK-wide

TOP
London-based Strategic Land team

LEFT
Andrew & Ross Mickel, Directors

A BROAD CHURCH

Of course, our people are still key to everything and we have an excellent, dynamic group that's working well together. A smaller team means we all know each other. The board and senior management are increasingly moving around the country for meetings. While previously things were very Glasgow-centric, a large proportion of the company's assets are now based in England. There's a need for new talent, too, like Kari Burton, who joined our planning team in the southeast of England, boosting our Strategic Land ambitions further and reflecting our ongoing and developing UK expansion.

All told, it's a very exciting time for us. Just a few years back we published the second edition of Mactaggart and Mickel's historical story at 90. Now we are, just two short of our centenary, after some real upheaval. However, we wouldn't be here if the company hadn't consistently moved with the times, because you don't succeed for 98 years without staying one step ahead and making decisions that matter.

As for the last year or so, it'll make a great next chapter in that history book of ours.

A THANK YOU

Finally, we would like to acknowledge the leadership of Paul McAninch, who recently stepped down as Group CEO, following a period of significant transition for the business during the past year.

It has been a pleasure to work alongside Paul over the last 20 years and we wish him all the very best for what comes next.

COMMUNITY COLLABORATION

2%

of net annual profit pledged in next financial year to good causes under new Mac Mic Foundation

Our continuing, cast-iron commitment to supporting the communities we work in has been further evidenced by the launch of the Mac Mic Foundation. Entwined with our ESG policy and pledging a minimum donation of 2% of net annual profit for good causes, it sees us working closely with local figures to find initiatives that deliver positive, lasting change. The recent sale of a 25.2 acre site for development at Keynsham (Phase 2) in Somerset also demonstrated how our land promotion and investment approach always builds in community engagement and sustainable placemaking considerations. For along with the construction of up to 213 new homes, of which 30% will be affordable, the scheme includes a replacement sports pitch for the nearby primary school. The site secured a coveted Building with Nature (BwN) Design Award in recognition of the delivery of high-quality green infrastructure that goes beyond the statutory requirements and was based around the themes of Wellbeing, Water and Wildlife.

SITE SEEKERS

£28.5m

GDV residential build to rent development in Anniesland

Our Strategic Land team has been working tirelessly to secure new sites for future projects. Concluding the sale of our site at Keynsham (Phase 2) to Curo Enterprise has played a key part in this year's results. We're eager to keep expanding across the UK, with interest extending from the south coast to home counties and beyond. New areas of focus demand fresh firepower too, so we recently welcomed Kari Burton as Senior Planning Manager to aid the company's growth in southeast England. Back in Scotland, we're now in contract with a joint venture partner and have submitted planning for a £28.5M GDV residential build to rent (BTR) development at the former Anniesland Job Centre site in Herschell Street. Including amenity and co-working spaces, roof terraces, private landscaped courtyards, communal gardens and private balconies, this sizeable project will deliver much-needed affordable and private rental apartments, all fully furnished and professionally managed.

TOP
Keynsham, Somerset

RIGHT
Kari Burton, Senior Planning Manager

IMPRESSIVE PROJECTS

24

Properties in Haddington, East Lothian

The private rental sector has been part of our business for decades and rarely fails to offer interesting opportunities. A great case in point are our plans for a prestigious rental property scheme at Love Loan, a new neighbourhood development just off George Square in Glasgow's city centre. Our project's 12 one to four-bedroom furnished apartments, within the refurbished B-listed building, will be made available to rent via DJ Alexander. Looking eastward, we were excited to recently accept the handover of 24 properties in Haddington, East Lothian – a mix of two and three bedroom flats and terraced properties with generous outside spaces. We're pleased to report that all the properties have already been taken up and the rental levels achieved have been beyond budget expectations.

TOP
Exterior at 280 George Street

LEFT
Interior at 280 George Street

PROMISING DEVELOPMENTS

We're pleased to have agreed a strategy that will continue our role in developments. The company's proud to have a legacy of development building and we look forward to delivering new success stories in this arena, albeit in different ways from the past. We've already identified the criteria that suits our plans and, following board approval, are now exploring a number of exciting opportunities. These include: Dalian House, a BTR project in Glasgow's busy Charing Cross district; The Resident Edinburgh, a prestigious new hotel with a prime location in the capital's centre; and Brighton Co-Living, which will see 83 studio apartments formed to meet the growing demand for the shared living subsector of the BTR market. We're also glad to report that we are making good progress with a partnership opportunity relating to the development of apartments in Bournemouth.

TOP
Artists impression of apartments in Bournemouth

83

Studio apartments at Brighton Co-Living

MOVING WITH THE TIMES

POSITIVE RETURNS

£300k

Return derived from San Siro

£1m

Cash released across nine investments

The past year has seen £1m cash realised across nine separate investments, with the highlight being £0.3m derived from the San Siro funeral company – a sixfold return on investment. Our managed, pooled funds investments have also continued to bear fruit by exceeding their projected returns. As a result, we've committed to following up this latest success by investing again in the next funds, with YFM and SEP. In addition, we've taken the decision to commit to the Edinburgh-based fund manager Par Equity, via their Northern Scale-Up Fund. The fund has been created to invest in the most promising technology companies in the north of the UK, predominantly in northern England and Scotland.

FINANCIAL REPORT
BY **NICHOLA MCKELVIE**

STRONG RESULTS

Considering the Group has undergone a significant transition during the year, the Group maintained a real focus on the delivery of results and securing investments for the future. We concluded a couple of major deals; the agreement with Springfield Properties PLC and a land sale at Phase 2 Keynsham which produced two of the year's key highlights.

It's pleasing to look at some headlines from our results. On profit, we've hit our (transitionary) target of £3m plus, so there's some credibility for the new regime. We want to elevate that profit up to £10m over the coming years and will be looking to strategies across our four pillars to enable that. In terms of liquidity, for the second consecutive year we are cash positive. Our asset base is a robust £157m and notably the pension liability has been eliminated. This provides a robust platform to deliver our 5 year investment strategy with a focus on higher yielding assets which will improve shareholder value.

INTENT ON INVESTMENT

Naturally, we expect to go into debt from reinvestment that will secure the future profit streams of the business. We've developed a clear strategy and investment plan for the next five years.

We want to collaborate even more with partners and joint ventures, using relationships that we couldn't have had in the past. For example, on development, we're looking to invest alongside other developers across the UK. And whereas previously we had two heartlands – the Scottish Central Belt and Oxfordshire – for our own self delivery housebuilding model, now we're having several conversations across the UK about projects in Scotland and Bournemouth, Kent and Cornwall, Bristol, Bath and beyond. This ties in with our attitude to growth too, which is ambitious but achievable. Our growth plan involves investment of approximately. £60m over the next 3-5 years, in terms of reinvestment across all activities. It all feels manageable and we're excited for what lies ahead

The investments achieved during the transition period have marked a particular success and signalled what a prime area of focus that is for us now. Because we'll continue to invest, whether it's to acquire great new sites like the land recently gained at Crayford, or new PRS properties sourced at Love Loan in Glasgow. The investment strategy extends beyond land and property to people too, given the board's proactive approach to staff development. We're all getting coached and supported to progress, which helps to set a positive tone and culture across the business.

FINANCIAL REVIEW

Our financial year ending 30th April 2023 could be described as the start of a new era for the business, with the Group progressing with the new strategy. Group profits before tax rose to £3.3m, up from last year's profit of £1m and like the previous year we have ended another year in a positive cash position.

The sale of the Scottish housebuilding business and Timber System business to Springfield Properties PLC in June 2022 ensured Group revenue remained at a high level without the contribution of housebuilding as per previous years. The Group achieved revenue of £64.2m (2022: £79.5m), of which £41m is in relation to the Springfield agreement.

TRADING GROUP

The Group gross profit recorded in the year was £9.2m (2022: profit of £12.2m). Gross profit margin was 14.3% in the year (2022: 15.3%).

HOMES SCOTLAND

The division recorded house settlement revenue of £0.3m (2022: £34.6m) resulting from one settlement in May prior to the Springfield agreement. As at June 2023 the Group ceased all construction activities in relation to house build in Scotland.

Scottish land sales contributed £2.4m (2022: £2.9m) to Group turnover and made a positive contribution of £0.4m (2022: profit £1.5m) to gross profit.

The Springfield sale contributed £41m to revenue in the financial year, with overall profit before tax recorded at £4.6m.

STRATEGIC LAND
(FORMERLY KNOWN AS HOMES ENGLAND)

Turnover recorded for house settlements of £6.4m (2022: £14.8m) comprising of 11 units (2022: 27 units). A gross profit of £0.04m was recorded for settlements. English land sales at Drayton and East Hagbourne contributed £3.1m to turnover and £0.5m to gross profit.

TIMBER SYSTEM

The subsidiary's revenue for the year was £0.4m (2022: £3.6m), representing one month's trade before the Timber assets were sold to Springfield Properties PLC.

CONTRACTS

This business unit generated revenue of £0.5m (2022: £6.7m). Contracts were novated to Springfield Properties PLC in June 2022 to complete contracts.

ENGLISH STRATEGIC LAND

The business unit recorded £4.4m in revenue (2022: £0.6m) and £3.5m in gross profit (2022: £0.6m) before amortisation and costs written off are deducted.

PRS (PRIVATE RENTAL SECTOR)

The Group's PRS asset remained a steady performer with revenue in the year of £3.7m and gross profit of £2.4m (2022: revenue of £3.5m and gross profit of £2.2m). The revaluation gain on residential investment property recognised in the year is £2.3m (2022: £1.3m). The PRS portfolio acquired 24 new properties at Haddington with a value of £5m.

INVESTMENT FUND

Income received amounted to £55,000 (2022: £56,000). The portfolio recorded a valuation uplift of £0.8m (2022: £0.8m) at the year-end. Gains on realised investments were £0.2m (2022: £0.8m).

PROFIT AND LOSS ACCOUNT

The profit before tax is £3.3m (2022: £1m). A tax charge of £2.3m has been applied in the year to 30 April 2023 (2022: £0.1m). The effective rate of taxation is 25% (2022: 19%). Dividends of £10.00 per share were paid in the year (2022: £5.00). This included a special dividend of £5.00 per share on the delivery of the Springfield agreement.

BALANCE SHEET

Net assets have increased to £157m (2022: £153m). Fixed assets increased to £80m from £73.5m. Investments increased in the year to £13.2m (2022: £12.2m). The Group's stock decreased to £50m (2022: £77m) in the year as house settlements were realised and more significantly, sites were transferred to Springfield. The Group's debtor balance has increased significantly this year of £40.0m (2022: £7.9m), this is representative of the amounts due from Springfield over the next 5 years.

CASH FLOW

At year end the Group had £0.8m net positive cash (2022: £10.5m cash). Net interest on borrowings totalled £0.5m (2022: £0.4m). The Group has a £30m lending facility with the Royal Bank of Scotland which is due for renewal in December 2024.

PENSIONS

The Group operates a defined benefits pension scheme and also contributes to several defined contribution schemes. The FRS102 calculation at 30 April 2023 shows a net pension asset of nil. (2022: deficit £11.8m). The Group remains subject to pension funding risks, principally interest rates, performance of its equity investments and increased longevity of its members. The Group continually monitors and manages these risks via advice from specialist consultants.

LOOKING FORWARD

Following on from this transitional period under the new strategy, the Group continues to focus on the 4 key pillars for success which are; growing and recycling old for new units in the private rental sector, continuing to grow our strategic land portfolio, achieving successful realisations from our Investment funds and investing in partnerships to develop homes and rental properties.

FINANCIAL REPORT OF MACTAGGART & MICKEL GROUP LIMITED

STRATEGIC REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 30 April 2023.

PRINCIPAL ACTIVITIES
The principal activities of the Group continued to be landowners, letting of domestic and commercial properties, sale of development land, land and building consultants, and investment in private equity ventures. The Group also continued with the buying and selling of houses and contracting in the year but on a reduced scale.

BUSINESS REVIEW
The Group has continued to deliver a profitable result showing growth from its prior year. The Group profit before taxation is £3.3m (2022: Profit £1m).The Group produced a profit from continuing operations of £0.3m, this was based on profits from lands sales, the private rental portfolio and investments. The turnover achieved for the year was £64.2m (2022: £79.5m). In the financial year the Group sold its Scottish house building business along with its Timber Systems business to Springfield Properties PLC.

PRINCIPAL RISKS AND UNCERTAINTIES
The business continues to face economic pressures with regards to the cost of living crisis, increasing energy costs, inflation and interest rate rises and the ongoing economic impact of the war in Russia and Ukraine. The Group will continue to monitor interest rates in particular while stress testing covenants and reviewing borrowings. With these uncertainties, the Mactaggart & Mickel Group Limited continue to respond and adapt to the challenges this brings.

The Group is affected by the interest rate available for funding its operations. The Group continues to review the opportunities available to contract to a fixed rate for a specified period in order to minimise the risk from servicing its debt in the future. The Group offers a wide range of products which covers all the Group clients' markets.

The Group's risk committee meet on a regular basis to assess the risks relevant to the business and ensure that these risks are mitigated and managed to an acceptable level. The Group continues to plan for business interruption scenarios through its disaster recovery and business continuity committee. This forum meets regularly to review the contingencies in place and ensure that the plans adapt to the evolution of the business.

The Group continue to assess the ongoing impact of the above risks. Particularly around proactive management of supply chain and sensitivity analysis on the economic factors that could impact sales and the ability to invest in future.

The Group have taken steps in the year to further reduce pension funding risks to protect against poor performance of equity investments. However it still remains a focus with increased longevity of the members and changes to interest rates.

KEY FINANCIAL PERFORMANCE INDICATORS

Financial	**2023**	2022	
Gearing	**3.2%**	3.3%	Borrowings/net assets
Return on capital	**2.0%**	1.0%	Operating profit/(loss) before tax/net assets
Current ratio	**5:1**	6:1	Current assets/current liabilities
Days creditors	**32**	34	Trade creditors/average purchases
Turnover per employee (£000)	**1,735**	560	Turnover/average number of employees
Operating profit per employee (£000)	**86**	11	Operating profit/(loss)/average number of employees
Units settled % derived from Brownfield developments	**0%**	1%	Units settled from Brownfield developments/total units

KEY NON-FINANCIAL PERFORMANCE INDICATORS

Non-Financial	**2023**	2022
Reportable accidents	–	4

Key non-financial performance indicators include the monitoring of the Group's employees' health and safety in addition to the Group's environmental impact and energy consumption.

STRATEGIC REPORT (CONTINUED)

OUTLOOK
The Board recognise this as a transitional period for the Group who are embarking on new development strategies to replace previous house building operations whilst also investing and growing existing activities with the aim to increase future profits in the next 2-5 years.

The Group's areas of focus will continue to be providing private rented accommodation through our PRS investments and increasing this portfolio with new stock opportunities as well as focusing on improving yield from current rental properties. In addition, growing our strategic land activity across the UK and seeking out new and complementary opportunities through our investments. The Group are investing in joint venture schemes, where high levels of due diligence have been performed and there are strict criteria's to meet, with the aim to maximising profits.

The Group continues to look to improve its productivity through investment in technology and return on capital and is focussing on investment in higher yielding assets which will improve the Group shareholder value.

Given the uncertain landscape which lies ahead from the economic and political headwinds, the Group continues to maintain a healthy gearing position. The Group prides itself on its long term view in its deployment of capital, its utilisation of its assets and the partnerships with all stakeholders. The Group is in a good position to continue to enable its strategic plans over the next 2-5 years and to maximise all opportunities which arise.

STREAMLINED ENERGY AND CARBON REPORTING ("SECR")
This report prepared by the Group encompasses information in relation to energy and carbon usage for the period 1st May 2022 to 30th April 2023 and includes details for those companies which would be required to comply with the regulations themselves and are consolidated in these accounts as follows:

— Mactaggart and Mickel Group Limited
— Mactaggart and Mickel Homes Limited

The Group is supportive of the house building industry's target of net-zero emissions by 2045 and other policies that require all new homes to use renewable or low-carbon heating from 2024.

REPORTING PARAMETERS
The reporting parameters are the financial year ended 30th April 2023 and cover the subsidiaries listed above. In addition to reporting on mains gas, grid electricity and transport emissions, the Group has also chosen to report its use of gas oil for on-site electricity generation as this is a key energy source used throughout the Group's businesses.

The reporting intensity ratio used is tonnes of CO_2 emission per employee. It is considered that this provides the best representation of activity across the Group and comparison throughout the industry.

ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS
The Group's total energy consumption and carbon emissions consumed by the subsidiaries listed for the period 1st May 2022 to 30th April 2023 is as follows:

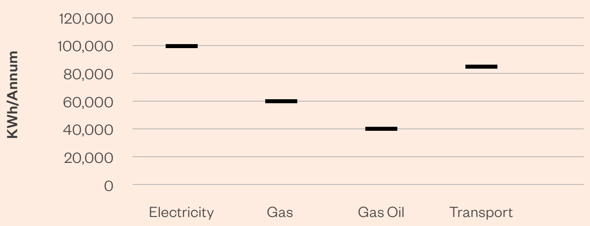
ENERGY CONSUMPTION

	2022/23		2021/22	
	KWh/Annum	**%**	**KWh/Annum**	%
Electricity	102,481	34.2%	786,516	27.7%
Gas	65,210	21.8%	581,880	20.5%
Gas Oil	43,780	14.6%	898,066	31.6%
Transport	87,927	29.4%	571,910	20.2%
Total	299,398	100.0%	2,838,372	100.0%

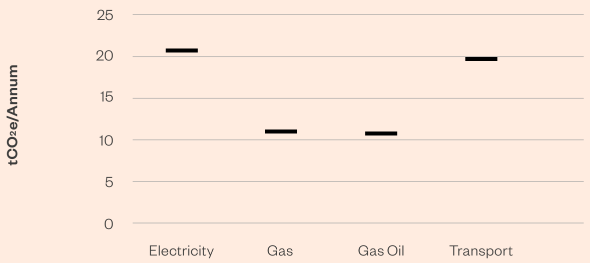
GREENHOUSE GAS EMISSIONS

	2022/23		2021/22	
	tCO_2e/ Annum	**%**	tCO_2e/ Annum	%
Electricity	21	33.0%	167	26.2%
Gas	12	18.2%	107	16.7%
Gas Oil	11	17.7%	231	36.11%
Transport	20	31.1%	133	21.0%
Total	64	100.0%	638	100.0%

ENERGY CONSUMPTION tCO_2e/Annum
1 May 2022 to 30 April 2023 (KWh)



GREENHOUSE GAS EMISSIONS
1 May 2022 to 30 April 2023 (tCO_2e)



GREENHOUSE GAS EMISSIONS INTENSITY RATIO

	tCO_2e/ Annum	**Employees**	**tCO_2e/ Employee**
2022/2023	64	37	1.74
2021/2022	638	142	4.49

This measure relates our annual location-based greenhouse gas emissions resulting from our operational activities compared to the number of Mactaggart & Mickel employees.

REPORTING METHODOLOGY
This methodology follows the Greenhouse Gas (GHG) Reporting protocol and uses the 2022 Government emission conversion factors for greenhouse gas. We have measured all supplies of electricity, gas, transport fuel and oil across all of our sites and offices in the year to April 2023.

ACTIONS WE ARE TAKING TO REDUCE OUR IMPACT ON THE ENVIRONMENT
The Group is committed to making continuing progress in improving the environmental management of our operations and help to build a sustainable environment. We participate in the Energy Saving Opportunity Scheme (ESOS) and conducted a full energy audit in 2019 which highlighted areas of energy wastage and presented cost effective opportunities to reduce energy usage and limit carbon emissions moving forward. The outcome of these audits steers the Group and its in-house environmental forum in shaping the initiatives to be undertaken at sites and offices.

It is the Group's policy to help reduce the impact that our products have on the environment as well as reduce the direct impact of the Group's own business activities on the environment. Initiatives undertaken have been:

— Use of air source heat pumps and electric charging points in house build.
— Supporting local council with transport links i.e. bus services.
— Paperless offices and use of low energy bulbs.
— Installing wood burners in the timber kit factory.
— Set up of Eco offices and canteens on sites.
— Involvement in planting tree projects.
— Build mixed use developments incorporating neighbourhood shopping facilities.
— Replacing inefficient boilers in the rental portfolio.
— Flexible working and moving to hybrid cars.

The Group continues to invest in protecting the environment and the board take this responsibility seriously when assessing any new venture. The Group continue to work closely with local communities when developing sites to ensure we are socially and environmentally responsible.

By order of the board

Andrew Mickel
Director

1 Atlantic Quay
1 Robertson Street
Glasgow
G2 8JB
12 October 2023

DIRECTORS' REPORT

DIRECTORS
The directors who held office during the year and up to the date of signing were as follows:

Andrew AM Mickel
Ross Mickel
David J Shaw
Alan J Hartley
(Resigned 3 May 2023 and re-appointed 1st September 2023)
Craig M Ormond (Appointed 1 September 2023)
Paul J McAninch (Resigned 1 September 2023)
Edmund J Monaghan (Resigned 27 October 2022)

DIVIDENDS
Dividends of £10 per share were paid in the year (2022: £5). This comprised of an interim dividend for the current financial year of £2 per share and a final dividend of £3 per share for the previous year ended 30 April 2022. The directors have also paid a special dividend of £5 per share in the year.

FINANCIAL INSTRUMENTS
The Group avoids the use of complex financial instruments.

EMPLOYEES
Applications for employment by disabled persons are always fully considered taking into account the aptitudes and abilities of the applicant concerned. Where employees become disabled, the Group endeavours to continue to employ such people provided there are duties which they can perform bearing in mind the handicap and disability. It is the policy of the Group that the training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

The directors recognise the importance of good communications and relations with employees. The management of each branch or undertaking is responsible for the development of employee involvement as appropriate to its own particular needs. Regular communications are held with representatives of staff at all levels and use is made of notice boards. The directors annually inform all employees of Group performance and of the financial and economic factors affecting that performance. Also, management endeavour to involve as many employees as possible in training including taking all expressed views into account when formulating annual training.

CHARITABLE CONTRIBUTIONS
Charitable contributions made by the Group during the year amounted to £50,937 (2022: £60,124).

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

At the year end, the Group had net assets of £156.6 million and net current assets of £81.6 million The Group manages its day to day and medium-term funding requirements through a revolving credit facility of £22 million, a term loan of £5 million and an overdraft facility of £3 million which are secured until December 2024. A combination of these facilities is forecast to provide sufficient liquidity to finance monthly cash flows in the ordinary course of business for a period of at least 12 months from the approval of these financial statements ("the going concern period").

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements, taking into account the sale of the housebuilding and Timber Systems businesses. These forecasts have also modelled plausible downside scenarios which they believe have the potential to arise including deferring all future land sale revenue by one year and reducing the private rental income. The Directors have also considered the impact of rising interest rates, inflation, energy costs and the devaluation of the pound. On the basis of these projections, the directors consider that, taking account of reasonably possible downsides, the Group will have sufficient funds, through its current facilities to meet its liabilities as they fall due for that period.

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

SECTION 172 STATEMENT
In accordance with Section 172 of the Companies Act 2006, The Directors of the Company must act in a way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and in doing so Directors have the greatest regard to the following areas;

SHAREHOLDERS
The shareholders of the Company maintain an active role in the management of the business, with a proportion of the Company's shares owned by individuals on the board of directors. The active shareholders are regularly provided with transparent reporting data at Board meetings to enable them to actively manage the Company and ensure we are focused on long term strategy. Shareholders also meet twice a year, with the AGM being the main opportunity to communicate to Directors.

CUSTOMERS
Working alongside national and local government and local communities we proactively engage with multiple stakeholders throughout the planning phase to ensure we deliver what the local community needs. Our website also highlights the initiatives we are undertaking and ensure our customers are provided with the knowledge they require.

EMPLOYEES
The Group recognise that our employees are our strongest resource and it is important that the company attracts and retains talented teams at every level. We offer competitive remuneration packages and continue to engage with our employees through a variety of initiatives. We have a strong focus on learning and development and and have training programmes underway.

LENDERS
We have a revolving credit facility and it is of the upmost importance that we ensure we continue to have a strong relationship with our lender. We provide quarterly reporting information and regularly meet to discuss strategy and future requirements which will enable the business to grow and invest to deliver the long-term strategy.

CULTURE & VALUES
Our strong culture and values have been integral during these challenging times, key to this has been communication with our people. Learning and development has also been vital to ensure each individual understands their contribution to enabling everyone to work safely. There has also been a strong emphasis on mental health and well-being and the support available to each employee through our employee assistance programme. This is a testament to culture, ethos and values of the organisation but also to all our people.

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

AUDITOR
Pursuant to Section 487 of the Companies Act 2006, the process to select a new auditor is being undertaken and not yet completed.

By order of the board

Andrew Mickel
Director

1 Atlantic Quay
1 Robertson Street
Glasgow
G2 8JB
12 October 2023

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

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG

OPINION

We have audited the financial statements of Mactaggart & Mickel Group Limited ("the company") for the year ended 30 April 2023 which comprise the Consolidated profit and loss account, the Consolidated statement of comprehensive income, the Consolidated and Company balance sheets, the Consolidated statement of changes in equity, the Company statement of changes in equity and the consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

— give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 April 2023 and of the Group's profit for the year then ended;
— have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
— have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

GOING CONCERN

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

— we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
— we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period

However , as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

FRAUD AND BREACHES OF LAWS AND REGULATIONS – ABILITY TO DETECT

IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO FRAUD

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

— Enquiring of directors as to the group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of an actual, suspected or alleged fraud;
— Reading board minutes; and
— Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue transactions are sufficiently non complex and free from estimation that the risk of a material misstatement within revenue in relation to fraud is acceptably low.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the group wide fraud risk management controls.

We also performed procedures including:

—Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unexpected account combinations, those posted around period end and those posted with specific words in the description.

KPMG (CONTINUED)

IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO NON-COMPLIANCE WITH LAWS AND REGULATIONS

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non- compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of group legislation recognising the nature of the group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

CONTEXT OF THE ABILITY OF THE AUDIT TEAM TO DETECT FRAUD OR BREACHES OF LAW OR REGULATION

Owing to the inherent limitation of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

STRATEGIC REPORT AND DIRECTORS' REPORT

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

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

We have nothing to report in these respects.

DIRECTORS' RESPONSIBILITIES

As explained more fully in their statement set out on page 34 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable

KPMG (CONTINUED)

assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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

Hugh Harvie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS
13 October 2023

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2023

	Note	**Continuing Operations 2023 £000**	**Discontinued Operations (Refer to note 4) 2023 £000**	**Total 2023 £000**	Continuing Operations As restated 2022 £000	Discountinued Operations (Refer to note 4) 2022 £000	Total 2022 £000
Group turnover	2	**22,145**	**42,059**	**64,204**	41,288	38,229	79,517
Cost of sales		**(16,562)**	**(38,460)**	**(55,022)**	(36,722)	(30,611)	(67,333)
Gross profit		**5,583**	**3,599**	**9,182**	4,566	7,618	12,184
Administrative expenses		**(8,661)**	**(537)**	**(9,198)**	(8,637)	(5,660)	(14,297)
Other operating income	3	**3,183**	**-**	**3,183**	3,013	-	3,013
Group operating profit/loss		**105**	**3,062**	**3,167**	(1,058)	1,958	900
Share of joint ventures operating (loss/profit)		**(94)**	**-**	**(94)**	711	-	711
Total operating profit/(loss)	5	**11**	**3,062**	**3,073**	(347)	1,958	1,611
Interest payable and similar expenses	9	**(842)**	**-**	**(842)**	(768)	-	(768)
Other interest receivable and similar income	8	**68**	**-**	**68**	189	-	189
Finance Income	8	**1,017**	**-**	**1,017**	-	-	-
Profit before taxation		**254**	**3,062**	**3,316**	(926)	1,958	1,032
Tax on (profit)	10	**(178)**	**(2,147)**	**(2,325)**	127	(268)	(141)
Profit after taxation		**76**	**915**	**991**	(799)	1,690	891

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 APRIL 2023

	2023 £000	2022 £000
Profit for the financial year	**991**	891
Remeasurement of the net defined benefit liability	**8,295**	4,916
Movement on deferred tax asset relating to pension scheme liability	**(2,073)**	(934)
Deferred tax prior year adjustment to rate change relating to pension scheme liability	**710**	-
Other comprehensive income for the year, net of income tax	**6,932**	3,982
Total comprehensive income for the year attributable to shareholders	**7,923**	**4,873**

FINANCIAL REPORT

CONSOLIDATED AND COMPANY BALANCE SHEETS AT 30 APRIL 2023

	Note	**2023 Group £000**	**2023 Company £000**	2022 Group £000	2022 Company £000
Fixed assets					
Tangible assets	11	**252**	**-**	554	-
Investment Properties	12	**79,974**	**-**	72,960	-
Investments					
Investments in Joint Ventures	13	**2,622**	**-**	2,716	-
Investments in Subsidiary Undertakings	13	**-**	**430**	-	430
Other investments	13	**10,586**	**-**	9,533	-
		13,208	**430**	12,249	430
Total fixed assets		**93,434**	**430**	85,763	430
Current assets					
Stocks	15	**49,950**	**-**	77,497	-
Debtors (including £26,777,000 (2022: £4,762,000) due after more than one year)	16	**40,030**	**7,979**	7,860	3,549
Cash at bank and in hand	17	**5,843**	**5,613**	15,448	15,018
		95,823	**13,592**	100,805	18,567
Creditors: amounts falling due within one year	18	**(14,258)**	**(5,692)**	(16,200)	(10,530)
Net current assets		**81,565**	**7,900**	84,605	8,037
Total assets less current liabilities		**174,999**	**8,330**	170,368	8,467
Creditors: amounts falling due after more than one year	19	**(6,417)**	**(5,000)**	(5,000)	(5,000)
Provisions for liabilities		**-**	**-**	-	-
Deferred Tax	21	**(4,254)**	**-**	(572)	-
Pension scheme liability	25	**-**	**-**	(11,840)	-
Other provisions	22	**(7,748)**			
Net assets		**156,580**	**3,330**	152,956	3,467
Capital and reserves					
Called up share capital	26	**430**	**430**	430	430
Merger reserve		**108,210**	**-**	108,210	-
Non-distributable reserve		**26,692**	**-**	23,025	-
Profit and loss account		**21,248**	**2,900**	21,291	3,037
Shareholders' funds		**156,580**	**3,330**	152,956	3,467

These financial statements were approved by the board of directors on **12 October 2023** and were signed on its behalf by:

Andrew Mickel
Director

Ross Mickel
Director

Company registered number SC326355

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called up Share capital £000	Merger reserve £000	Non-distributable reserve £000	Profit and loss accountant £000	Total equity £000
Balance at 1 May 2021	430	108,324	20,141	21,337	**150,232**
Total comprehensive income/(expense) for the year					
Profit for the financial year	-	-	3,021	(2,130)	891
Reclassification of Investments			(242)	242	**-**
Other comprehensive income					
Actuarial gain on pension scheme	-	-	-	4,916	**4,916**
Tax on Gain	-	-	-	(934)	**(934)**
Gain/(loss) on revaluation of investment property	-	-	(9)	9	**-**
Realisation of merger reserve	-	(114)	114	-	**-**
Total comprehensive (expense)/income for the year	-	(114)	2,884	2,103	**4,873**
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(2,149)	**(2,149)**
Total contributions by and distributions to owners	-	-	-	(2,149)	**(2,149)**
Balance at 30 April 2022	**430**	**108,210**	**23,025**	**21,291**	**152,956**

FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called up Share capital £000	Merger reserve £000	Non-distributable reserve £000	Profit and loss accountant £000	Total equity £000
Balance at 1 May 2022	430	108,210	23,025	21,291	**152,956**
Total comprehensive income/(expense) for the year					
Profit for the financial year	-	-	3,667	(2,676)	**991**
Other comprehensive income					
Actuarial gain on pension scheme	-	-	-	8,295	**8,295**
Tax on Gain	-	-	-	(2,073)	**(2,073)**
Prior year tax adjustment due to rate change	-	-	-	710	**710**
Total comprehensive (expense)/income for the year	-	-	3,667	4,256	**7,923**
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(4,299)	**(4,299)**
Total contributions by and distributions to owners	-	-	-	(4,299)	**(4,299)**
Balance at 30 April 2023	**430**	**108,210**	**26,692**	**21,248**	**156,580**

COMPANY STATEMENT OF CHANGES IN EQUITY

	2023			2022		
	Called up Share capital £000	**Profit and loss account £000**	**Total equity £000**	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 May	430	3,037	**3,467**	430	3,540	3,970
Total comprehensive income for the year						
Profit for the financial year	**-**	4,162	**4,162**	-	1,646	1,646
Total comprehensive income for the year	**-**	4,162	**4,162**	-	1,646	1,646
Transactions with owners, recorded directly in equity						
Dividends	**-**	(4,299)	**(4,299)**	-	(2,149)	(2,149)
Total contributions by and distributions to owners	**-**	(4,299)	**(4,299)**	-	(2,149)	(2,149)
Balance at 30 April	**430**	**2,900**	**3,330**	430	3,037	3,467

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2023

	Note	2023 £000	2022 £000
Cash inflow/(outflow) from operating activities			
Profit for the year		**991**	891
Adjustments for:			
Depreciation, amortisation and impairment		**134**	276
Change in value of investment property		**(2,313)**	(1,347)
Change in value of investments		**(846)**	(800)
Interest receivable and other income		**(68)**	(189)
Interest payable and similar expenses		**842**	768
Gain on discontinued operations		**(3,062)**	-
Gain on sale of tangible fixed assets		**(24)**	(866)
Deferred government grant		**-**	(25)
Taxation		**2,325**	141
Share of joint venture operating loss/(profit)		**94**	(711)
		(1,927)	(1,862)
(Decrease)/Decrease in trade and other debtors		**(31,004)**	3,842
Increase/Decrease in stocks		**27,547**	21,064
Increase in trade and other creditors		**7,400**	5,103
Increase in provisions and employee benefits		**(5,201)**	(1,965)
		(3,185)	26,182
Tax paid		**-**	-
Net cash from operating activities		**(3,185)**	26,182
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**142**	61
Proceeds from sale of investment properties		**-**	132
Proceeds from division		**3,062**	-
Interest received		**50**	56
Acquisition of tangible fixed assets	11	**(114)**	(20)
Investment redemptions		**1,026**	2,033
Acquisition of investment property	12	**(4,702)**	(12)
Dividends received		**-**	1,000
Acquisition of investments	13	**(1,069)**	(3,078)
Net cash from investing activities		**(1,605)**	172
Cash flows from financing activities			
Interest paid		**(516)**	(336)
Repayment of borrowings		-	(6,748)
Dividends paid		**(4,299)**	(2,149)
Net cash from financing activities		**(4,815)**	(9,233)
(Decrease)/Increase in cash and cash equivalents		**(9,605)**	17,121
Cash and cash equivalents at 1 May	30	**15,448**	(1,673)
Cash and cash equivalents	30	**5,843**	15,448

NOTES (FORMING PART OF THE FINANCIAL STATEMENTS)

1. ACCOUNTING POLICIES

Mactaggart & Mickel Group Limited (the "Company") is a company limited by shares and incorporated and resident in the UK.

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

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

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

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

GOING CONCERN

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

At the year end, the Group had net assets of £156.6 million and net current assets of £81.6 million. The Group manages its day to day and medium-term funding requirements through a revolving credit facility of £22 million, a term loan of £5m and an overdraft facility of £3 million which are secured until December 2024.

A combination of these facilities is forecast to provide sufficient liquidity to finance monthly cash flows in the ordinary course of business for a period of at least 12 months from the approval of these financial statements ("the going concern period").

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements, taking into account the sale of the housebuilding and timber systems businesses. These forecasts have also modelled plausible downside scenarios which they believe have the potential to arise including deferring all future land sale revenue by one year and reducing the private rental income. The Directors have also considered the impact of rising interest rates, inflation, energy costs and the devaluation of the pound. On the basis of these projections, the directors consider that, taking account of reasonably possible downsides, the group will have sufficient funds, through its current facilities to meet its liabilities as they fall due for that period.

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

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 April 2023. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

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

In the parent financial statements, investments in subsidiary undertakings, associates and joint ventures are carried at cost less impairment.

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

1. ACCOUNTING POLICIES (CONTINUED)

TURNOVER

REVENUE AND PROFIT RECOGNITION

Revenue principally represents the amounts (excluding value added tax) derived from the sale of new homes, affordable housing contracts, property rental, investment funds and land and is recognised to the extent that it is probable that the economic benefits will flow to the Group.

Revenue from new home sales represents the selling price for the unit, net of any cash incentives, and is recognised when title of the property passes to the customer on legal completion and receipt of cash. Profit is recognised on a per completion basis, by reference to the remaining margin forecast across the development. Revenue from affordable housing contracts is recognised, either in line with the stage of completion, or on physical completion depending upon contract terms. Revenue from land sales is recognised on legal completion. Turnover also includes income from rental of investment properties, sales of timber frame kits and surpluses on the realisation of interests under the Major Ownership Scheme.

Turnover from the sales of services and revenue from construction contracts is recognised by reference to the stage of completion. The stage of completion of the contract is determined either by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, or by reference to the completion of a physical proportion of the contract work, dependent upon the nature of the underlying contract.

Profit on long term contracts is taken as the work is carried out if the outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of work carried out, by recording turnover and related costs of labour and materials as contract activity progresses. Revenues from variations on contracts are recognised only when they are considered to be reasonably certain. Full provision is made for losses on all contracts in the year in which they are first foreseen.

EXPENSES

OPERATING LEASE

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

INTEREST RECEIVABLE AND INTEREST PAYABLE

Interest payable and similar expenses include interest payable, losses on financial assets measured at fair value through profit or loss and interest payable on defined benefit liabilities.

Other interest receivable and similar income include interest receivable on investments and joint venture loans. Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

BASIC FINANCIAL INSTRUMENTS

TRADE AND OTHER DEBTORS / CREDITORS

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

INTEREST-BEARING BORROWINGS CLASSIFIED AS BASIC FINANCIAL INSTRUMENTS

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

INVESTMENTS IN PREFERENCE AND ORDINARY SHARES

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss.

Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

CASH AND CASH EQUIVALENTS

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

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

1. ACCOUNTING POLICIES (CONTINUED)

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Motor vehicles	4 years - straight line
Office furniture and computer equipment	between 3 and 5 years - straight line
Plant and machinery	between 4 and 10 years - straight line
Short leasehold improvements	over the life of the lease

Depreciation, at 2% straight line, is provided on those heritable buildings included within investment properties and commercial properties which the directors consider to have a remaining useful life no greater than 50 years.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

INVESTMENT PROPERTIES

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost. Overseas investment properties in the United States are treated on the same basis as investment properties held in the UK.

SUBSEQUENT TO INITIAL RECOGNITION:

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. no depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with FRS102.17 until a reliable measure of fair value becomes available.

GOVERNMENT GRANTS

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate.

EXCEPTIONAL ITEMS

Exceptional items are items of income and expenditure that, in the judgement of management, should be disclosed separately on the basis that they are material, either by nature or size, in order to gain an understanding of the financial performance and in so doing not to significantly distort the comparability of financial performance between accounting periods. Items of income or expense that are considered by management for designation as exceptional include such items as significant restructuring, write downs or write backs of current assets as a result of impairment.

STOCKS

Stocks 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, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

PROVISIONS

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

TAXATION

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

1. ACCOUNTING POLICIES (CONTINUED)

TAXATION (CONTINUED)
Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset. Deferred tax balances are not discounted.

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

EMPLOYEE BENEFITS
DEFINED CONTRIBUTION PLANS AND
OTHER LONG TERM EMPLOYEE BENEFITS
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

DEFINED BENEFIT PLANS
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense on the net defined benefit liability for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability is recognised in other comprehensive income in the period in which it occurs.

NON DISTRIBUTABLE RESERVE
A non-distributable reserve represents the unrealised profit or loss resulting from fair value adjustments and associated deferred tax movements which are credited or charged to the profit and loss account.

DIVIDENDS ON SHARES PRESENTED WITHIN EQUITY
Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends prior to the year-end that do not meet these criteria are disclosed in the notes to the financial statements.

DISCONTINUED OPERATIONS
Discontinued operations are components of the group that have been disposed of at the reporting date and previously represented a separate major line of business or geographical area of operation or were subsidiaries acquired exclusively with a view to resale.

They are included in the profit and loss account in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

2. TURNOVER

	2023 £000	2022 £000
Sale of housing units and development land	**18,683**	69,325
Construction contract revenue	**459**	6,675
Sale of housing units and development revenue	**41,334**	-
Investment property rentals	**3,728**	3,517
	64,204	79,517

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

3. OTHER OPERATING INCOME

	2023 £000	2022 £000
Fair value adjustments for investment property	**2,313**	1,347
Fair value adjustments for investments	**846**	800
Net gain on disposal of investments and tangible fixed assets	**24**	866
	3,183	3,013

4. DISCONTINUED OPERATIONS

The group's housebuilding and timber systems businesses have been disposed of during the year. They previously represented separate major lines of business and as such have been classified as discontinued operations.

	2023 £000	2022 £000
Sale of asset to Springfield Properties Plc	**3,565**	-
House build operations	**20**	7,052
Timber Systems operations	**14**	566
Administrative expenses	**(537)**	(5,660)
	3,062	1,958

5. EXPENSES AND AUDITOR'S REMUNERATION

OPERATING PROFIT/(LOSS) IS STATED AFTER CHARGING:	2023 £000	2022 £000
Depreciation of tangible fixed assets	**134**	276
Operating lease	**493**	573
Auditor's remuneration:		
- audit of these financial statements	**57**	50
- audit of financial statements of subsidiaries pursuant to legislation	**101**	115
- tax advisory services	**17**	15

6. STAFF NUMBERS AND COSTS

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees 2023	2022
Administration and finance	**29**	51
Involved in building work	**8**	91
	37	142

The aggregate payroll costs of these persons were as follows:

	2023 £000	2022 £000
Wages and salaries	**5,180**	11,280
Social security costs	**847**	1,191
Contributions to defined contribution plans	**160**	326
Expenses related to defined benefit plans	**2**	1,112
	6,189	13,909

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

7. REMUNERATION OF DIRECTORS

	2023 £000	2022 £000
Directors' emoluments	**2,877**	2,627
Compensation for loss of office	**-**	924
Group contributions to defined benefit pension scheme	**268**	290
	3,145	3,841

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £853,890 (2022: £896,302). He is a member of a defined benefit scheme, under which his accrued pension at the year end was £76,808 (2022: £72,543).

	Number of directors 2023	2022
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	**4**	4

8. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2023 £000	2022 £000
Interest receivable joint ventures	**-**	122
Interest receivable from investments	**55**	56
Other interest receivable	**13**	11
Unwind of discount on deferred income	**1,017**	-
	1,085	189

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023 £000	2022 £000
Interest payable on bank borrowings	**549**	440
Other interest payable	**-**	-
Net interest expense on net defined benefit liabilities	**293**	328
	842	768

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

10. TAXATION

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2023 £000	2022 £000
UK corporation tax		
UK corporation tax - current year	**-**	-
Prior year adjustment	**-**	-
Tax deducted at source	**5**	5
Total current tax	**5**	5
Deferred tax (see note 21)		
Origination and reversal of timing differences	**1,490**	136
Changes due to change in tax rate	**1,020**	-
Recognition of previously unrecognised tax losses	**(190)**	-
Total deferred tax	**2,320**	136
Total tax charge/(credit)	**2,325**	141

	2023 £000 Current tax	2023 £000 Deferred tax	2023 £000 Total tax	2022 £000 Current tax	2022 £000 Deferred tax	2022 £000 Total Tax
Recognised in the Profit and loss account	**5**	**2,320**	**2,325**	5	136	141
Recognised in other comprehensive income	**-**	**1,363**	**1,363**	-	934	934
Total tax	**5**	**3,683**	**3,688**	5	1,070	1,075

Reconciliation of effective tax rate

	2023 £000	2022 £000
Profit for the year	**991**	891
Total tax expense/(credit)	**2,325**	141
Profit excluding taxation	**3,316**	1,032
Tax using the UK corporation tax rate of average 25% (2022: 19%)	**828**	196
Non-deductible expenses	**322**	69
Non chargeable income	**(116)**	(13)
Excess of ineligible capital gain over sale	**329**	6
Losses carried forward	**48**	14
Deferred tax on losses previously not recognised	**(190)**	-
Deferred tax movement on investment properties	**(95)**	(5)
Deferred tax due to change in tax rates	**1,020**	-
Other reconciling items	**179**	(126)
Total tax charge(credit) included in profit	**2,325**	141

FACTORS AFFECTING THE FUTURE CURRENT AND TOTAL TAX CHARGES

The March 2021 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2021 and this change was substantively enacted on 11 March 2021. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. In the 23 September 2022 Mini-Budget, it was announced that the UK tax rate would remain at 19%. On 14th October 2022 the government announced that corporation tax will increase to 25% from April 2023 as previously legislated.

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

11. TANGIBLE FIXED ASSETS

Group	Short leasehold improvements	Plant and machinery	Motor vehicles	Office furniture and computer equipment	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At beginning of year	1,467	2,745	97	709	5,018
Additions	105	-	-	9	114
Disposals	(430)	(2,745)	(97)	(46)	(3,318)
At end of year	**1,142**	**-**	**-**	**672**	**1,814**
Depreciation					
At beginning of year	1,131	2,556	91	686	4,464
Charge for year	74	45	3	12	134
Disposals	(300)	(2,601)	(94)	(41)	(3,036)
At end of year	**905**	**-**	**-**	**657**	**1,562**
Net book value					
At 30 April 2023	**237**	**-**	**-**	**15**	**252**
At 30 April 2022	336	189	6	23	554

12. INVESTMENT PROPERTIES

Group	Investment properties and commercial properties
	£000
Cost or valuation	
At beginning of year	72,998
Additions	4,702
Disposals	-
Net gain from fair value adjustment	2,313
At end of year	**80,013**
Depreciation	
At beginning of year	38
Charge for year	1
At end of year	**39**
Net book value	
At 30 April 2023	**79,974**
At 30 April 2022	72,960

REVALUATION

Private rental investment properties with a value of £77,916.000 are valued by third parties every year using recognised valuation techniques. The last external valuation was carried out on 30 April 2023. Other investment properties and commercial properties valuations are assessed annually using third party market and rental data.

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

13. FIXED ASSET INVESTMENTS

Group	Investments in Joint Ventures	Other investments	Total
	£000	**£000**	**£000**
Cost			
At beginning of year	1,892	9,533	11,425
Additions	-	1,069	1,069
Reduction in capital	-	(862)	(862)
Revaluation of investment	-	846	846
At end of year	**1,892**	**10,586**	**12,478**
Share of post-acquisition reserves			
At beginning of year	824	-	824
Retained profits less losses	(94)	-	(94)
Dividend received	-	-	-
At end of year	**730**	**-**	**730**
Net book value			
At 30 April 2023	**2,622**	**10,586**	**13,208**
At 30 April 2022	2,716	9,533	12,249

Joint ventures which represent a holding greater than 20% are as follows:

Name	Country of registration	Principal activity	Class and percentage of shares held
Joint ventures			
City Legacy Limited*	Scotland	Property development	Ordinary shares – 25%
Registered office: 3rd Floor,			
George House,			
50 George Square,			
Glasgow G2 1EH			
Shawfair LLP*	Scotland	Property development	50% capital contribution
Registered office:			
27 Silvermills Court,			
Henderson Place Lane,			
Edinburgh EH3 5DG			
MMMARS Dundas Limited*	Scotland	Property development	Ordinary shares – 32.7%
Registered office:			
19a Rutland Square,			
Edinburgh EH1 2BB			

* Shareholding held through an intermediate company

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

13. FIXED ASSET INVESTMENTS (CONTINUED)

INVESTMENTS HELD IN SUBSIDIARY

Company	2023 £000	2022 £000
At start and end of year	**430**	430

Name	Country of registration	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Mactaggart & Mickel Homes Limited	Scotland **	Property development	Ordinary shares – 100%
Mickel Products Limited*	Scotland **	Non trading company	Ordinary shares - 100%
Mactaggart & Mickel International Limited*	Scotland **	Property Investment	Ordinary shares – 100%
Mactaggart & Mickel Timber Systems Limited	Scotland **	Timber frame kit manufacturer	Ordinary shares – 100%
Mactaggart & Mickel Lettings Limited*	Scotland **	Residential letting	Ordinary shares – 100%
Mactaggart & Mickel East Craigs Commercial Limited*	Scotland **	Non trading company	Ordinary shares – 100%
Mactaggart & Mickel Greenan Commercial Limited*	Scotland **	Non trading company	Ordinary shares – 100%
Mactaggart & Mickel Limited*	Scotland **	Dormant	Ordinary shares – 100%
Carrongrove NHT 2011 LLP*	Scotland **	Non trading company	100% capital contribution
Mactaggart & Mickel Commercial Developments Limited	Scotland **	Commercial letting	Ordinary shares – 100%
Mactaggart & Mickel Anniesland Commercial Limited*	Scotland **	Investment	Ordinary shares – 100%
Mactaggart & Mickel Anniesland LLP*	Scotland **	Commercial letting	100% capital contribution
Mactaggart & Mickel Airdrie Commercial Limited*	Scotland **	Non trading company	Ordinary shares – 100%
Mactaggart & Mickel Dalkeith Commercial Limited*	Scotland **	Non trading company	Ordinary shares – 100%
Mactaggart & Mickel Strategic Land Limited (formerly Mactaggart & Mickel England Limited)	England ***	Property development	Ordinary shares – 100%
Mactaggart & Mickel Investments Limited	England ***	Investment	Ordinary shares – 100%
Millerhill Estates Limited*	Scotland**	Property development	Ordinary shares – 100%

* Shareholding held through an intermediate company
** Registered Office, 1Atlantic Quay, 1 Robertson Street, Glasgow G2 8JB
*** Registered Office, Floor 5 Merchant Square, London, England, W2 1AY

FINANCIAL REPORT

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

13. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY AUDIT EXEMPTION

For the year ended 30 April 2023 the below listed subsidiary companies are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006

Name	Country of registration	Register company number
Subsidiary undertakings		
Mactaggart & Mickel International Limited	Scotland**	SC273881
Mactaggart & Mickel Timber Systems Limited	Scotland**	SC314798
Mactaggart & Mickel Lettings Limited	Scotland**	SC345967
Mactaggart & Mickel Anniesland Commerical Limited	Scotland**	SC386147
Mactaggart & Mickel Anniesland LLP	Scotland**	SO303183

** Registered Office, 1 Atlantic Quay, 1 Robertson Street, Glasgow G2 8JB

14. JOINT ARRANGEMENTS

The Group owns 50% of the ordinary share capital of the two companies set out below. The Group's investment in these companies is treated as an interest in a joint arrangement that is not an entity and therefore the financial statements of Mactaggart & Mickel Group Limited include its share of the assets and liabilities of these joint arrangements on a line by line basis. Ground held under the joint arrangement is included under stocks (note 15).

Name	Country of registration	Principal activity	Class and percentage of shares held
Harelaw Estates Limited*	Scotland	Land ownership	Ordinary shares – 50%
Longthorn Farms Limited*	Scotland	Land ownership	Ordinary shares – 50%

* Shareholding held through an intermediate company
All of these companies have Registered Office at 1 Atlantic Quay, 1 Roberson Street, Glasgow G2 8JB

15. STOCKS

Group	2023 £000	2022 £000
Raw materials and consumables	**-**	296
Ground	**22,895**	32,915
Ground held under joint arrangement (note 14)	**1,073**	1,073
Work in progress	**25,982**	43,213
	49,950	77,497

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £28,712,000 (2022: £43,793,000).

The total carrying amount of stocks pledged by the Group as security for liabilities in the year amounted to £5,000,000 (2022: £5,000,000).

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

16. DEBTORS

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Major Ownership Scheme	**227**	**-**	241	-
Other debtors	**4,879**	**-**	5,140	6
Trade debtors	**33,997**	**-**	650	-
Construction contract debtors	**109**	**-**	729	-
Prepayments and accrued income	**786**	**241**	1,067	386
Amounts due from subsidiary undertakings	**-**	**6,652**	-	2,508
Deferred tax (see note 21)	**-**	**1,086**	-	649
Corporation Tax	**32**	**-**	33	-
	40,030	**7,979**	7,860	3,549
Due within one year	**13,253**	**7,979**	3,098	3,404
Due after more than one year				
Major Ownership Scheme	**227**	**-**	241	-
Trade Debtors	**22,000**	**-**	-	-
Other debtors	**4,550**	**-**	4,521	-
Prepayments and accrued income	**-**	**-**	-	145
	26,777	**-**	4,762	145
	40,030	**7,979**	7,860	3,549

Debtors include deferred payments due from Springfield Properties PLC of £30,781,000 (2022: £nil).

17. CASH AT BANK AND IN HAND

	2023 Group £000	2023 Company	2022 Group £000	2022 Company
Cash at bank and in hand	**5,843**	**5,613**	15,448	15,018

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Trade creditors	**8,841**	**-**	8,794	-
Other creditors including taxation and social security	**1,492**	**194**	784	101
Amounts due to subsidiary undertakings	**-**	**4,455**	-	9,129
Accruals and deferred income	**3,925**	**1,043**	6,622	1,300
	14,258	**5,692**	16,200	10,530

The Group has granted, in favour of the bank, a fixed security over a group of rental properties. The fixed security is ranked as first charge while the bond and floating charge (for Mactaggart & Mickel Group Limited company only) is ranked as second charge. The Group has also granted, in favour of the Group's defined benefit pension scheme Mactaggart & Mickel Limited Retirement Benefits Scheme, a fixed security over several rental properties.

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023 Group £000	2023 Company £000	2022 Group £000	2022 Company £000
Bank borrowings	**5,000**	**5,000**	5,000	5,000
Trade Creditors	**1,417**	**-**	-	-
	6,417	**5,000**	5,000	5,000

20. INTEREST-BEARING LOANS AND BORROWINGS

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

Group	2023 £000	2022 £000
Creditors due more than one year		
Secured bank borrowings	**5,000**	5,000
	5,000	5,000

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2023 £000	2022 £000
Secured bank borrowings	GBP	SONIA - 5NCCR LAG + 1.80%	2024	At maturity	**5,000**	5,000
					5,000	5,000

21. DEFERRED TAX ASSETS AND LIABILITIES

	Assets		Liabilities		Net	
	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
Accelerated capital allowances	**-**	-	**49**	39	**49**	39
Investment Property and Other Investments	**-**	-	**5,534**	3,648	**5,534**	3,648
Losses	**(1,329)**	(866)			**(1,329)**	(866)
Employee benefits	**-**	(2,249)	**-**	-	-	(2,249)
Net tax (assets)/liabilities	**(1,329)**	(3,115)	**5,583**	3,687	**4,254**	572

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

22. PROVISIONS

Following the sale of the housebuilding business the group has retained obligations to fund infrastructure costs at certain of the sites sold. An estimate of extent of the obligation is provided by a third party that is considered an expert in that area. The provision held of £7,748,000 is subject to estimation uncertainty given the nature of the obligations. The estimate is reviewed and reported on by that third party on a regular basis as the development work on the sires progress.

Group	Land purchase provision £000	Infrastructure Obligations £000	Total £000
Balance at 1 May 2022	-	-	-
Provisions made during the year	750	6,998	7,748
Balance at 30 April 2023	**750**	**6,998**	**7,748**

23. CONTINGENT LIABILITIES

Group	2023 £000	2022 £000
Road bonds and land guarantees	**5,819**	7,350

Included within the above figure is an amount of £2,418,000 (2022: £3,597,404) for which the Group has undertaken to maintain bank facilities of a similar amount.

24. COMMITMENTS

Non-cancellable operating lease rentals are payable as follows:

Group	2023 £000	2022 £000
Within one year	**552**	492
Between one and five years	**947**	1,323
Over five years	**-**	56
	1,499	1,871

During the year £493,000 was recognised as an expense in the profit and loss account in respect of operating leases (2022: £573,000).

LEASES AS LESSOR
The investment properties are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

Group	2023 £000	2022 £000
Within one year	**83**	84
Between one and five years	**256**	256
Over five years	**255**	255
	594	595

There were no annual commitments within the Company.

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

25. EMPLOYEE BENEFITS

DEFINED BENEFIT SCHEME
The Company operates the Mactaggart & Mickel Limited Retirement Benefits Scheme, a defined benefit scheme providing benefits based on final pensionable pay. The latest formal triennial review of the Mactaggart & Mickel Limited Retirement Benefits Scheme has been carried out by independent actuaries, XPS Pensions Group, the effective date of the valuation being 1 January 2020.

Net pension liability

	2023 £000	2022 £000
Defined benefit obligation	**(32,084)**	(42,452)
Plan assets	**32,084**	30,612
Net pension asset/(liability)	**-**	(11,840)

Movements in present value of defined benefit obligation.

	2023 £000
At 1 May 2022	42,452
Current service cost	424
Interest cost	1,257
Contributions by members	81
Actuarial gain	(10,898)
Benefits paid	(740)
Past service cost	(70)
Curtailments	(422)
At 30 April 2023	32,084

Expense recognised in the profit and loss account	2023 £000
At 1 May 2022	30,612
Interest income	964
Remeasurement: return on plan assets less interest income	(2,603)
Contributions by employer	3,840
Contributions by members	81
Benefits paid	(740)
Scheme administrative cost	(70)
At 30 April 2023	32,084

As agreed by the members, the scheme facilitates payment of any annual allowance tax charge due by members and the Trustees are able to reduce the benefits due to members for these amounts accordingly. This is shown above as a past service credit of £70k.

Expense recognised in the profit and loss account	2023 £000	2022 £000
Service cost – including current service costs, past service costs and settlements	**(68)**	1,012
Service cost – administrative cost	**70**	100
Net interest on defined benefit liability	**293**	328
Total expense recognised in profit or loss	**295**	1,440

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

25. EMPLOYEE BENEFITS (CONTINUED)

The fair value of the plan assets and the return on those assets were as follows:

	2023 Fair value £000	2022 Fair value £000
Multi asset fund	**23,411**	23,822
Fixed interest gilt	**3,292**	4,477
Cash	**5,381**	2,313
	32,084	30,612
Actual return on plan assets	**(1,639)**	(1,089)

The above amounts do not include the entity's own financial instruments and property occupied, or other assets used by the reporting entity.

	2023 %	2022 %
Discount rate	**4.90**	3.00
Rate of increase in salaries (pa) – pre 2030	**3.00**	3.30
Rate of increase in salaries (pa) – post 2030	**3.30**	3.60
Members who joined before 2004:		
-Pre 1/1/03 accrued benefits – pre 2030 (LPI 5%; minimum 4%)	**4.10**	4.15
-Pre 1/1/03 accrued benefits – post 2030 (LPI 5%; minimum 4%)	**4.05**	4.10
-Post 31/12/02 accrued benefits – pre 2030 (LPI 8%)	**3.00**	3.30
-Post 31/12/02 accrued benefits – post 2030 (LPI 8%)	**2.80**	3.10
Members who joined after 2004:		
-All accrued benefits – pre 2030 (LPI 5%)	**3.00**	3.25
-All accrued benefits – post 2030 (LPI 5%)	**2.80**	3.05
Inflation (RPI) – pre 2030	**3.00**	3.30
Inflation (RPI) – post 2030	**2.80**	3.10
Inflation (CPI) – pre 2030	**2.50**	2.80
Inflation (CPI) – post 2030	**2.80**	3.10

In valuing the liabilities of the pension fund at 30 April 2023, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 60-year old to live for a number of years as follows:

— Current pensioner aged 60: male – 26.3 years; female – 28.7 years
— Future retiree upon reaching 60: male – 27.5 years; female – 29.9 years

DEFINED CONTRIBUTION PLANS
The Group operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was £160,000 (2022: £326,000)

INFORMATION ABOUT THE CHARACTERISTICS OF THE SCHEME
The Scheme provides pensions in retirement to members. Pension benefits are linked to a member's final salary at retirement and their length of service.

The Scheme is a registered scheme under UK legislation and is subject to the scheme funding requirements.

The Scheme was established from 23 December 1949 under trust and is governed by the Scheme's trust deed and rules dated 13 September 2001.

The Trustees are responsible for the operation and the governance of the Scheme, including making decisions regarding the Scheme's funding and investment strategy in conjunction with the Company.

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

25. EMPLOYEE BENEFITS (CONTINUED)

INFORMATION ABOUT THE RISKS
OF THE SCHEME TO THE COMPANY
The Scheme exposes the Company to actuarial risks such as: market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk.

The Scheme does not expose the Company to any unusual Scheme-specific or Company-specific risks.

INFORMATION ABOUT THE VALUATION
OF THE DEFINED BENEFIT OBLIGATION
AT THE ACCOUNTING DATE
The latest formal triennial review of the Mactaggart & Mickel Limited Retirement Benefits Scheme has been carried out by independent actuaries and latest actuarial valuation is rolled forward by, XPS Pensions Group, the effective date of the valuation being 1 January 2020.

The liabilities at the reporting date have been calculated by updating the results of this actuarial valuation of the Scheme for the assumptions as detailed in these disclosures. Allowance has been made for expected mortality over the period, as well as actual movement in financial conditions since the valuation date.

Such an approach is normal for the purposes of accounting disclosures. It is not expected that these projects will be materially different from a summation of individual calculations at the accounting date, although there may be some discrepancy between the actual liabilities for the Scheme at the accounting date and those included in the disclosures.

INFORMATION ABOUT THE MOST RECENT
ACTUARIAL VALUATION AND EXPECTED FUTURE
CASHFLOWS TO AND FROM THE SCHEME
The valuation as at 1 January 2020 revealed a funding deficit of £16,129,000. In the Recovery Plan dated 25 March 2021 the Company agreed to pay contributions of £1,200,000 annually with the view to eliminating the shortfall by 31 December 2034.

In addition, the Company is expected to meet the cost of administrative expenses and insurance premiums for the Scheme.

The company also pays contributions of 41.8% per annum of pensionable salaries to meet the cost of future accrual of benefits for active members of the Scheme, in line with the schedule of contributions dated 25 March 2021.

In accordance with the Schedule of Contributions dated 25 March 2021 the Company is expected to pay contributions of £1,200,000 in respect of the shortfall over the next accounting period. The contributions paid by the Company are reviewed every 3 years as part of the formal actuarial valuation. The Scheme's last actuarial valuation was on 1 January 2020.

The liabilities of the Scheme are based on the current value of expected benefit payment cashflows to members approximately over the next 80 years. The average duration of the liabilities is approximately 20 years.

THE SCHEME'S INVESTMENT STRATEGY
The Scheme's investment strategy is to invest broadly 80% in return seeking assets and 20% in matching assets. This strategy reflects the Schemes' liability profile and the Trustees' and Company's attitude to risk.

The Scheme's investments include interest rate and inflation hedging.

The Scheme doe does not hold ordinary shares issued or property occupied by the Company.

The growth assets held are expected to provide protection over inflation in the long term. Note that the Scheme hedges interest rate risk on a statutory and long-term funding basis (gilts) whereas AA corporate bonds are implicit in the FRS102 discount rate and so there is some mismatching risks to the Company should yields on gilts and corporate bonds diverge. The Scheme's exposure to corporate bonds mitigates the risk to some extent.

The Scheme does not directly hold any financial derivatives but invests in the funds which hold the derivatives required to hedge the Scheme's interest rate, inflation and currency risks. The main risks associated with the financial derivatives include: losses may exceed the initial margin, counterparty risk, and liquidity risk. These risks are managed by the monitoring of investment managers to ensure they have reasonable levels of market exposure relative to initial margin and positions are fully collateralised on a daily basis with secure cash of gilts collateral.

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

26. CAPITAL AND RESERVES

Share capital

	Group and Company	
	2023	2022
	£000	£000
Allotted, called up and fully paid		
137,250 A ordinary shares of £1 each	**137**	137
182,000 B ordinary shares of £1 each	**182**	182
90,600 C ordinary shares of £1 each	**91**	91
20,000 D ordinary shares of £1 each	**20**	20
	430	430

The A, B, C and D ordinary £1 shares rank pari passu on all material matters such as dividends, capital distributions and voting rights.

27. RELATED PARTY TRANSACTIONS

GROUP
Identity of related parties with which the Group has transacted

As a member of Mactaggart & Mickel Group, the Group is exempt from the requirements of FRS102.33 to disclose transactions with other members of the Group headed by Mactaggart & Mickel Group Limited. Transactions with other related parties are summarised below:

At year end amounts due from Shawfair LLP, a joint venture undertaking of the Group amounted to £nil (2022: £nil) and amounts due to the joint venture undertaking amounted to £4,500,000 (2022: £2,200,000).

During the year, the Group earned an administrative fee in the normal course of business from Bavent Road Management Company of £450 per annum plus 10% of cleaning and some repair work carried. This is recharged to the company. The Group also pays a service charge for the management of 2 properties which we receive rental income from. The Group has significant influence through voting rights.

The aggregate of emoluments and amounts receivable to key management personnel for the year amounted to £2,915,685 (2022: 3,336,623).

COMPANY
Identity of related parties with which the Company has transacted

As a member of Mactaggart & Mickel Group, the company is exempt from the requirements of FRS102.33 to disclose transactions with other members of the Group headed by Mactaggart & Mickel Group Limited. There were no transactions with other related parties.

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

28. FINANCIAL INSTRUMENTS

28. (A) CARRYING AMOUNT OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and liabilities include:

	2023	**2023**	2022	2022
	Group	**Company**	Group	Company
	£000	**£000**	£000	£000
Assets measured at fair value through profit or loss				
- Investment property	**79,974**	**-**	72,960	-
- MOS debtors	**227**	**-**	241	-
Other invesments	**10,586**		9,533	
Assets measured at amortised cost				
- Trade and other receivables	**39,803**	**6,893**	7,619	2,900
Liabilities measured at amortised cost				
- Trade and other creditors	**14,258**	**5,692**	16,200	10,530
- Cash and cash equivalents	**843**	**613**	10,448	10,018

28. (B) FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The fair value of investment properties are measured based on valuation by external third parties. Any gains or losses arising from the change in fair value are recognised in the profit and loss account.

The fair value of MOS debtors are measured based on the present value of expected future cash flows taking into account a number of factors, including the expected market value of the property at the time of the loan repayment, the likely date of repayments and the default rates. Any gains or losses arising from the change in fair value are recognised in the profit and loss account.

The fair value of other investments are measured based on valuations by fund managers for pooled funds and co investment. Direct investments are valued against most recent share issues.

NOTES
(FORMING PART OF THE FINANCIAL STATEMENTS)

29. ACCOUNTING ESTIMATES & JUDGEMENTS

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

DEFINED BENEFIT PENSION OBLIGATION
Determining the present value of the defined benefit obligation requires the use of a number of actuarial assumptions. Details of the principal actuarial assumptions adopted are disclosed in note 25.

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

FAIR VALUE OF INVESTMENT PROPERTIES
In determining the fair value of investment property, the Group uses the market value for existing use as provided by external third parties. The valuation of heritable property is inherently difficult due to the individual nature and circumstances of each property. The Directors are of the opinion that the investment property is being held at fair value at £79,974,000. Certain properties within the portfolio are short assured tenancies which the directors have reflected by reducing valuations by 10% to £42,365,000.

PRIVATE EQUITY INVESTMENTS
Within the private equity investments portfolio there are different categories of investment funds which are valued accordingly. Pooled fund valuations are valued quarterly by fund managers following industry guidelines. Co investment valuations are performed bi-annually by fund managers in line with industry guidelines. Direct investments are valued against their most recent share issue. This type of investment requires a degree of judgement by the Group.

30. ANALYSIS OF CHANGES IN NET DEBT

	At May 2022	Cashflows	**At 30 April 2023**
Cash and cash equivalents			
Cash	15,448	(9,605)	**5,843**
Overdrafts	-	-	**-**
	–	–	–
	15,448	(9,605)	**5,843**
Borrowings			
Debt due within one year	-	-	**-**
Debt due after one year	(5,000)	-	**(5,000)**
	–	–	**–**
	(5,000)	-	**(5,000)**

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