Stewart Milne Homes (Auchterarder) Limited

Annual report and financial statements

Registered number SC062886

31 October 2020

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Strategic Report

The directors present their strategic report and financial statements for the year ended 31 October 2020.

In the prior period, the company changed its accounting reference date to 30 October from 30 June. This change was adopted so that the company's year end was more aligned with its business cycle. The prior year financial statements were drawn up for the period ended 31 October 2019. Comparative financial information is therefore for a 16 month period.

Principal activity

The principal activities of the company during the year were building contracting and housebuilding.

Business review

Turnover for the year was £13.9m *(2019: £19.2m)* with a loss before tax of £(2.7)m *(2019: £(0.2)m)*. The increase in the current year loss is due to a £3.0m provision against the carrying value of stock *(2019: £1.5m)*.

Principal risks and uncertainties

The principal risk to the house building business is a reduction in sales volumes, primarily driven by the lack of availability of mortgages to potential buyers. The company has in place a number of measures to manage this risk, including strong sales teams and a range of sales incentives tools.

The impact of the coronavirus pandemic, which has continued subsequent to the year end, is discussed in note 1.2 to the financial statements.

Key Performance Indicators

The directors believe the following to be the company's key performance indicators for the financial year:

	Year ended 31 October 2020	**16 month period ended 31 October 2019**
Turnover (£000)	13,891	19,168
Gross Profit Margin before stock provision	8%	10%
Gross Profit Margin	(14)%	3%
Operating Loss (£000)	(3,329)	(1,161)

Future developments and going concern

The company is a wholly owned subsidiary of Stewart Milne Group Limited and will continue to develop its existing developments. As set out in note 1.2 to the financial statements, the directors have continued to adopt the going concern basis of accounting in preparing these financial statements. Note 1.2 discloses a material uncertainty in respect of going concern.

By order of the board

RFP Park
Director

Peregrine House
Mosscroft Avenue
Westhill Business Park
Westhill
Aberdeen, AB32 6JQ

29 July 2021

Directors' report

The directors present their directors' report and financial statements for the year ended 31 October 2020.

Dividends

No dividends were paid during the year *(2019: £nil)*. The directors do not recommend the payment of a final dividend.

Directors

The directors who held office during the year are as follows:

S Milne CBE
SA MacGregor FCA
RFP Park CA
GC More (appointed 26 June 2020)

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to auditor

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

Auditor

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

By order of the board

RFP Park
Director

Peregrine House
Mosscroft Avenue
Westhill Business Park
Westhill
Aberdeen
AB32 6JQ

29 July 2021

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the 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 company and to prevent and detect fraud and other irregularities.

KPMG

Independent auditor's report to the members of Stewart Milne Homes (Auchterarder) Limited

Opinion

We have audited the financial statements of Stewart Milne Homes (Auchterarder) Limited ("the company") for the year ended 31 October 2020 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 company's affairs as at 31 October 2020 and of its loss 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 company 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.

Material uncertainty relating to going concern

We draw attention to note 1 to the financial statements which explains that the Company has provided security in respect of its parent company's £175m bank facility which has a maturity date for repayment of 27 March 2022, which, if certain conditions are met, can be extended to 31 July 2022. The parent company has developed and started implementing a comprehensive debt and equity refinancing plan to address the 2022 facility maturity, though this process has only just commenced and its timing and outcome are therefore not yet certain. Note 1 also explains that the parent company forecasts an extension of a covenant waiver from another lender and that certain amounts owed by the parent company to related parties will not be called for repayment during the forecast period. These conditions, along with the other matters explained in note 1, constitute a material uncertainty for the Company that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

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.

KPMG

Independent auditor's report to the members of Stewart Milne Homes (Auchterarder) Limited *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 3, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

David Derbyshire

David Derbyshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Marischal Square
Broad Street
Aberdeen
AB10 1DD
29 July 2021

Profit and Loss Account and Other Comprehensive Income

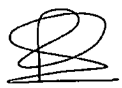
for the year ended 31 October 2020

	Note	**Year ended 31 October 2020**	16 month period ended 31 October 2019
		£000	£000
Turnover	2	**13,891**	19,168
Cost of sales		**(15,841)**	(18,666)
Gross (loss)/profit		**(1,950)**	502
Gross (loss)/profit is analysed between:			
Gross profit before exceptional items		**1,047**	2,004
Exceptional gross profit items	3	**(2,997)**	(1,502)
		(1,950)	502
Administrative expenses		**(1,379)**	(1,663)
Operating loss		**(3,329)**	(1,161)
Operating loss is analysed between:			
Operating (loss)/profit before exceptional items		**(332)**	341
Exceptional operating items	3	**(2,997)**	(1,502)
		(3,329)	(1,161)
Interest receivable and similar income	6	**678**	960
Loss before taxation	3-5	**(2,651)**	(201)
Tax on loss	7	**621**	166
Loss for the financial year		**(2,030)**	(35)

Balance Sheet
at 31 October 2020

	Note	**31 October 2020**		31 October 2019	
		£000	**£000**	£000	£000
Current assets					
Stocks	*8*	**15,740**		17,678	
Debtors (including £180,000 (*2019: £nil*) due after more than one year)	*9*	**23,177**		24,462	
		38,917		42,140	
Creditors: amounts falling due within one year	*10*	**(13,489)**		(14,682)	
Net current assets			**25,428**		27,458
Net assets			**25,428**		27,458
Capital and reserves					
Called up share capital	*12*		**379**		379
Profit and loss account	*12*		**25,049**		27,079
Shareholders' funds			**25,428**		27,458

These financial statements were approved by the board of directors on 29 July 2021 and were signed on its behalf by:



RFP Park
Director

SC062886

Statement of Changes in Equity

	Called up Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 July 2018	379	27,114	27,493
Total comprehensive loss for the period			
Loss for the period	-	(35)	(35)
Total comprehensive loss for the period	-	(35)	(35)
Balance at 31 October 2019	379	27,079	27,458
Balance at 1 November 2019	379	27,079	27,458
Total comprehensive loss for the year			
Loss for the year	-	(2,030)	(2,030)
Total comprehensive loss for the year	-	(2,030)	(2,030)
Balance at 31 October 2020	**379**	**25,049**	**25,428**

Notes

(forming part of the financial statements)

1 Accounting policies

Stewart Milne Homes (Auchterarder) Limited ("the company") is a private company incorporated, domiciled and registered in the UK. The registered number is SC062886 and the registered address is Peregrine House, Mosscroft Avenue, Westhill Business Park, Westhill, Aberdeen, AB32 6JQ.

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

The company's ultimate parent undertaking, Stewart Milne Group Holdings Limited, includes the company in its consolidated financial statements. The consolidated financial statements of Stewart Milne Group Holdings Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Registrar of Companies, 4th Floor Edinburgh Quay 2, 139 Fountainbridge, Edinburgh. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Stewart Milne Group Holdings Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain 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 Company has taken advantage of the exemption contained within FRS 102 and has not disclosed transactions with other wholly owned group companies. There were no other related party transactions in the period.

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

The directors, in the application of these accounting policies, have not made any judgments that would have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year. Estimates in respect of stocks are disclosed in note 8.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Company's business activities and financial position, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report. These financial statements have been prepared on a going concern basis.

In the coming year, private housing settlements and affordable housing sales are forecast to reflect a strong reservation order book in North and Central Scotland. Trading to date in 2021 reflects this positive outlook. Whilst the COVID-19 pandemic is continuing, construction activity is able to operate with necessary safeguards. The Company continues to undertake all necessary actions to optimise its trading performance and cash flows in this period.

The directors have prepared cash flow forecasts for a period of twelve months from the date of approval of these financial statements which, taking account of reasonably possible severe but plausible downsides, indicate the Company will have sufficient liquidity to meet its liabilities as they fall due during that period. Reasonably possible severe but plausible downside scenarios include lower sales in addition to those already factored into the base forecast as a result of the pandemic. The Company can develop cash actions to mitigate these uncertainties by managing the timing and phasing of site infrastructure development and uncommitted capital expenditure. These actions were deployed successfully during the coronavirus pandemic lockdown in 2020.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern (continued)

The going concern of the Company is dependent upon the financial performance of Stewart Milne Group Limited ('the Group') because the Company has guaranteed security over the following Group's banking facility. At 31 October 2020 the Group had a secured bank loan facility of £175 million. At 31 October 2020, this bank facility was repayable in March 2021. After the year end, the Group extended its existing bank facilities with Bank of Scotland to 30 June 2021. A further extension has recently been concluded to 27 March 2022 with a further option to extend to 31 July 2022, subject to the Group completing certain conditions subsequent. The facility's financial covenant is for the Group to maintain a minimum liquidity of cash or undrawn facility of £5m. If forecasts indicate a shortfall, the Group is required to consult with the lender to agree steps to mitigate the potential shortfall.

Stewart Milne Group Limited ('the Group') has prepared consolidated cash flow forecasts for a period of twelve months from the date of approval of these financial statements which take into account a base case and reasonably possible severe but plausible downsides. The Group's directors forecast sufficient liquidity for the next twelve months under their base case forecast, operating within the financial covenant of the Group's £175m principal bank facility with Bank of Scotland. The forecasts assume the Group's £175m principal bank facility term is extended to a maturity date of 31 July 2022 from 27 March 2022 on the basis that the conditions subsequent to this change, which relate to certain related party funding terms, are achieved by the Group in this timeframe. If not achieved, the maturity date remains 27 March 2022. The Group has developed and started implementing a comprehensive refinancing plan to address the 2022 facility maturity. However at the date of approval of these financial statements the process has only just commenced and its timing and outcome are therefore not yet certain. As a guarantor, the Company is liable for the secured bank loan facility. Based on their inquiries, the Group directors have also forecast that the Group will receive an extension from of an existing waiver of a consolidated net assets covenant and that during the forecast period amounts falling due by the Group to related parties will not be called for repayment by the lender.

Based on their forecasts and evaluation, the directors believe that it is appropriate to prepare the Company's financial statements on a going concern basis and that the Group's refinancing plan will be completed, a covenant waiver extension will be received, and that amounts falling due by the Group to related parties will not be called for repayment. However, the above circumstances represent a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern and therefore to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

1.3 Classification of financial instruments issued by the company

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

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

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

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Basic financial instruments

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

1.5 Stocks

Stocks, including land, are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and 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.

1.6 Turnover

Turnover represents sales of residential properties. Turnover excludes value added tax and the proceeds from sales of houses taken in part exchange. Turnover and profits in respect of residential property sales are recognised on legal completion.

1.7 Taxation

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

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

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

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

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

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

1.8 Interest receivable

Interest receivable includes interest earned on inter-company balances. Interest receivable is recognised as it accrues.

1.9 Exceptional items

Exceptional operating and financing items are those significant items which in management's judgement are highlighted by virtue of their size or incidence to enable a full understanding of the company's financial performance. Such items are included within the profit and loss caption to which they relate.

Notes *(continued)*

2 Turnover

	Year ended 31 October 2020	16 month period ended 31 October 2019
	£000	£000
Sale of goods in the United Kingdom:		
Housebuilding	**13,891**	19,168
	13,891	19,168

3 Note to the profit and loss account

	Year ended 31 October 2020	16 month period ended 31 October 2019
Loss before taxation is stated after charging	**£000**	£000
Impairment of stock	**2,997**	1,502

Auditor's remuneration

The company's audit fee of £5,000 *(2019: £5,000)* was borne by a fellow group undertaking.

Amounts receivable by the company's auditor and its associates in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Stewart Milne Group Limited.

4 Remuneration of directors

The directors received no remuneration for services provided to the company during the year *(2019: £nil)*.

5 Staff numbers and costs

The company had no employees during the year *(2019: none)*.

6 Interest receivable and similar income

	Year ended 31 October 2020	16 month period ended 31 October 2019
	£000	£000
Other interest receivable from group undertakings	**678**	960

Notes *(continued)*

7 Taxation

Analysis of credit in year

	Year ended 31 October 2020		16 month period ended 31 October 2019	
	£000	**£000**	£000	£000
UK corporation tax				
Current tax on income for the year	**(621)**		(179)	
Adjustment in respect of prior periods	**180**		13	
Total tax on loss		**(441)**		(166)
Deferred tax (see note 11)				
Change in tax rate	**(19)**		-	
Adjustments in respect of prior periods	**(161)**		-	
Total deferred tax		**(180)**		-
Total tax		**(621)**		(166)

The total tax credit has been recognised in the profit and loss account in the current and prior year.

Factors affecting the tax credit for the current year

The total tax credit for the year is higher *(2019: higher)* than the standard rate of corporation tax in the UK of 19% *(2019: 19%)*. The differences are explained below.

	Year ended 31 October 2020	16 month period ended 31 October 2019
	£000	£000
Total tax reconciliation		
Loss for the year	**(2,030)**	(35)
Total tax credit	**621**	166
Loss before tax	**(2,651)**	(201)
Total tax at 19% *(2019: 19 %)*	**(504)**	(38)
Effects of:		
Transfer pricing adjustment	**(117)**	(141)
Adjustment in respect of prior years	**19**	13
Change in tax rate	**(19)**	-
Total tax credit (see above)	**(621)**	(166)

Factors affecting the future tax credit

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £57,000.

Notes *(continued)*

8 Stocks

	2020 £000	2019 £000
Work in progress	**15,740**	17,678

Work in progress recognised as cost of sales in the year amounted to £12.8m *(2019: £17.2m)*.

Monitoring of land and development carrying values is carried out regularly on a site by site basis throughout the year. For sites under development, the assessment includes an estimation of costs to complete and forecast revenues. These assessments include a degree of inherent uncertainty when estimating the profitability of sites, particularly longer term developments. For sites which are no longer planned to be developed, net realisable value requires estimation of net realisable value on sale. Where applicable, the company may use an external valuer to assess the market price. In the current year, a provision to impair stock of £2,997,000 (2019: £1,502,000) was recorded.

9 Debtors

	2020 £000	2019 £000
Trade debtors	**351**	510
Amounts owed by group undertakings	**22,639**	23,950
Corporation tax	**2**	2
Other debtors	**5**	-
Deferred tax assets (see note 11)	**180**	-
	23,177	24,462
Due within one year	**22,997**	24,462
Due after more than one year	**180**	-
	23,177	24,462

10 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Amount owed to group undertakings	**12,433**	13,155
Group relief payable	**1,006**	1,447
Other creditors	**35**	37
Accruals and deferred income	**15**	43
	13,489	14,682

Notes *(continued)*

11 Deferred taxation

The movement in deferred tax in the year was as follows:

	2020	2019
	£000	£000
At beginning of year	-	-
Profit and loss credit for the year	**180**	-
At end of year	**180**	-

Deferred tax assets and liabilities are attributable to the following:

	Assets 2020 £000	**Liabilities 2020 £000**	**Net 2020 £000**	Assets 2019 £000	Liabilities 2019 £000	Net 2019 £000
Unused tax losses	**180**	-	**180**	-	-	-
Tax assets	**180**	-	**180**	-	-	-

Deferred tax is measured at the statutory enacted rate at which the company expects timing differences to reverse of 19% (2019: 17%). A net deferred tax asset has been recognised in respect of losses based on forecast future taxable profits.

12 Called up share capital and reserves

	2020	2019
	£000	£000
Allotted, called up and fully paid		
378,840 Ordinary shares of £1 each	**379**	379

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Profit and loss account comprises cumulative undistributed earnings of the company.

13 Contingencies

The company, its ultimate parent company, its intermediate parent company and certain fellow subsidiaries are parties to a cross guarantee given in respect of their bank borrowings and guarantee facilities. At 31 October 2020 the total value of such facilities utilised across the group for which the company is jointly and severally liable was £154,229,000 *(2019: £166,759,000)*.

14 Ultimate parent undertaking

The company is a subsidiary undertaking of Stewart Milne Group Limited. The ultimate controlling party is Stewart Milne.

The largest group in which the results of the Company are consolidated is that headed by Stewart Milne Group Holdings Limited, Peregrine House, Mosscroft Avenue, Westhill Business Park, Westhill, Aberdeen, Scotland, AB32 6JQ. The smallest group in which they are consolidated is that headed by Stewart Milne Group Limited, Peregrine House, Mosscroft Avenue, Westhill Business Park, Westhill, Aberdeen, Scotland, AB32 6JQ.

The consolidated accounts of this company are available to the public and may be obtained from the Registrar of Companies, 4th Floor Edinburgh Quay 2, 139 Fountainbridge, Edinburgh.